

The logo for Optus, consisting of the word "OPTUS" in a bold, teal, sans-serif font.

Submission in response to
ACCC Discussion Paper

**Telstra's proposal to vary the
Migration Plan**

June 2016

INTRODUCTION

1. This submission provides Optus' feedback on Telstra's proposed May 2016 variation to the Migration plan.
2. In summary, Optus does not support a number of the proposed changes to the Migration Plan. Whilst these changes appear to prioritise earlier migration of services to the NBN, they do so by placing customer service continuity at risk. Optus has set out detailed responses to the ACCC's questions below.

DETAILED COMMENTS

Do the proposed arrangements for In-Train Orders promote service continuity and minimise disruption to the supply of fixed-line carriage services, to the extent that it is within Telstra's control?

3. Optus believes that the current arrangements are suitable for the consumer environment but do not necessarily meet the needs of business customers due to the complexities involved in transitioning business customers over to the NBN network.
4. By their nature businesses have more complex service requirements than consumers and this drives an increased level of complexity in transitioning services to the NBN. The typical complexities faced in transitioning business customers includes, but is not limited to, the following:
 - (a) Businesses have onerous layers of approvals to go through before changes to their networks and services can be made;
 - (b) Many business customers have embargoes in place at peak traffic times for their industry which limits the time available to undertake network and service changes;
 - (c) There can be challenges in arranging site visits, which can include; unmanned sites, secure locations, the need for site inductions to be completed, and security clearances to be gained;
 - (d) The need to gain approval from third parties to install cabling in a commercial premises which can be a lengthy and time consuming exercise; and
 - (e) Complex porting requirements which involve the coordination of several parties and can take several weeks to complete.
5. None of the above challenges are faced in migrating consumer customers to the NBN. Whilst the issues are not exclusive to NBN migration, the time limits within which the activities have to be completed are specific to the NBN. On average Optus takes some 90 business days to deliver a business service after NBN has installed its access service. Individual customers can take longer than the average.
6. Telstra's proposed changes are likely to have a detrimental impact to end customers that require complex porting and post installation activities to be completed. Optus considers the risk of these business end-users being Manage Disconnected prior to the completion of the RSP installation activities is significant and this will not be assisted by the proposed changes. These complex services are typically supplied to large corporate

enterprise customers which require their services to be available 24/7 who can ill afford to have their service subject to Managed Disconnection.

7. The implication of Telstra's proposed arrangements is that end users will have less certainty about service continuity due to the limited time in which RSPs have to complete complex porting and post install activities. Clearly, this situation will not be acceptable to end-users.
8. Optus also has concerns regarding the amount of time a customer truly has once the premise is deemed to be RFS. It is assumed that at RFS customers have up to 18 months to migrate to the NBN network. However, not all premises are serviceable at RFS and those that aren't will not have the full 18 month period to migrate to the NBN network. In some cases customers may have no more than 3 months to migrate. This is a particular problem for business customers given the complexities of transitioning their services.
9. Optus has raised the following concerns regarding the proposed arrangements directly with NBN Co:
 - (a) It does not provide sufficient lead time for complex porting to be completed before Managed Disconnection takes place. In an ideal scenario a complex port currently requires 30 business days, but this does not take into account rejections and the need to re-submit the port request.
 - (b) Currently end users are made aware that their service will be disconnected at DD+150BD. However, with the proposed new arrangements disconnection could occur sooner and with only 30 business days prior notice. This will depend on when NBN Co completes the install and also when NBN Co informs Telstra of the NBN completion. RSPs may not have sufficient time to complete end-user installation prior to disconnection.
 - (c) The process will drive further costs into our business operation which will require having to manually manage individual services to ensure Managed Disconnection doesn't occur. We are also likely to have to seek frequent exemptions to prevent premature customer disconnection.
 - (d) It will provide a negative customer experience for customers who have yet to complete post install activities within 30 business days.
10. Optus proposes that that the current interim In-Train order arrangements of Managed Disconnection occurring at DD+150BD's should be retained. These have generally promoted a favourable customer experience as they provide end users and RSPs with the certainty and time they need to complete their post installation activities prior to Managed Disconnection.

Can the potential risk of service discontinuity associated with the "test points" be mitigated by NBN Co?

11. As indicated above Optus would prefer to retain the current arrangements which delays managed disconnection until 150 Business Days after the Disconnection date and which provides no opportunity for earlier disconnection of completed in train orders.
12. If this approach is not adopted then Optus recommends that the risk of service discontinuity associated with the "test points" could be mitigated by building in a 10 business day buffer for NBN Co to advise Telstra of any completions. For example, if the NBN service is cutover at DD+55 (only 5 days out from the 60 day test point) then NBN

Co wait until DD+90 to advise Telstra of this completion allowing a sufficient period for the RSP to complete migration activities.

