

SUBMISSION RE NBN PROPOSED SAU FEBRUARY 2023

NO IMPROVEMENT IN SATELLITE SERVICES

Under the proposed SAU there is no indication of any intention to improve satellite services.

There is no increase in download and upload speeds envisaged.

There is no increase in data limits or monthly rolling data limits.

Unlike the high-speed products which offer 500-1000mbps, which specify the lowest level of speed and an expectation that it will be at the upper end, there is no specification of any minimum speed or quality of service and reliability for satellite customers.

Yet every other product has allowance for increased speeds, increased or unlimited data and reduced prices through bundling.

Considering the low uptake of satellite services, there should be capacity to increase speed and data limits.

The service standards are appalling with some customers having no repair timeframes at all.

2B.3 Additional NBN Offers

2B.3.1 NBN Offers for TC-4 (a) Subject to clause 2A.1.5, the Flat-Rate Offers include each AVC TC-4 specified in the table below and any CVC TC-4 Data Transfer Rate (PIR) utilised by an Access Seeker in conjunction with such AVC TC-4:

The table listed does not include TC-4 Satellite services.

As such this would preclude the introduction of an “additional NBN offer” of a Flat Rate offer. Therefore, any new satellite offer from the product development forum or low income forum would not be able to be implemented.

NBN UNABLE TO SPECIFY CUSTOMER SERVICE EQUIPMENT

In the BIRRR report that led to the RBS legislation and levy, NBN sought funding for replacement of “customer premises equipment” for fixed wireless and satellite services.

This equipment had to be replaced, according to NBNco’s claim of the extent of non-commercial losses, every 5 or 7 years.

As a submitter to that inquiry and subsequent consultations and inquiries into NBN, I raised the question of what the equipment was and whether cost savings could be made in the installation and replacement program.

I have raised this at various conferences and webinars, with NBNco and NBNco say they have no knowledge of the need to replace this equipment and do not need to replace the equipment in the timeframe of the review, which also went to 2040.

Despite acknowledging that the loss claimed included work they were not intending to undertake, NBNco did not withdraw the claim and the RBS legislation allows for this to be paid for.

NBNco are unable to specify what the equipment is.

In the proposed SAU that was withdrawn in 2022, NBNco specifically asked for funding to finance equipment needed to 2040.

The current proposal includes their costing mechanisms and may also include doubling up on the revenue for the same equipment.

Below I have copied the queries I have put to NBNco since October 2021 for which I am unable to get any answers.

I don't have the actual questions as I just rattled it off during the meeting but know what they related to.

I refer to the NBN wholesale broadband agreement-service levels schedule (the link for the document when it was sent to me in November 2018 is below)

https://www.nbnco.com.au/content/dam/nbnco2/documents/wba/wba2/SFAA_WBAEthernetServiceLevels_markup_CIRRemediation_20180313.pdf

This may no longer be the most current document.

- 1) For the fibre network, FTTB network, FTTN network and Wireless network, the document refers to various locations including remote areas, isolated areas, limited access areas and the repair service levels for NBN (not the resellers timeframes).
- 2) For the satellite network it refers to the service levels for Urban areas, Major rural areas, minor rural, remote areas, isolated areas and limited access areas.
 - a) What are the numbers of services (active and planned) in those applicable areas, specifically for fixed wireless and satellite?
 - b) Is it possible to get a breakdowns state by state and/or a map showing the areas.
 - c) Are locations such as offshore territories or islands identifiable and do they fall under the same area classifications. For example, is Norfolk Island, Lord Howe Island, Cocos Keeling, Christmas Island, Macquarie Island or other sub Antarctic islands covered by NBN satellite or other services and are they on the same agreement, since some may fall under federal government administration.
 - d) Do you have reliability data for the services, specifically NBN "in customer premises equipment" such as the ntd, cabling, satellite dish, wireless receiver, as distinct from non customer premise equipment faults, i.e., where attendance at a customer's premises is required.
 - e) Whether the age of the "in customer premises equipment" is known when it fails?
 - f) What NBN defines as "in customer premises equipment" for satellite and fixed wireless, as I have been unable to get an answer to what components NBN refers to in other documents.
 - g) What timeframes customers are experiencing in the remote areas, isolated areas and limited access areas when there is a failure that requires attendance?

