

nbn Special Access Undertaking Variation: Response to ACCC Draft Decision

Service quality

May 2023





Disclaimer

This document is provided for information purposes only. This document is subject to the information classification set out on this page. If no information classification has been included, this document must be treated as 'nbn-Confidential: Commercial' and must not be disclosed other than with the consent of nbn co. The recipient (including third parties) must make and rely on their own inquiries as to the currency, accuracy and completeness of the information contained herein and must not use this document other than with the consent of nbn co.

Copyright © 2023 nbn co limited. All rights reserved.



Contents

1	Background	4
2	ACCC view on proposed Benchmark Service Standards	6
3	Benchmark Service Standards will incorporate WBA5 enhancements	8
4	Introduction of Annual Service Improvement Plan and Service Performance Review	11
4.1	Service Improvement Plan	11
4.1.1	Service Improvement Plan initiative metrics	11
4.1.2	Ensuring service quality investment reflects industry needs	12
4.2	Service Performance Review	13
4.3	Interaction of Service Performance Review and Service Improvement Plan	13
4.4	RSP consultation on subsequent Regulatory Cycles	15
5	Conclusion	17



1 Background

To date, **nbn**'s Special Access Undertaking (**SAU**) has not prescribed detailed service quality elements of the services within its scope. While the SAU specifies the products and product features to which maximum prices apply, along with product development, variation and withdrawal obligations, specific service quality elements (eg. connection and assurance service levels) were not set out explicitly in the original undertaking.

This approach has allowed **nbn** and RSPs to evolve service standards under the WBA – with safeguards provided through the ACCC's access determination powers. While continual improvement in **nbn**[®] Ethernet service levels has generally been the result of commercial negotiation, the ACCC has ensured key areas of concern were addressed through its inquiry processes and powers to set alternative service standards. This was illustrated through the Wholesale Service Standards Inquiry and the ACCC's draft Access Determination.¹

Notwithstanding the service quality improvements that have been delivered through the existing framework, RSPs and the ACCC have expressed concern that the SAU should provide a stronger link between pricing and quality commitments. In its proposed variation to the SAU in March 2022 (**March Variation**), **nbn** sought to deliver this link through: (1) the SAU expressly stating that its pricing commitments were referable to the WBA service standards at a specified point in time; and (2) a utilisation management commitment designed to provide confidence that **nbn**[®] Ethernet services would not experience congestion as a consequence of the transition to AVC-only pricing.

The ACCC and RSPs did not consider these initial commitments to provide the necessary link between price and service quality. In response, **nbn** took a much more comprehensive approach to service quality commitments in its proposed SAU variation lodged in November 2022 (**November Variation**). The November Variation introduced a service quality framework that would establish a set of Benchmark Service Standards for each Regulatory Cycle in the Subsequent Regulatory Period. Not only does this mechanism provide the ACCC with the power to set alternative service standards for future Regulatory Cycles but, importantly, allows the ACCC to revisit the benchmarks mid-cycle where either a systemic issue is identified or RSPs are subject to new retail regulation that they are unable to comply with without a change to **nbn**'s benchmarks.

In addition to ensuring the SAU provides appropriate protections related to service quality, the ACCC and RSPs have reiterated in their feedback to the November Variation that the SAU should ensure continued network investment by **nbn** is efficient and focuses on appropriate enhancements in service quality. To further support these objectives, **nbn** proposed in its public letter to the ACCC on 24 March (**March Letter**) that the SAU include additional commitments focused on service quality investment and service standards for the First Regulatory Cycle – specifically the Service Improvement Plan and Service Performance Review processes. For the second and subsequent Regulatory Cycles, the November Variation requires **nbn** to consult with Access Seekers and Customer Advocacy Groups before submitting future Replacement Module Applications to the ACCC.

The ACCC's Draft Decision on the November Variation (**Draft Decision**) indicates that the service related commitments proposed in the March Letter go some way to addressing service standard concerns for the First Regulatory Cycle, but require a key change. Specifically, the SAU should include more formal commitments for

¹ Under WBA4 **nbn** responded directly to concerns with specific wholesale service standards identified by the ACCC in its Wholesale Service Standards Inquiry - including service standards related to connections, fault rectification, appointments and service speeds. Among other changes, WBA4 introduced significant enhancements to the rebate framework such as no wholesale charges for failed connections, daily rebates for late connections and fault rectification, higher rebates for PA customers and missed appointments, and a revised rebate approach for underperforming service speeds.



nbn to incorporate RSP feedback into service improvement investment planning and consideration of how these investments lead to changes in the Benchmark Service Standards.

