



Media Statement

30 August 2011

MINISTER FOR COMMUNICATIONS AND INFORMATION TECHNOLOGY MEDIA STATEMENT – GOVT APPROVES TELECOM'S ASSET ALLOCATION PLAN

The Minister for Communications and Information Technology has today released the attached media statement in relation to the Government approving Telecom's Asset Allocation Plan.

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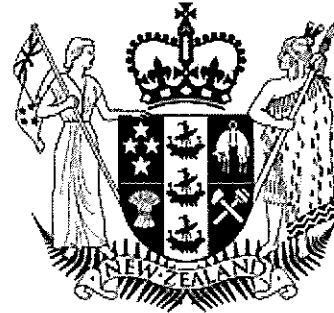
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Hon Steven Joyce

**Minister for Communications
and Information Technology**



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Govt approves Telecom's asset allocation plan

The government has approved Telecom's plan to split its assets after structural separation – the first major step in Telecom's proposed demerger process.

Telecom's Asset Allocation Plan identifies how assets and liabilities will be split during Telecom's proposed demerger and the key terms of all intended material sharing arrangements.

The Minister for Communications and Information Technology, Steven Joyce, says the approval of the plan kick-starts the most significant telecommunications industry change in the past 20 years.

"Should Telecom's shareholders vote in favour of the demerger, Telecom will be the first telecommunications company of its size to undergo voluntary structural separation."

Under structural separation, the new Chorus will be the main provider of fixed-line telecommunications infrastructure and there will be an even playing field between all retailers including the new Telecom.

Telecom has proposed to structurally separate in order to be able to participate in the government's \$1.35 billion ultra-fast broadband initiative. This means that Telecom's network arm (Chorus) will not be able to offer retail services.

"In making my decision to approve Telecom's plan, I consulted with the Telecommunications Commissioner who agreed that the asset allocation plan met the requirements of the Telecommunications Act," says Mr Joyce.

The Commerce Commission will closely monitor and enforce the sharing arrangements that are outlined in the plan. This involves ensuring that the arrangements are on arm's length terms, unlikely to harm competition, and will protect confidential customer and commercial information.

The need for transparency is important for Telecom's shareholders and the telecommunications industry. Telecom made a draft overview of the plan publicly available on its website on 26 July 2011.

The Telecom demerger is subject to a shareholder vote later in the year.

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