- h) Whether the equipment for customers like remote/distance learning (school of the air) is in the case of satellite, a separate ntd/dish or if it utilises more than one of the ports on the ntd? Not sure if there is a difference if it is provided by a state education department.
- i) Whether remote/distance learning customers have the same service levels and the same reliability, failure rate, actual repair time for at premises repairs is the same.

I know these levels are NBN wholesale levels and not the reseller timeframes, and as is outlined clearly in that document, the timeframes are only from when NBN Co receive the notification or the ticket, not from the time the customer may have reported the fault to the reseller.

If you are able to help it would be greatly appreciated.

Regards

Bruce Bebbington

Noting that in the proposed SAU NBNCo refers to transparency in the processes, the failure to advise the ACCC and Federal Government that the RBS funding would be for work that it had never intended to undertake and refusal to provide answers about service standards and references in NBNCo's own documents, would show a lack of transparency.

NBNco response that no customer premise equipment is scheduled to be replaced over a 31-year period

The responses I have received from NBNco over the last six years, have been unequivocal in that NBNco have no intention of replacing customer premise equipment as they claimed in the funding request for the BIRRR that led to the RBS legislation and levy.

NBNco had no intention or plan of replacing fixed wireless customer premises equipment every five years (2020, 2025, 2030, 2035 and 2040 for the earliest installations) and satellite customer premise equipment every 7 years (2023, 2030, 2037 for the earliest installations).

They were aware of this before the RBS legislation was drafted and put to parliament.

This means NBNco does not expect that the ntd, in the case of satellite, the electronic equipment will neither be replaced due to technology changes, updates or failure over a 24-year period.

Does the ACCC believe that electronic equipment has a life of 24 years?

I have maintained the issue is not that the equipment needs replacing at some stage, and support the initial claim that the equipment needs replacing, but that cost savings could be achieved in the process and that as NBNco is receiving the money to replace equipment 8 times, but does not have the available staffing resources and equipment (ntds, cabling, satellite dishes etc) ready for the replacement program.

The options are, if the equipment needs replacing, then as NBNco is funded to do so, that it purchases the equipment and provides the resources so that customers, particularly those in remote, isolated and limited access areas, do not have excessive delays due to NBNco's failure to plan for what they knew is going to happen and for what they are being paid.

If NBNco has elected that no equipment replacement program is required, should acknowledge this and provide the Minister and ACCC with revised costings and an explanation why the non-commercial losses are significantly higher than revealed in the calculation of the RBS levy and the ACCC 2020 review.

The removal of the cost of attendance of up to five times at every fixed wireless premises and up to 3 times at every satellite premises, was built into the costings, based on the 2015 estimates for the number of fixed wireless and satellite premises, is an unrevealed, but significant cost that NBNco has removed, but the total losses are higher.

Accurate data and transparent information are fundamental to being able to determine the RBS levy in the reviews and also to determine if the mechanisms withing the SAU will be accurate and will not result in any price rise shocks or of all nbn customers being charged higher rates than necessary.

Definitions used in the SAU.

Customer means a Carrier or Carriage Service Provider that has entered into, or is otherwise subject to, an Access Agreement.

Designated End User means an End User acquiring an Access Seeker Product or Downstream Product under a contract with an Access Seeker or a Downstream Customer (as the case may be).

Downstream Customer means any person acquiring an Access Seeker Product or a Downstream Product, including: (a) any Carrier, Carriage Service Provider or Content Service Provider acquiring a wholesale Access Seeker Product; (b) any Carrier, Carriage Service Provider or Content Service Provider acquiring a wholesale Downstream Product; and (c) any Designated End User.