As a wholesale only provider, **nbn** has strong commercial incentive to provide RSPs with access to high quality broadband services and respond to those areas of concern identified as RSP priorities. This incentive is compounded by the growth of fixed wireless and mobile broadband networks leading to an increasingly competitive high speed broadband market.²

As a result, **nbn** seeks to identify and respond to RSP concerns through a number of existing channels including:

- **Dedicated account management and operational engagement teams:** Account management and operational engagement teams are a key interface for RSPs in order to manage operational priorities and WBA matters more broadly. **nbn** ensures that all RSPs have continuing access to account managers in order to – among other matters – raise service and operational concerns in order for **nbn** to work with RSPs on appropriate and timely solutions; and
- **Product Development Forum (PDF):** The PDF provides RSPs with the opportunity to submit Product Ideas – of which quality is an important feature/attribute of a product – for consideration through the forum.

These channels will continue to be critical for **nbn** and RSPs to identify areas of concern (whether related to service quality or otherwise) and potential solutions to address issues as soon as reasonably possible.

In addition to these existing engagement channels, and in response to the ACCC's recommendation, **nbn** is proposing to update the proposed Service Improvement Plan process to provide a more definitive commitment to understand and incorporate RSP feedback in its service improvement planning. The purpose of this paper is to explain how the proposed Service Improvement Plan and Service Performance Review processes would work in practice, and how these would complement existing engagement between **nbn** and RSPs – and not seek to inhibit efficient resolution of industry problems that may be achieved through existing avenues. The paper also details how **nbn**'s proposed updates to the Benchmark Service Standards are intended to close the gap between the Benchmark Service Standards lodged in November and additional service standards enhancements since proposed for inclusion in WBA5.

² See section 3 of [nbn Special Access Undertaking Variation 2022 – Supporting submission: Part A: Executive Summary and Key Narratives](#), November 2022



2 ACCC view on proposed Benchmark Service Standards

The November Variation marked a significant evolution of the proposed role of the SAU in terms of service quality. In line with ACCC and industry views, the November Variation proposed a clearer relationship between price and quality, and safeguarding of service quality expectations, through the Benchmark Service Standards mechanism. Under this mechanism, **nbn** is required to make available in its Standard Form of Access Agreement (**SFAA**) service standards no less favourable than the Benchmark Service Standards.

For the First Regulatory Cycle covering FY24 to FY26, the proposed Benchmark Service Standards cover the following key areas:

- 1) a comprehensive suite of **nbn**[®] Ethernet service levels covering areas such as connection, assurance, appointments, notifications, network availability and peak speeds;
- 2) commitments to maintain operational reporting based on existing WBA4 commitments, including service level, stop-the-clock and fixed wireless reporting; and
- 3) a network utilisation commitment that effectively replaces the implied quality outcomes that have previously been achieved through two-part AVC/CVC pricing.³

In its Draft Decision the ACCC acknowledged that the framework for setting and reviewing Benchmark Service Standards during the Subsequent Regulatory Period, including the mid-cycle review processes, are generally reasonable and would promote the LTIE. The ACCC has, however, identified a concern with the proposed Benchmark Service Standards for the First Regulatory Cycle. Specifically, the ACCC has noted that:

- certain aspects of the proposed benchmarks for the First Regulatory Cycle would be superseded by the time the SAU variation comes into effect or shortly after;
- the proposed Benchmark Service Standards were not the subject of RSP consultation as would be the case for future Regulatory Cycles; and
- there is no commitment to consult with stakeholders regarding potential measures that could efficiently address service quality issues.

The ACCC Draft Decision also notes that these concerns could potentially be addressed by changes to the SAU variation to include:

- 1) a commitment to **update the Benchmark Service Standards proximate to any acceptance of the SAU variation** and to inform the ACCC and other stakeholders whether the updated Benchmark Service Standards will be part of a **future cost pass-through application**; and
- 2) a commitment to **periodically consult stakeholders over the measures** that **nbn** should prioritise over the First Regulatory Cycle, and **update the Benchmark Service Standards to incorporate improvements** that are identified in this way.⁴

The SAU variation **nbn** plans to submit in June (**Amended Variation**) responds directly to these concerns, ensuring that the Benchmark Service Standards reflect the corresponding service level enhancements proposed for WBA5

³ See section 10 of [nbn Special Access Undertaking Variation 2022 – Supporting submission, Part C: Non-Price Terms](#), November 2022

⁴ See section 4.12 of the Draft Decision



and adopting the ACCC’s recommended consultation requirement on service improvement initiatives. These proposals are outlined further in sections 4.1 and 4.2 below.



