



Telecommunications (Initial Pricing Principle) Order 2003

Silvia Cartwright, Governor-General

Order in Council

At Wellington this 8th day of December 2003

Present:

Her Excellency the Governor-General in Council

Pursuant to section 66 of the Telecommunications Act 2001, Her Excellency the Governor-General, acting on the advice and with the consent of the Executive Council and on the recommendation of the Minister of Communications made in accordance with section 19 of that Act (after accepting, in accordance with section 68 of that Act, the Commerce Commission's recommendation made in accordance with sections 19 and 68 of that Act), makes the following order.

Contents

1	Title	3	Schedule 1 amended
2	Commencement		

Order

1 Title

This order is the Telecommunications (Initial Pricing Principle) Order 2003.

2 Commencement

This order comes into force on the 28th day after the date of its notification in the *Gazette*.

3 Schedule 1 amended

Subpart 1 of Part 2 of Schedule 1 of the Telecommunications Act 2001 is amended by repealing the description of “*Initial pricing principle*” under the heading “**Bundle of retail services offered by means of Telecom’s fixed telecommunications network**”, and substituting the following:

Initial pricing principle: The wholesale price for the bundle is the amount calculated in accordance with the following formula:

$$a \times \left(\frac{100 - b}{100} \right) = c$$

where—

a is the retail price for the bundle
b is the discount (as a percentage) off the retail price for the bundle calculated in accordance with the following:

- (a) if a bundle includes non price-capped services, the discount applied to non price-capped services within the bundle must be benchmarked against discounts applied to comparable bundles that do not include price-capped residential access and calling service in comparable countries; or
- (b) if a bundle includes Telecom’s price-capped residential access and calling service, the discount applied to Telecom’s price-capped residential access and calling service within the bundle is 2%; or

- (c) if a bundle includes non price-capped services and Telecom's price-capped residential access and calling service, the overall discount b must be determined by weighting the discounts for each non price-capped and price-capped service (determined in accordance with paragraphs (a) and (b)) in proportion to the standard retail price for that service when it is offered outside the bundle

and any service within the bundles specified in paragraphs (a), (b), or (c) that is not a designated service under this Act must be weighted in proportion to the standard price of the service when it is offered outside the bundle and must not be discounted

- c is the wholesale price.

Diane Morcom,
Clerk of the Executive Council.

Explanatory note

This note is not part of the order, but is intended to indicate its general effect.

This order, which comes into force on the 28th day after the date of its notification in the *Gazette*, replaces the description of *Initial pricing principle* for the designated access service **Bundle of retail services offered by means of Telecom's fixed telecommunications network** in subpart 1 of Part 2 of Schedule 1 of the Telecommunications Act 2001.

The effect of this amendment is that double discounting of price-capped services for wholesale service bundles is eliminated and the initial pricing principle for these services is made consistent with the initial pricing principles for other designated services.

In accordance with that Act, the amendment is made on the recommendation of the Minister of Communications after accepting the recommendation of the Commerce Commission in its “Final Report on the Initial Pricing Principle for ‘Bundle of retail services offered by means of Telecom’s fixed telecommunications network’” dated 14 August 2003.

Issued under the authority of the Acts and Regulations Publication Act 1989.
Date of notification in *Gazette*: 11 December 2003.
This order is administered in the Ministry of Economic Development.