Downstream Customer Equipment means any equipment that is used by a Downstream Customer in connection with the NBN Co Network or any Downstream Product.

Downstream Product means a retail or wholesale product, or service supplied by a Downstream Customer to a third party that relies on an Access Seeker Product as an input.

End User means a person who is the ultimate recipient or user of an Access Seeker Product or Downstream Product.

End User Equipment means any equipment used by an End User in connection with the NBN Co Network, any Access Seeker Product or any Downstream Product, including Central Splitters, residential gateways, routers and personal computers.

From this it should not be difficult for NBNco to determine what it means by the "in customer premises equipment".

SERVICE STANDARDS AND LACK OF REPORTING ON SERVICE STANDARDS AND RELIABILITY

The SAU shows the following definitions-

Isolated Area means any area within the footprint of the NBN Co Network which is defined as a 'Very Remote' or 'Remote' geographical area in the most recent 'Accessibility Remoteness Index of Australia plus (ARIA+)' published by the Australian Population and Migration Research Centre of the University of Adelaide as at 26 April 2016.

Limited Access Area means any area within the footprint of the NBN Co Network that cannot reasonably be accessed by road and would require some element of air or water transportation, including where the area would otherwise be an Urban Area, Major Rural Area, Minor Rural Area, Remote Area or Isolated Area.

Remote Area means an area in which the relevant Premises is located which is not an Urban Area, Major Rural Area or Minor Rural Area and, if the Premises is located within the footprint of the NBN Co Satellite Network, an area which is also not an Isolated Area or Limited Access Area

Major Rural Area means an urban centre or other recognised community grouping with a population greater than 2,500 but less than 10,000 people.

Minor Rural Area means an urban centre, locality or recognised community grouping with a population greater than 200 but not more than 2,500 people.

Urban Area means an urban centre with a population equal to or greater than 10,000 people.

The use of the ARIA index to define isolated areas, means that for example an end use 20km from Kalgoorlie with skymuster, would be in an isolated area as determined by the map. As such the service standard for attendance 20km from a city with around 30,000 residents, would be 10 business days, or potentially 14 days.

The same customer, 20km from a city, would have to wait 35 business days or 49 days for a modification which requires attendance at the premises.

The service standards should be distance based from locations where technicians are based not purely on the ARIA map.

As can be seen from the questions put to NBNco at the online session and in the emails since October 2021, I have been trying to establish the number of services in the specified areas from the NBN service standards and WBA.

With that information it would be possible to work out how many Australians are affected by each service standard, the actual installation and restoration times, failure rates and work out how to improve the reliability and resilience for the customers with the worst timeframes.

There is no reporting on the reliability of services in those areas, nor is NBN even prepared to say how many services are in those areas.

Without that information, if NBNco are allowed to continue to report as they propose in the SAU, there will be no way of showing if it is meeting the service standards it outlines or the performance standards for all NBN customers.

The sheer number of fibre customers will distort the service repair times of the small number of isolated and limited access customers.

Would the ACCC accept this situation if NBNco were able to hide service standard and benchmark failures if they were affecting residents of capital cities?

These are the customers with no or very extensive service, installation, and modification timeframes and often with no alternative access to internet or phone communications and who rely on the quality of NBNco skymuster as an integral part of their lives.

SERVICE STANDARDS AND REPAIR TIMES NEED TO BE IMPROVED FOR ALL SATELLITE CUSTOMERS.

The SAU which goes to 2040, does not indicate any improvement in service standards and repair timeframes for satellite customers.

The ACCC needs to consider, whether it is in the public interest that no improvement of the supply, quality or reliability of broadband services is acceptable over the next 17 years.

The use of the ARIA index rather than actual distance from service centres where technicians are based is unacceptable.