3 Benchmark Service Standards will incorporate WBA5 enhancements

The November Variation included a comprehensive set of proposed Benchmark Service Standards to apply for the First Regulatory Cycle. The rationale for the proposed suite of benchmarks is covered in the supporting submission to the November Variation.⁵ Since the November lodgement **nbn** has continued to review potential enhancements to the service standards in the WBA, and identified in WBA5 negotiations additional service level enhancements in respect of certain service standards captured in the proposed Benchmark Service Standards.

As noted in **nbn**'s March Letter to the ACCC, the additional service level updates planned for WBA5 will be incorporated in the Benchmark Service Standards proposed for the First Regulatory Cycle. These updates were summarised in Attachment A and set out in Annexure 3 to **nbn**'s March Letter. However, the list provided in the March Letter did not include a more recent enhancement to the CVC Activation service level and performance objective that has since been proposed for inclusion in WBA5 – and will also be included in the SAU benchmarks. As a result of these changes, the updated Benchmark Service Standards for the First Regulatory Cycle in Module 4 of the Amended Variation will reflect the relevant updates proposed through the latest WBA negotiation – addressing the concern raised by the ACCC that the Benchmark Service Standards would be superseded shortly after the proposed SAU variation came into effect.

Table 1 below provides a view of the key enhancements to WBA4 service standards that will be incorporated into the proposed Benchmark Service Standards – through the November Variation and planned June lodgement. Enhancements to existing service standards since the November Variation include:

- reduced timeframes applicable to CVC Activations from 5 Business Days to 3 Business Days, with an increase in the applicable performance objective from 90% to 95%; and
- reduced timeframes applicable to Disconnections from the following Business Day to 4 Operational Hours, with an increase in the applicable performance objective from 90% to 99%.

In addition to a further review of **nbn**'s performance against existing service standards, two key initiatives have contributed to the evolution of the Benchmark Service Standards since the November Variation. These are:

- 1) **Planned expansion of Fibre footprint into Isolated Areas:** **nbn** is delivering network upgrades to fibre in a small number of regional and isolated communities that **nbn** currently serves using the Satellite Network. The program will see approximately ten thousand premises in 28 communities able to connect to **nbn**[®] Ethernet (Fibre) services at higher speeds and lower latency than currently available via Satellite. As **nbn** will now offer **nbn**[®] Ethernet (Fibre) to some locations within Isolated Areas, **nbn** is proposing under WBA5 to introduce service levels and operational targets for these areas.
- 2) **Expansion of Performance Incident framework to FTTC:** In the second half of 2022 **nbn** engaged with RSPs to test the application of the Performance Incident framework to FTTC. The outcomes of this testing were communicated to industry in October, and consultation on the proposed introduction of FTTC into the framework concluded in November 2022. Through updates in December and WBA5 consultation **nbn** has since confirmed that the FTTC will be incorporated into the Performance Incident framework as part of WBA5. When introduced, the unexpected dropout thresholds that determine whether a service incident qualifies as a Performance Incident or End User Fault for FTTC will be aligned with HFC/FTTN

⁵ See sections 10.2.2 to 10.2.3 of [nbn Special Access Undertaking Variation 2022 – Supporting submission, Part C: Non-Price Terms](#), November 2022



(which dropout thresholds were improved in the November Variation), and this will be reflected in the updated Benchmark Service Standards.

Table 1. Key enhancements to WBA4 service standards

nbn® Ethernet Service Level Schedule	Type	WBA 4	WBA 5	Uplift included in SAU BSS lodged in November	Uplift to be included in Amended Variation
Activations					
Activations – NNI Group, NNI Link and V-NNI	Performance Objective	90%	95%	No	Yes
End User Connection	Service Level – Isolated Area (Fibre)	-	Service Class 1 = 40 Business Days Service Class 2 = 35 Business Days Service Class 3 = 1 Business Day	No	Yes
Priority Assistance Connections for logical connections	Service Level - Isolated Area (Service Class 3, 13, 24 & 34)	-	48 hours	No	Yes
Activations – CVC	Service Level	5BD	3BD	No	Yes
	Performance Objective	90%	95%		
Completion Advices					
Completion Advices - End User Connection	Activity duration	30 min	15 min	Yes	Yes
	Performance Objective	70%	85%		
Completion Advices – Service Transfer	Activity duration	30 min	15 min	Yes	Yes
	Performance Objective	90%	95%		
	Performance Objective (Service Level – 1 hour)	95%	99%		
End User Fault Rectification					
End User Fault Rectification requires external or internal plant work or nbn attendance at Premises	Service Level - Isolated Area (Fibre, FTTB/N/C, HFC and Wireless)	-	5:00pm tenth Business Day	No	Yes
Disconnections					
Disconnections	Service Level	Following BD	4 Operational Hours	No	Yes
	Performance Objective	90%	99%		



