



Agenda and meeting summary – NBN Regulatory Framework Working Group

Meeting date	2:00pm to 3:30pm, Thursday 30 September 2021
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#	Item
1	Welcoming remarks
2	Attendance and apologies
3	Proposed confidentiality and transparency arrangements
4	The current SAU process and interaction with the NBN Co proposal to extend WBA4
5	Discussion paper on the scope of service standards to be considered in the SAU
6	Further paper on the scope of service standards to be considered in the SAU
7	Discussion paper on transparency and reporting obligations
8	Information paper on the AER regulatory re-set process
9	Working Group draft forward work program
10	Next meeting

Next meeting scheduled for: 2:00pm to 4:00pm, Thursday 21 October 2021

Meeting summary

The Chair welcomed attendees and thanked stakeholders who contributed to the papers for the meeting.

The ACCC provided an update on the confidentiality arrangements, noting that most participants now had an agreement in place with NBN Co. NBN Co advised that there would be two categories of confidential information, with different restrictions applying to each. NBN Co advised that it would provide further details on this shortly after the meeting.

A short paper on the current SAU process and interaction with the NBN Co proposal to extend WBA4 was presented. It was noted that NBN Co has proposed an extension to WBA4 to allow time to focus on the SAU process. The intention is to have a new SAU in place before commencing negotiations for WBA5. Concerns were raised about implications for the process and timing of the SAU variation if WBA4 is extended and when new terms would apply, given the statutory hierarchy. Participants

agreed that they would give the issues further consideration and come up with a way forward for discussion at the next meeting.

Two papers were presented in relation to quality of service. Both papers recognised that service standards have been previously considered in the context of the ACCC's wholesale service standards inquiry, WBA4 negotiations and more recently in the Government's consideration of the proposed statutory infrastructure provider (SIP) regime. As such, the papers were contemplating the extent to which service quality issues should be considered in the SAU process.

The first paper suggested that the regulatory framework should document a well-defined quality of service which is linked to the regulated prices. This is to ensure that consumers get what they pay for. It was suggested that this baseline should be set with regard to the service that consumers should be receiving. Further, it should be defined in such a way that doesn't preclude other standards being defined, either commercially or in other regulatory or legislative instruments. It was also suggested that the regulatory framework needs to accommodate changes to the baseline service quality in future regulatory periods.

The paper also proposed some additional quality of service elements that could be considered in the baseline quality of service, beyond the metrics that are included in WBA4 and are proposed to be included in the SIP. These included some transparency and reporting measures, changes to some definitions as well as some performance measures. There was discussion around the practicality and cost implications of introducing these metrics. NBN Co will consider what indicative cost information it can provide.

The second paper suggested that it is more appropriate for quality of service commitments to be set out in the WBA rather than in the SAU. It also suggested that for any new pricing proposals, the prices could refer to the existing service levels under WBA4. However, the paper did acknowledge that some of the product and pricing constructs being considered may require further consideration of the service levels and performance commitments associated with those constructs. For example, any new AVC-only price construct would need to be defined appropriately and would need to consider how congestion is managed. There was some discussion of principles to help frame what form congestion based performance measures may take. It was agreed that it might be useful to look to international jurisdictions to see how this is dealt with in other markets where there is no CVC charge. It was acknowledged that the multi-technology mix network does make the Australian situation more complex, but that international comparisons may still be useful. It was noted that the New Zealand model is being considered in some detail in the Product and Pricing Working Group and that this issue could be looked into as part of that work.

Due to time constraints, the two other papers on transparency and reporting obligations and the AER regulatory re-set model were not discussed at this meeting. They will be included on the agenda for the next meeting.

The action items for the next working group meeting are:

1. Participants to consider the way forward for the WBA4 extension.
2. Participants to consider the service quality elements proposed in the two papers.
3. NBN Co to provide cost information relating to service standards, as reasonable.