DISPARITY BETWEEN CUSTOMER SERVICE GUARANTEE STANDARD AND NBNCO SERVICE STANDARDS

Whilst the CSG standard only applies to landlines, the parliament accepts and has accepted for decades that there are only 4 categories for service standards for telecommunications.

Under the CSG standard, the timeframes are based entirely upon population areas, consistent with the SAU definitions for urban, minor rural and major rural, it is not consistent when it comes to areas with less than 200 people.

For areas under 200 people, rather than similar timeframes for the CSG, the timeframes blow out to 7 weeks regardless of proximity to a service centre or technician.

If NBNco elects not to employ technicians (including contractors) in rural towns that should not be the problem for the consumer. If for example, Telstra elects not to employ technicians in certain locations, it is at its own risk as it must comply with the CSG legislation timeframes. MSD exemptions do not apply simply due to a failure to provide sufficient technicians, only due to an event that prevents repair within the timeframe.

ACCURACY OF COSTINGS

In the BIRRR paper that led to the RBS levy, it was acknowledged that NBNco were not asked what cross subsidy it already had in place to cover the non-commercial losses.

As such the levy was calculated on the basis that NBNco had no margin for the non-commercial losses, which would have been unlikely.

NBNco restated the loss by an extra \$20 per month for fixed wireless, but there was no change to their overall costings or the non-commercial loss.

NBNCO LOSS REDUCED SIGNIFICANTLY WITH EVERY FIXED WIRELESS OR SATELLITE CUSTOMER CONVERTED TO FIBRE.

Originally NBNco claimed that the loss on fixed wireless was \$80 per month and satellite was \$100 per month.

The second report showed that the loss was changed to \$100 per month for both fixed wireless and satellite.

The RBS levy commences at \$7.10 per month paid by fibre customers.

If 10,000 customers are transferred from fixed wireless or satellite to fibre then NBNco saves

$10,000 \times \$100 = \$1,000,000$ per month or \$12 million per year. Over 17 years that is \$204 million in 2015 terms.

They also receive the rbs levy which would be \$1632 per customer or \$16.32m over 17 years at an average of \$8.

So, for every 10,000 customers converted from satellite or fixed wireless to fibre, NBNCo is saving over \$220 million to 2040.

Yet there is no reflection of this in the SAU.

There is no indication of any proposal of NBNco to migrate customers over the period to 2040 from these technologies to fibre, when it is known that this is occurring.

How many customers who were on or planned to be on fixed wireless or satellite, in the 2015 review, that have or will be transitioned to fibre?

This will reduce the loss and should be reflected in the RBS levy being reduced.

NBNCO ORIGINALLY STATED \$20 PER MONTH LOWER LOSS PER FIXED WIRELESS CUSTOMER COMPARED TO SATELLITE

The ACCC Report on Modelling of the Regional Broadband Scheme Levy initial base component (October 2020) does not show what the monthly amount of the loss per service type, nor does it reveal if there is a differential between the ongoing loss for each service.

Based on the NBNco submission that led to the RBS levy and legislation, where it claimed that fixed wireless services would accrue \$20 per month less loss, from 2015, the impact of transferring customers from Satellite to Fixed wireless should also be known and disclosed.

10,000 customers transferred from satellite to fixed wireless would reduce the loss by \$200,000 per month, or \$2.4m pa or \$40.8m over the 17 years of the SAU and \$48million since the ACCC review.

A \$48 million saving in the ACCC projected future loss of \$5,424m represents 0.885% reduction in the loss.

The ACCC calculated that the projected future losses would cost \$2.94 in 2020 dollars per month per fibre customer.

An 0.884% reduction in the loss would result in \$0.029 cents per month or \$6.96 for each fibre customer to 2040.

The \$750million NBN fixed wireless and satellite upgrade program, will allow the transfer of 120,000 satellite only customers to fixed wireless.

If the \$20 per month saving to NBNco applies, as NBNco originally claimed it would, the savings by December 2024 would be \$2,400,000 per month or \$28,800,000 per year. From January 2025 to June 2040, the term of the proposed SAU, will be \$417.6 million (plus any saving from November 2022 to completion).