Trouble Ticket Management					
Trouble Ticket Management (respond, send or notify within 2 hours)	Performance Objective	90%	95%	No	Yes
Service Modifications					
Access Component Modifications that do not require attendance at Premises	Service Level	1 Business Day	4 Operational Hours	Yes	Yes
Access Component Modification that requires attendance at Premises	Service Level - Isolated Area	-	35 Business Days	No	Yes
CVC Modifications	Service Level	1 Business Day	4 Operational Hours	Yes	Yes
Dropout threshold for Service Faults					
Performance Incident Threshold HFC & FTTN	Upper unexpected dropout threshold	9 (>9 qualifies as service fault) HFC & FTTN	7 (>7 qualifies as service fault) HFC & FTTN	Yes	Yes
Performance Incident Threshold FTTC	Upper unexpected dropout threshold	-	7 (>7 qualifies as service fault) FTTC	No	Yes



4 Introduction of Annual Service Improvement Plan and Service Performance Review

In response to the ACCC's concerns regarding stakeholder consultation on service improvement priorities, and any potential improvements to the Benchmark Service Standards, **nbn** is proposing to incorporate additional service related commitments in the SAU for the First Regulatory Cycle (FY24 – FY26). In Module 4 of the Amended Variation, **nbn** will commit to:

- 1) consult with Access Seekers and publish an annual **Service Improvement Plan** setting out key initiatives to uplift service experience that will commence or continue in the applicable Financial Year; and
- 2) conduct an annual **Service Performance Review** against set WBA service levels and performance objectives which will inform whether there are potential changes to the WBA and/or Benchmark Service Standards.

These commitments are in addition to the Benchmark Service Standards commitments **nbn** proposed in November – which include the ability of the ACCC to amend Benchmark Service Standards in response to Retail Service Standard Regulation or a Systematic Service Standard Event during a Regulatory Cycle. The detail of these additional processes is set out further in sections 4.1 and 4.2 below.

4.1 Service Improvement Plan

On an annual basis, **nbn** will publish on its website a Service Improvement Plan that summarises:

- how **nbn** has considered RSP feedback in developing the Service Improvement Plan;
- initiatives focused on uplifting the RSP / end user experience commencing or continuing in the next 12 months for which **nbn** has forecast material capital or operating expenditure in its operating plan for that Financial Year (including if **nbn** intends to submit a cost pass-through application);
- the benefits that **nbn** intends the initiatives to deliver for end users or RSPs;
- planned timeframes for **nbn** implementing these initiatives;
- the category of capex and/or opex forecasts for the Regulatory Cycle to which the initiative relates; and
- except in the first Financial Year, an update on the progress of initiatives specified in the previous Financial Year.

The exact timing for the FY24 Service Improvement Plan is subject to when the SAU variation is accepted. For subsequent years, the plan will be published shortly after the commencement of the 2025 and 2026 Financial Years. The plan is intended to capture and provide transparency on the key initiatives that underpin **nbn's** forecast expenditure for uplifting customer experience and service performance for the Regulatory Cycle. It would not include, for example, network maintenance or augmentation activities.

4.1.1 Service Improvement Plan initiative metrics

The ACCC has suggested that the Service Improvement Plan include metrics that provide a tangible measure of service improvement that the initiative will deliver. The ability to specify metrics in the Service Improvement Plan will depend on the nature of a particular initiative and whether the benefits are reliant on actions outside the control of **nbn**. For example, for the fibre upgrade program, the Service Improvement Plan could include the speeds that will be available on the Fibre Network, and the target timeframes in which **nbn** expects to make a certain volume of additional premises capable of upgrading to Fibre. As discussed further in section 4.3 below,



while the initiatives may enable future updates to the Benchmark Service Standards the metrics in the Service Improvement Plan will not necessarily equate to specific changes to the Benchmark Service Standards – which can more effectively be assessed through the Service Performance Review.

