



**ACCC**  
**NBN WHOLESALE SERVICE STANDARDS**  
**DISCUSSION PAPER**

**SUBMISSION BY**  
**VODAFONE HUTCHISON AUSTRALIA**

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## Introduction

VHA Hutchison Australia Pty Limited (**VHA**) welcomes the Australian Competition and Consumer Commission (**ACCC**) consultation on its inquiry into NBN wholesale service standards.

VHA is a strong supporter of the NBN and we believe the project has enormous potential to support Australia's future growth by capturing the economic and social benefits of the digital economy. Since launching our NBN service last year, VHA has had overwhelmingly positive feedback from people who have experienced our customer-first approach to the delivery of NBN services. We believe in offering people premium customer service and innovation at a competitive price. For us it's about the total customer experience and not just getting people to sign up.

Two examples of our customer service commitment are our Instant Connect and 4G back-up services. VHA provides an Instant Connect service to all customers in 4G coverage areas, which uses the strength of our mobile network to ensure the customer is connected as soon as they set up their Vodafone Wi-Fi Hub™. The service is available for up to 30 days with maximum speeds of 12Mbps for downloads and 1Mbps for uploads. 4G Back Up, which can be activated in the event of an NBN fault on a customer's line, will provide continued connectivity for our customers if something happens to their NBN connection.

NBN's commitments to service standards are a major factor affecting end-user experiences on the NBN, however the delivery of NBN services involves a complex supply chain with multilateral commercial arrangements. As such, there needs to be a holistic approach to wholesale service standards, developed by NBN and RSPs, which includes all elements of the supply chain and which is consistent with the expectations and needs of consumers who want faster, better broadband.

While NBN's Wholesale Broadband Agreement (**WBA**) includes best endeavours for service levels, performance objectives and operational targets for NBN's products and services, there is scope for modifications. The WBA is benchmarked against the Customer Service Guarantee (**CSG**) standard which was introduced more than twenty years ago, doesn't cover broadband services and is based on a legacy voice service. As such, it is increasingly irrelevant given the evolution of communications services and the modern needs of consumers. VHA welcomes the Government's foreshadowed review of the existing telecommunications consumer safeguards framework, including the CSG, which intersects with the Government's proposed statutory infrastructure provider legislation and its work to establish a future Universal Service Guarantee.

We note the Australian Communications and Media Authority (**ACMA**) has also announced its intention to introduce new rules to improve the consumer experience in moving to the NBN. These rules are expected to be in place by July 2018 and while focused on RSPs, VHA understands these will involve wholesalers, including NBN, being part of resolving end-user complaints.

VHA welcomes the ACCC's focus on NBN wholesale service standards but we consider that regulatory intervention should be a last resort, particularly given the various actions already being undertaken, or

proposed, by industry, NBN, government and regulators to address consumers' experience on the NBN. It is important that any ACCC recommendations regarding wholesale service standards are consistent with any proposed new ACMA consumer standards and reforms to the CSG. To this end, an industry co-regulatory approach is appropriate involving NBN and RSPs, with ACCC oversight.

In the meantime, the connection and fault rebates structure in WBA3 needs addressing as a priority. As a basic principle, RSPs shouldn't be out of pocket when there are NBN network service reliability issues or connection issues caused by NBN. Unfortunately, it has been our experience that NBN's compensation arrangements for RSPs are cumbersome and are limited by factors which the ACCC has identified in its discussion paper.

NBN's 'transfer' fee is also a fundamental issue that needs to get fixed urgently. It is a significant impediment to creating a level competitive playing field and will have lasting consequences if it establishes itself in the underlying economics of the NBN. We do not see the reason why NBN should establish at the wholesale level a 'port out' fee construct (that does not usually operate in MNP or LNP) or charge what is clearly not a cost based amount.

## Response to the ACCC's questions

VHA makes the following comments in relation to the issues raised in the ACCC's discussion paper.

We have not provided a detailed submission addressing each of the questions which are raised in the ACCC's discussion paper as this is a resource-intensive process. Should the ACCC wish to further understand or explore specific areas of concern, we assume that there will be further opportunities to provide more detailed evidence and recommendations on specific issues.

| <b>NBN supply chain</b>  |   |
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| <i>1. Are the key elements of the NBN supply chain as they relate to this inquiry captured in Diagram 1? Are there any additional aspects of the supply chain that should be considered as a part of this inquiry?</i> | While Diagram 1 sets out a high level overview of the NBN supply chain, it omits NBN contractors. As noted by the ACCC, while RSPs are the primary point of contact for the end user, NBN contractors visit consumers' premises to install equipment and may send correspondence about the availability of NBN services. When NBN contractors are factored into the examination of end user experiences on the NBN, significant improvements can be made. |
| <i>3. If the ACCC was to make an IAD or FAD as a part of this inquiry, how would this impact the terms and conditions in the WBA and NBN wholesale aggregation service agreements?</i>                                 | We would expect that if the ACCC makes a determination that this is reflected in a modified version of the WBA. Given NBN (appropriately) cannot discriminate, all RSPs should be provided the same consistent terms.   |