This project alone, if the \$20 is correct, will reduce the forward nbn loss from \$5,424 million to around \$5,000 million (allowing for additional gains during the build). This represents a saving of almost 7.7% or 22.6c per fibre customer per month.

NBNCO CROSS SUBSIDY AMOUNT STILL NOT REVEALED.

The BIRRR report in 2016 admitted it did not know how much cross subsidy NBNco had already built into prices to allow for the non-commercial losses.

The report admitted that it had not asked NBNco for the information.

The cross subsidy is referred to in the ACCC Report on Modelling of the Regional Broadband Scheme Levy initial base component (October 2020), but the ACCC does not know this amount.

As I have raised in previous submissions, the cross subsidy should be known to establish the amount fibre customers are already paying towards the non-commercial losses.

I have raised many times that the RBS replaces the cross subsidy, as it is the calculated amount, based entirely on NBNco supplied figures, then the cross-subsidy amount should be removed by NBNco from its wholesale price.

Fibre customers should not have to pay more for their services simply because the BIRRR, federal parliament and ACCC have not asked for or obtained the amount of the cross subsidy already in place.

If NBNco had allowed a \$10 per month per fibre customer cross subsidy, then wholesale prices should reduce by \$2.90 per month (based on \$7.10 starting amount of RBS).

If NBNco had only allowed \$5 per month, then the RBS would result in an increase in wholesale prices.

Non NBN high speed broadband suppliers, who will now have to add the RBS to their wholesale prices.

If NBNco's cross subsidy is significantly different from the calculated amounts of the RBS, based on NBNco's own costings, then this should be investigated by the ACCC to ascertain if the claimed losses

are as high as they are or that NBNco has been overcharging fibre customers due to it not being required to report the cross subsidy.

NO DOWNLOAD SPEED STANDARD OR MEASUREMENT

There still remains no minimum speed, merely “capable of providing 25mpbs” for skymuster.

There is no minimum standard of speed, quality or reliability that end users can base a complaint upon.

There needs to be minimum standards, ongoing testing (as there is for the most competitive services like fibre) and there needs to be improvements in speed offered between now and 2040.

The ACCC, being the competition and consumer commission, should be concerned not with the most competitive service broadband in urban areas where there are competing alternatives, but should be addressing the needs of all Australian’s to ensure that the lack of competition in broadband in skymuster only (no mobile broadband coverage) is not detrimental to those consumers.

The fact that there are no proposed speed upgrades from those established over 10 years ago, poor data limits that have not grown with demand, poor or non existent service standards and no improvement planned in the next 17 years, shows that there is a failure, driven entirely by a lack of competition or desire of regulators to ensure improvement.

2B.7 Low-Income Forum

(a) NBN Co will establish a multilateral working group to identify possible targeted initiatives to improve access to the NBN Co Network for low-income, vulnerable and unconnected End Users (Low-Income Forum).

(b) NBN Co will convene a Low-Income Forum meeting at least once in each Financial Year.

There is no definition of what NBNco considers a vulnerable end user.

A vulnerable end user is not necessarily a low income person, as they may be a person with a disability, literacy or language barrier, domestic violence or a customer who has issues with access to reliable NBN services.

The Low-income forum meeting would be of little benefit if it only met between May 1 (when the tariffs are published for the next financial year) and the end of the current financial year. The forum should be required to meet at an appropriate time to allow issues raised at the forum to be investigated and initiatives to be developed, that are likely to include tariff, bundle or product variations that would be of better use implemented with the tariff announcement rather than being required to wait a full year to implement.

Perhaps, a better wording of 2B7 (b) would be “NBN Co will convene a Low-Income Forum meeting at least once per year, with a meeting held by March 1 to allow a tariff and product review for the following financial year”.