4.1.2 Ensuring service quality investment reflects industry needs

A key concern outlined in the ACCC Draft Decision is the importance of **nbn** seeking RSP input regarding the service improvement initiatives that **nbn** prioritises. **nbn** is aligned with this view – understanding RSP concerns and seeking to address these is an integral part of **nbn**'s existing approach to service improvement prioritisation. As noted in section 1 above, **nbn** has a number of current RSP engagement channels which are intended to facilitate this.

In addition to these existing processes, **nbn** proposes to include a formal commitment to RSP consultation that informs successive Service Improvement Plans in the First Regulatory Cycle. This consultation would occur in the second quarter of FY24 and FY25, to allow RSP feedback to be considered by **nbn** as part of its operational planning that will inform the Service Improvement Plans for FY25 and FY26. Under the consultation **nbn** would seek RSP feedback on:

- 1) Areas of service experience that should be prioritised;
- 2) Potential initiatives for uplifting service experience; and
- 3) Service Improvement Plan initiatives in progress.

In reviewing RSP proposals, **nbn** will consider a range of criteria to determine the feasibility of the proposal and whether it should be prioritised above other planned initiatives. The range of factors **nbn** considers may include:

- whether the proposal is within **nbn**'s permitted scope of activities;
- the anticipated benefits to end users and/or RSPs that the initiative is planned to deliver;
- whether the proposal will make a meaningful impact operationally in a timely manner;
- whether the proposal is technically and operationally viable;
- whether the anticipated operating and/or capital expenditure required to implement the proposal reasonably reflects the prudent and efficient expenditure that an operator in **nbn**'s position would incur;
- whether there are more prudent or efficient options that can deliver the desired outcomes; and
- whether a cost-pass through may be required to the extent there would be a net increase in **nbn**'s total costs as a result of the proposal.⁶

The updated Service Improvement Plan would provide an overview of how RSP proposals have been considered in the development of the operating plan with **nbn** expected to identify:

- 1) RSP proposed initiatives that have been adopted as part of the updated Service Improvement Plan;
- 2) RSP proposed initiatives that may be considered further as part of a subsequent Service Improvement Plan - i.e. more time required; and
- 3) RSP initiatives that **nbn** is unable to progress and the reasons for these initiatives not being pursued.

If **nbn** includes an initiative in its Service Improvement Plan that will be subject to a cost pass-through application, **nbn** will notify this to RSPs.

⁶ The ACCC has proposed in its Draft Decision that '**nbn** commit to clarifying with stakeholders which initiatives would be funded from within its budgeted expenditures, such as via a reprioritisation of existing budgets, and which (if any) would likely be subject to a pass-through application.' See section 4.12.4 of [ACCC Draft Decision](#), p.76.



It is important that this formal consultation process does not impede ‘quick wins’ that may be achieved through existing RSP and **nbn** engagement. The consultation process is not intended to prevent **nbn** or industry from identifying potential concerns and solutions that can be actioned in the short term. Rather it should be considered as an additional avenue through which RSPs can have a more structured input into the service improvement prioritisation for the next Financial Year.

An overview of how this consultation will feed into the relevant Service Improvement Plan is captured in Figure 1 in section 4.3 below.

4.2 Service Performance Review

Under the Service Performance Review, **nbn** will conduct a review of **nbn**’s performance against, and the effectiveness and relevance of, existing WBA service levels and performance objectives for **nbn**® Ethernet. By the end of FY24 and FY25, and following consultation with RSPs, **nbn** will publish on its website a report that:

- describes **nbn**’s performance in respect of each service level and service performance objective in the 12-month period prior to the commencement of the review;
- in the case of each service performance objective, includes an explanation of any material difference between **nbn**’s performance and the service performance objective included in the WBA;
- considers how initiatives in **nbn**’s Service Improvement Plans have contributed to changes in **nbn**’s performance in respect of service levels and performance objectives in the 12-month period prior to the commencement of the review;
- summarises any non-confidential input received from RSPs regarding the effectiveness, relevance and/or impacts on end user experience of the service standards; and
- sets out any changes that **nbn** is considering in response to the review and feedback from RSPs, including any changes **nbn** is considering to service standards in the SFAA, the Benchmark Service Standards or to **nbn**’s processes.