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| <p><i>4. Overall, how do stakeholders view the operation of the CSG standard in the context of the NBN, considering its origins as a measure for voice services provided by a vertically integrated service provider?</i></p>   | <p>The CSG standard was introduced more than twenty years ago, doesn't cover broadband services and is based on the delivery of legacy voice services. As such, it is out of date in the NBN world. VHA welcomes the Government's foreshadowed review of the existing telecommunications consumer safeguards framework, including the CSG. We contend that the CSG cannot simply be tinkered with and extended to broadband services. Instead, a new modern framework needs to be put in place. Further it is important that any new standards include a compensation mechanism from downstream providers like the NBN.</p> |
| <p><b>ACCC approach to examining service levels</b></p> <p><i>6. Have commercial negotiations about the NBN service standards been effective in obtaining competitive and efficient outcomes in the relevant markets? Please explain the reasons why these negotiations have or have not been successful and the main factors that have influenced the outcome of these negotiations.</i></p> | <p>It is important to note that, contrary to the ACCC's understanding, NBN Co does not bilaterally negotiate service standards with individual RSPs. Instead, as is appropriate, the same standards apply to NBN's interactions with all RSPs via the WBA. While the WBA includes best endeavours for service levels, performance objectives and operational targets, its service levels are generally benchmarked against the CSG timeframes, which were developed for the delivery of legacy voice services.</p>  |
| <p><i>9. Are there specific NBN service standards that we should examine as a matter of urgency or for more immediate regulatory intervention? Please provide reasons.</i></p>  | <p>A key aspect worth examining is the service levels and performance objectives for end user connections. Because NBN's commitment is to physically connect an end user's premises to the NBN network, it has been our experience that NBN's contractors do not always ensure our customer's internet is working properly and is active. This means that RSPs sometimes need to schedule an additional appointment with their customers to ensure the service is active. NBN should be required to ensure a service is active when connecting premises to its network.</p>   |

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| <p><b>Scope of NBN Co.’s service standards</b></p> <p><i>15. Does the CSG framework provide an appropriate benchmark for assessing the WBA service levels and performance objectives? If not, are there other benchmarks that should be considered?</i></p> | <p>As outlined above, the CSG standard doesn’t cover broadband services and is based on the delivery of legacy voice services. VHA welcomes the Government’s foreshadowed review of the existing telecommunications consumer safeguards framework, including the CSG. We contend that the CSG cannot simply be tinkered with and extended to broadband services. Instead, a new modern framework needs to be put in place.</p>   |
| <p><i>16. Do you consider that reducing service level timeframes or improving performance objectives for particular service levels would have the effect of improving end-user experience? If so, how?</i></p>  | <p>Yes. Technology has changed since the development of the CSG, as have consumer expectations. The WBA needs to be updated to reflect the evolution of communications services and the modern needs of consumers.</p>   |
| <p><b>Recourse and compensation</b></p> <p><i>21. Does the level of the connection and fault rebates and their structure provide appropriate incentives for NBN Co to connect premises and rectify faults in a timely manner?</i></p>                       | <p>We have strong concerns with the limited amount of compensation available for RSPs for NBN non-performance and the cumbersome nature of NBN’s rebate schemes. As identified in the ACCC’s discussion paper, not only is the connection rebate fixed at \$25 regardless of the period by which the service level is not achieved but RSPs are also required to submit monthly connection forecasts to NBN Co. to be eligible for the rebate. The amount of the rebate provided to RSPs is also contingent on certain forecast accuracy conditions. In many cases, this forecast accuracy is out of the control of RSPs and due to changes in market conditions or NBN Co. decisions. VHA contends that the conditions around forecast plans and forecast accuracy should not be in place.</p> <p>Like the connection rebate, the service fault rebate is fixed at \$25 and the extent to which the fault rectification timeframes are not met are not factored into this rebate calculation. As an RSP, VHA is incurring costs to mitigate</p> |

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|   | <p>the impact on our customers of NBN connection delays and faults on the NBN network. VHA provides an Instant Connect service to all customers in 4G coverage areas, which uses the strength of our mobile network to ensure the customer is connected as soon as they set up their Vodafone Wi-Fi Hub™. 4G Back Up is also activated in the event of an NBN fault on a customer's line to provide continued connectivity for our customers.</p> |
| <p><i>24. Are there any other measures in place besides the connection and fault rebates to deal with individual cases of poor performance regarding end user connections and service faults? Are these measures effective?</i></p> | <p>No.</p>  |
| <p><i>25. Why are forecast plan and forecast accuracy conditions in place for the connection rebate? How are these conditions affecting RSPs' ability to claim connection rebates?</i></p>  | <p>We agree with the ACCC's observations that it is not clear why the conditions around forecast plans and forecast accuracy are in place. As outlined above, the cumbersome nature of this process, and the fact that forecast accuracy is not solely within the control of an RSP, has a significant impact on our ability to claim connection rebates.</p>   |