SATELLITE CUSTOMER FORUM

As skymuster end users are those who have the lowest speed offerings, data caps, rolling monthly data caps and greatest reliance of service repair times due to often having no other internet access, it would be a significant step for NBNco to include a satellite end use forum.

Many of these end users are also low income or vulnerable customers but have vastly different issues of cost, data availability and speed that the end users targeted in the proposed Low-Income forum.

I also note that there is no indication of download speed or data increases proposed in the SAU for these customers, in an agreement that is designed to last until 2040.

PRODUCT DEVELOPMENT FORUM

The forum, as referred to for pre and post transition only permits access seekers and consumer advocacy groups to be members.

There is no scope for other representations to be included permanently or to be co-opted for the discussion of a particular product idea.

For example Communications Alliance who represents its Telecommunications Industry members, is not a consumer advocate, and would not be permitted to be on the forum, but its individual members could be. Would it be more appropriate to permit such an organisation to present ideas and be involved with discussion on behalf of its members, i.e. one attendee at the forum rather than potentially 30.

A local government or group of local governments may wish to propose a product that is more relevant for their area, such as the Kimberley, Pilbara, Central Australia. They would not be able to be a member of the forum or be able to present a product idea to the forum, unless it is done through an access member or a consumer advocacy group.

2E.2.3 Satellite TC-4 products

(b) In each Financial Year t , the Price in the Tariff List for each Connectivity Virtual Circuit Offer (TC-4) in respect of the NBN Co Satellite Network must be no greater than \$15.75 per provisioned Mbps per month.

What is a provisioned MbPS per month?

Is there a limit of \$15.75 per month?

Or is a provisioned Mbps, on a 25/5 potentially 25x 15.75 per month?

Missed Appointment means when NBN Co Personnel has visited a Premises and the End User was not present for the work to occur such as installation, on-site survey or maintenance call out.

Missed Appointment (After Hours Installation Appointment) means when NBN Co Personnel has visited a Premises in respect of an After Hours Installation Appointment and the End User was not present for the installation to occur.

After Hours Installation Appointment means an appointment identified by NBN Co as an “After Hours Installation Appointment” and is set for a period between: (a) 5:00pm to 9:00pm on a Business Day; (b) 8:00am to 12:00pm on a Saturday or Sunday; or (c) 1:00pm to 5:00pm on a Saturday or Sunday

Business Day means any day other than a Saturday, Sunday or public holiday in the States or Territories where the relevant works or tasks are being carried out. Business Hours means between 9.00am and 5.00pm on a Business Day in the place where the relevant works or tasks with respect to the relevant POI Site or Aggregation Node Site are being carried out.

A business day for appointments starts at 9am Monday to Friday, but an after hours can be at 8am on a Sunday.

Why can't an appointment be between 12pm and 1pm on weekends?'

How can an appointment be made with a 4-5 hour window, as specified in the SAU with up to 45 minutes grace, when the appointment times can only be between 8am and 12pm or 1pm and 5pm on a weekend?

The reality is that telecommunications companies organise appointments from as early as 7am and particularly in hotter climates this is done as a worksafe measure to permit staff to avoid the heat of the day.

The business hours definition should reflect the actual hours technician appointments will occur, i.e., between 7am and 5pm

NBNCO DRAFT STATEMENT ON PRICING INTENT (13 JANUARY 2023)

\$2.60 PER MONTH REDUCTION IN TC4

The paper refers to an intention to reduce TC4 AVC by approximately \$2.60 per month.

Will this also create be a reduction in the price for TC4 Satellite services?

What is the likely change to the CVC Provisioned charge for TC4 satellite services, or will it remain the same.

AREAS OF LIKELY PRODUCT INNOVATION AND DEVELOPMENT

TC-4 DATA CAPPED PLANS

The paper refers to future consultation on wholesale prices of TC4 data capped plans, however satellite plans are data capped monthly and rolling monthly. Will there be any review of the data caps on satellite plans in that process?

Bruce Bebbington

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

February 19, 2023.