In addition to **nbn**’s internal review of performance, the Service Performance Review will provide RSPs with the opportunity to provide feedback on the effectiveness of existing service levels and performance objectives (and **nbn**’s performance against these). This will ensure a continued focus throughout the Regulatory Cycle on those service standards that are the priority of RSPs.

4.3 Interaction of Service Performance Review and Service Improvement Plan

The figure below provides an overview of the interaction between the Service Performance Review and Service Improvement Plan.

In Q2 of the relevant Financial Year, **nbn** will undertake RSP consultation on service uplift initiatives which will feed into **nbn**’s operational planning process over Q3 before finalisation of **nbn**’s Integrated Operating Plan in May that will inform the Service Improvement Plan for the subsequent Financial Year. In parallel, **nbn** will undertake the consultation on WBA service levels and performance objectives with RSPs in Q3 of the Financial Year, with feedback considered in early Q4 before publication of the Service Performance Review report by 30 June.

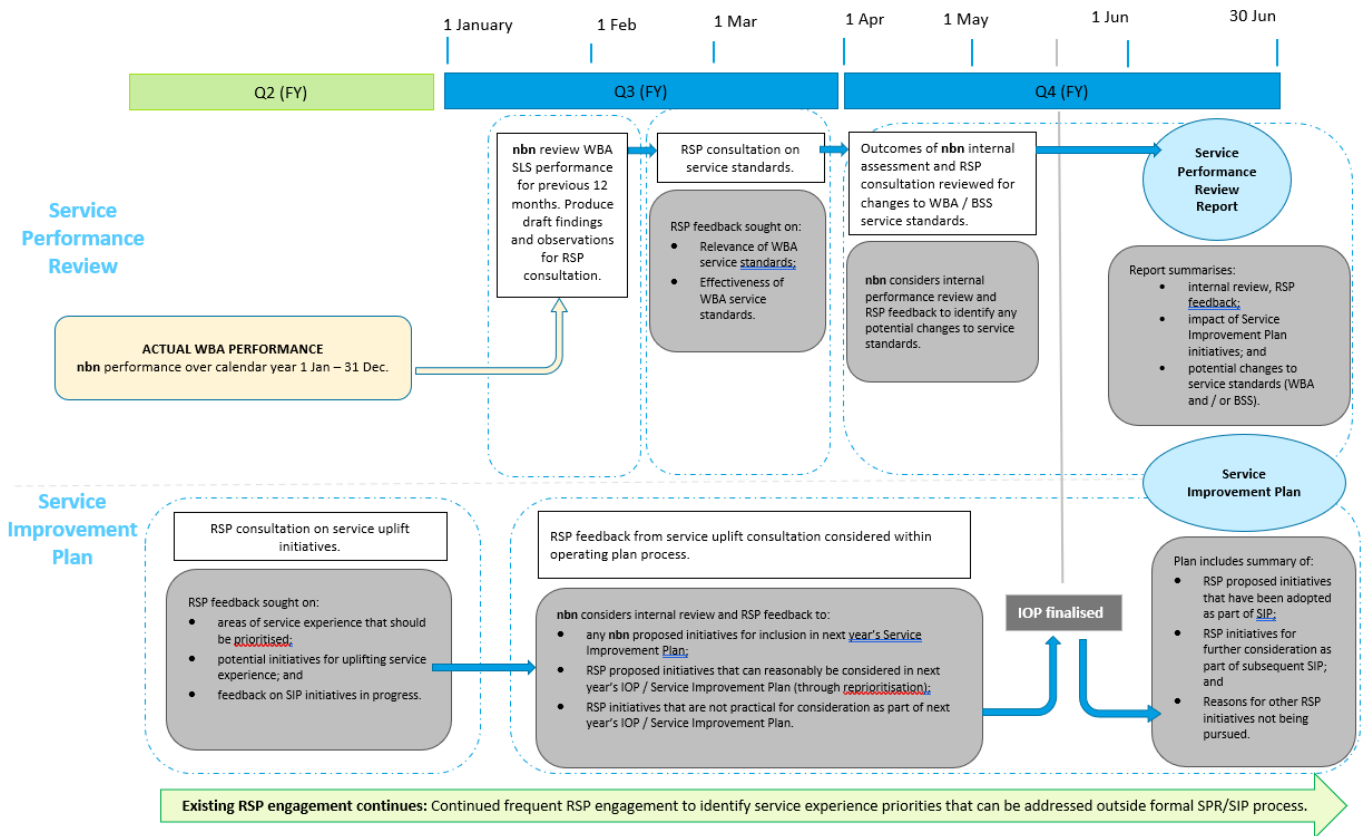


Figure 1. Interaction of Service Improvement Plan and Service Performance Review processes.