Would 30 Business Days be a sufficient period for critical services, such as medical alarms, to be successfully migrated to an NBN service?

13. A 30 business day notice period is unlikely to be sufficient to enable the migration of complex services to the NBN.

Telstra's proposed new transitional regime for In-Train Orders applies for two years until 1 July 2018. Would the expiry of these arrangements be likely to lead to the re-emergence of the problems that Telstra is currently seeking to address?

14. The current transitional regime should be retained and further extended to the end of the NBN roll-out. Practical experience has indicated that more time is required to migrate complex services; this is unlikely to change over the course of the roll-out period as it is driven by practical factors that relate to the nature of business services and which are outside the control of RSPs and NBN Co.

Special Services arrangements

Do the proposed arrangements for Special Services promote service continuity and minimise disruption to the supply of services, to the extent that it is within Telstra's control?

15. Optus notes that the withdrawal of Special Services is only being proposed in rollout regions covered by FTTP, FTTN & FTTB. It is not proposed for premises covered by NBN Co's HFC, Satellite or Fixed Wireless. The disconnection process for services not covered by the Special Services exemption is already extremely complicated and subject to exemptions, or special treatment, due to:
- (a) medical alarms;
 - (b) lift & fire alarm protection;
 - (c) service continuity regions;
 - (d) service continuity regions disconnection dates being extended;
 - (e) extensions due to time of year (e.g. Christmas period);
 - (f) alignment of disconnection dates within a month;
 - (g) lack of valid Location ID, or mismatch of Loc ID, for service;
 - (h) tracking of "in train" order progress;
 - (i) NBN Co not being able to fulfil an order in a defined period of time enabling copper services to be ordered in an region declared RFS (SC0 Rollback Policy);
 - (j) MDU common areas;
 - (k) Telstra Migration Plan exemptions applying to 2015 being altered; and
 - (l) Ad hoc changes agreed between Telstra and NBN Co.

16. The disconnection of certain classes of special services will now add another layer to this complexity which will be difficult to manage as most RSPs do not have the systems to track such exceptions.
17. Optus does not support the proposal to split special services by access technology. Optus submits that, at a minimum, NBN Co should not progress the withdrawal of Special Services until the capability is also built on the HFC network. The current proposal to split Special Services by access technology will create additional complexity and costs for RSPs. It will require all RSPs to track serviceability and potential disconnection of special services down to a premise level. In addition to this, it is within NBN Co's control as to whether certain buildings are to be serviced by HFC/FTTB/FTTN/FTTP and to change the designated technology with short notice.
18. Optus believes that each of these issues should be addressed before the withdrawal of the Special Services is authorised.

Does the proposed variation comply with Migration Plan Principle 18? In particular, does it adequately set out the process and timelines by which wholesale customers will be advised when Telstra intends to disconnect Special Services?

19. Optus does not believe the Proposed Variation is consistent with Migration Plan Principle 18. In particular, we do not believe that Principle 18 contemplates the "separating network" being categorised by access technology.

Is an additional 12 months sufficient time for RSPs to develop substitute products and establish processes to migrate Special Services Premises before managed disconnections where NBN Co changes the Access Technology in the six months leading up to the rollout region Disconnection Date?

20. If the access technology is already available and tested in the market then 12 months is a sufficient timeframe for RSP's to develop substitute products. However, where an access technology is new and untested in the market (e.g. FTTP) then Optus recommends that a 24 month lead time is required to enable an RSP to implement a substitute product into the market for its customers.

Are there any scenarios where end users would not be able to acquire suitable products in the absence of Telstra copper service should the cease sale arrangements restrict the availability of the Telstra copper services?

21. The proposed changes appear to bring forward the date by which Special Services can cease to be supplied. This will inevitably increase the risk of customers being unable to acquire suitable services in the absence of Telstra copper services.

Are the proposed arrangements for Special Services likely to give rise to any unintended consequences?

22. Given the nature of Special Services, which are more complex than the current services being transitioned to the NBN, there is a real possibility of unintended consequences arising. The services are unlikely to have been tested against all the applications they are used for prior to migration.

Arrangements subject of existing ACCC forbearance

Are these interim arrangements working effectively?

Do stakeholders have any objections to these arrangements being formalised?

23. Optus has no concerns with the interim arrangements being formalised.

Other minor changes

Are these minor amendments consistent with the Migration Plan Principles?

Does the change to the definition of Service Area Module have any implications for the service status of existing Service Area Modules which have been declared Ready for Service?

24. Optus has no comments to make on these minor changes.