The ACCC Draft Decision emphasises that **nbn** commit to updating Benchmark Service Standards to incorporate improvements identified through the service improvement process.⁷ **nbn** is aligned with the view that where **nbn**'s performance is consistently above those thresholds committed to in the WBA, potential improvements to the Benchmark Service Standards should be considered. This is demonstrated in **nbn**'s proposed uplift of service standards from WBA4 to WBA5 (as will be reflected in the Benchmark Service Standards).

Similarly, a review of **nbn**'s capability to lift service standards will be a key consideration of the Service Performance Review in future – ie. to identify whether **nbn** is outperforming existing service standards and can therefore lift the applicable benchmark. As part of this process, **nbn** will be considering specifically whether service improvement initiatives have led to performance enhancements that can be embedded in the form of new or amended service standards.

However, it is important that the SAU does not commit **nbn** to uplift service standards before it is clear that **nbn** can meet the relevant benchmark. In addition to setting unrealistic RSP and end user expectations, such a commitment would give rise to potentially inefficient expenditure – as **nbn** would be required to deliver on the benchmarks irrespective of the cost implications.

Additionally, not all initiatives in the Service Improvement Plan will naturally translate to a specific service standard outcome – or not in an easily identified timeframe. For example, a key initiative in the Service Improvement Plan for FY24 to FY26 is the fibre upgrade program, which is focused on making available the higher

⁷ Proposed commitment 'to periodically consult stakeholders over the measures that NBN Co should prioritise over the first regulatory cycle, and update the benchmark service standards to incorporate improvements that are identified in this way.'



speeds and enhanced service stability of the FTTP access technology to a further 3.5 million premises. The initiative would not necessarily lead to a direct or immediate change in Benchmark Service Standards, however, given the rollout is targeted at improving access to the existing FTTP product, rather than addressing a concern with the FTTP product itself.

The build out of the fibre network is expected to (over time) lead to a reduction in the overall number of end user faults occurring on **nbn** networks – and the benefits of this could be considered in future Service Performance Reviews. However, achieving this network wide improvement in stability is dependent on RSPs migrating their end users onto the Fibre Network. This illustrates the challenges with assuming specific changes to the Benchmark Service Standards as a consequence of planned service initiatives; while the Service Improvement Plan should include tangible metrics for the planned delivery of initiatives, and clearly articulate the anticipated benefits to RSPs or end user experience, changes to Benchmark Service Standards must necessarily be based on **nbn**'s demonstrated ability to meet the updated benchmarks.

4.4 RSP consultation on subsequent Regulatory Cycles

In addition to the annual Service Improvement Plan and Service Performance Review commitments, RSPs will have significant opportunity to provide input into **nbn**'s investment priorities for the second and subsequent Regulatory Cycles.

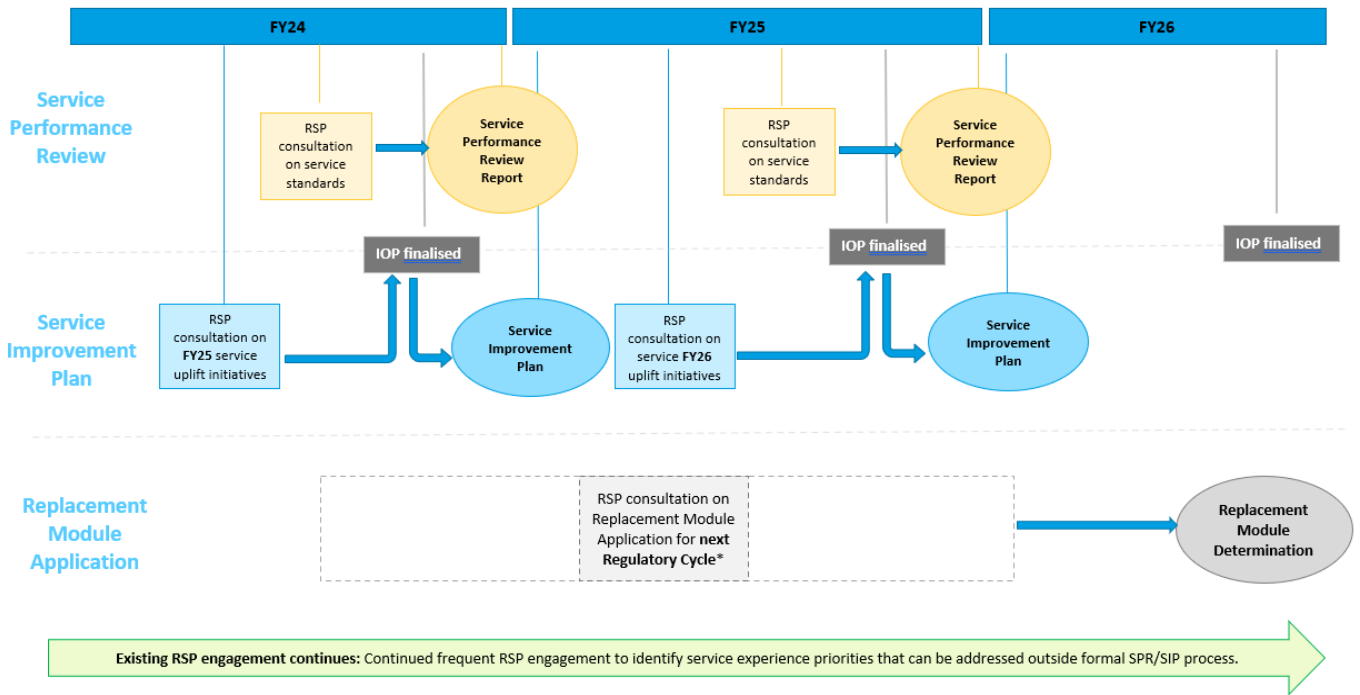
Under the November Variation **nbn** is required to undertake consultation with Access Seekers and Customer Advocacy Groups on its proposed capital expenditure and operating expenditure for a Regulatory Cycle ahead of submitting a Replacement Model Application to the ACCC.⁸ **nbn** will therefore consult with RSPs during the First Regulatory Cycle in relation to its expenditure forecasts before submitting its Replacement Module Application to the ACCC for the second Regulatory Cycle commencing 1 July 2026.

The November Variation also requires **nbn** to provide the ACCC with a report that summarises the views that Access Seekers and Consumer Advocacy Groups put to **nbn** during such consultation and to state **nbn**'s response to those views.⁹ The ACCC would have the benefit of this information in its assessment of **nbn**'s forecast capital and operating expenditure, and **nbn**'s proposed Benchmark Service Standards, when making a Replacement Module Determination for the relevant Regulatory Cycle.

While there may be some overlap in these processes, it is anticipated that the processes established for the Service Improvement Plan consultation and how RSP feedback is considered as part of **nbn**'s FY25 and FY26 operational planning decisions, will help inform the approach to the consultation and investment decisions underpinning **nbn**'s Replacement Module Application.

⁸ See section 5.7(a) of the November Variation.

⁹ See section 5.7(b) of the November Variation.



* This represents **nbn's** estimate of the broad window in which this consultation is likely to occur. The precise timing will be dependent on the date the ACCC notifies **nbn** that its Replacement Module Application must be submitted.

Figure 2. Overlap of Service Improvement Plan and Service Performance Review RSP consultations with Replacement Module Application consultation.



5 Conclusion

nbn considers that the Service Improvement Plan and Service Performance Review commitments described in section 4 respond directly to the concerns outlined by the ACCC in its Draft Decision.

In addition to providing appropriate safeguards that ensure service quality is maintained, the SAU will provide industry and the ACCC with enhanced confidence regarding **nbn**'s service improvement priorities over the First Regulatory Cycle, the anticipated benefits and timing of planned initiatives, and transparency regarding how RSP input is factored into the operational planning process. RSP engagement under the Service Improvement Plan mechanism will operate in addition to existing **nbn** and RSP engagement channels through which RSPs and **nbn** identify service issues and potential solutions on an ongoing basis.

This will be complemented by the Service Performance Review that will ensure **nbn** continues to consult with RSPs on the effectiveness of service standards over the course of the Regulatory Cycle, and identify whether there are potential changes that should be considered. While initiatives in the Service Improvement Plan will not all necessarily lead to a direct or immediate change in Benchmark Service Standards, the impact of these initiatives will be a specific consideration under the Service Performance Review.

In line with the ACCC's recommendations, **nbn** expects these commitments will help drive efficient development and delivery of service quality improvements. Together with the broader Benchmark Service Standards mechanism and the suite of Benchmark Service Standards proposed for the First Regulatory Cycle, these commitments will ensure the Amended Variation delivers a service quality framework that is in the LTIE.