Specified Fibre Areas and the Copper Withdrawal Code

Submission

15 February 2019

1. Introduction

1.1 InternetNZ welcomes the chance to submit on the Commerce Commission's approach to the assessment of Specified Fibre Areas (SFA), and the development of the Copper Withdrawal Code (CWC).

1.2 We have combined our submissions on both topics. From our perspective, both issues need to protect and inform users to ensure they have the access and knowledge to continue to communicate in a modern world.

2. InternetNZ's mission is to help New Zealanders harness the power of the Internet

2.1 We're the home and guardian of .nz providing the infrastructure, security and support to keep it humming. We're a non-profit organisation and use the funding from the sale of .nz domain names to invest in New Zealand's Internet through community grants, research and events as well as participating in policy processes. We make sure the Internet is safe, open and accessible so everyone in the country benefit from the Internet.

2.2 To realise our vision, New Zealand needs to get the settings right for users to access high quality, reasonably priced Internet connectivity.

2.3 Our view of minimum requirements for determining an SFA and the consequent copper withdrawal is that the most vulnerable users in a community can still access the communication technology they require. For this, the Commission needs to listen to and work with communities when implementing these changes.

3. We welcome Specified Fibre Areas and the Copper Withdrawal Code and want to see user protection and awareness at the center of the development processes

3.1 We are advocates for copper withdrawal and SFAs as a way to encourage competition, efficient investment and drive users towards unlocking the potential of the best Internet they can get.

3.2 If the Commission gets the settings right it can:

a) discourage ongoing investment in the copper network where end users are well served by fibre, allowing the best modes to compete for users

b) gently and predictably encourage migration to fibre services, and lift New Zealanders to access the best Internet they can get

c) protect users who do not have alternatives to copper in their area and give them the assurance of continued access to essential services.

3.3 Now that the Telecommunication Act 2001 ("the Act") has set out the path for the CWC and SFA development, InternetNZ wants to ensure that end users experience is central to the copper withdrawal and deregulation.

3.4 In this submission we:

a) recommend a high threshold for designating an SFA, to ensure no New Zealanders gets left behind

b) recommend that the Commission invests in understanding users concerns about SFA decision making

c) encourage the Commission to commit to principles that will protect users.

4.   A high threshold for Specified Fibre Areas

4.1   A high threshold for determining an SFA will set New Zealand on a path to unlock the potential of our fibre network.

4.2   As of September 2018, uptake of fibre was at 47.8%, and while this uptake is not even across regions, no region in New Zealand is close to meeting an uptake threshold that we would accept for determining an SFA.

4.3   The discussion paper suggests all end users with access to fibre to be connected within a 'reasonable industry timeframe'. However, as an SFA would bring about the CWC we would expect all end users to be connected the before the repercussions of determining an SFA take effect.

4.4   A high threshold for determining an SFA will build trust with New Zealanders and give service providers the confidence required to make copper deregulation a success.

4.5   To ensure there is wider community confidence, this threshold needs to be well communicated to both people in the potential SFA region and to those who are unlikely to ever be affected.

4.6   In our 2018 paper, 'Solving Digital Divides Together', we suggested there would be around 16,000 households that would remain outside of the RBI and UFB footprint. Many of these households are in regions that will never be an SFA, but there may be uncertainty from users about what this means for them under the Act.

4.7   Telecommunications Service Obligations (TSO) should not be lifted while a copper user is still reliant on an active connection, as they may experience a shock in pricing or quality of their connection. SFAs can only be successful if there is the social licence to remove TSO obligations in the area. This requires a cautious approach to SFA determination, and open, clear communication with affected communities.

4.8   *We recommend ensuring all end users are connected to the communal network, with either an active or inactive connection before an SFA is determined.*

5.   We need to understand more about copper users before finalising SFA determination

5.1   The issues paper uses a definition for a 'specified fibre service' that requires every address point in the SFA to be passed by and able to be connected to the fibre network.

5.2   The challenge for SFA determination is how to identify, and communicate with, users who are reliant on copper services despite having fibre and other modes available to them.

5.3   Any user still using a copper service without moving to another mode will have a reason for the failure to transition, and it is critical that the Commission understands and uncovers these reasons.

5.4   There may be an information or education gap, a lack of interest and motivation, or something causing friction to switch. Without understanding these underlying causes, communicating with users will be ineffectual.

5.5   *We recommend investing in understanding copper users, why they have not migrated to a non-copper service, and what their concerns are in order to:*

   a) *discover potential opportunities to make it easier for users to transition to non-copper services*

   b) *create better, targeted communication with users, particularly those who are unsure or uninformed about how they would be affected by living in an SFA*

   c) *create the conditions for successful copper withdrawal in SFAs.*

6. We welcome copper withdrawal, and want to see users centred in the design process of the minimum requirements for the CWC

6.1 Once the Commission has set a high threshold for determining an SFA, which will create certainty and build trust with users, the CWC is an opportunity to prioritise user protection while New Zealand transitions to better Internet connections.

6.2 Once an SFA has been determined, users will need to be contacted and informed of Copper Withdrawal in their area, and how it affects them.

6.3 If the Commission and Chorus fail to understand the needs and motives of the remaining copper users, they will lose the trust of vulnerable New Zealanders.

6.4 We think that the minimum requirements for copper withdrawal should include principles on the following issues.

   a) Communication - with every affected copper user about what is happening and how it will affect them.

   b) Parity of price and quality - users need to be informed about how to transfer to a non-copper mode which will give them the same quality of Internet at the same price, or better.

   c) Digital inclusion - copper withdrawal should enable more users to access better Internet, and not exacerbate existing digital divides.

6.5 *We recommend running a user design process, where the Commission can uncover the needs of users and build user personas to create a CWC that serves the most difficult to reach users.*

6.6 *We recommend that the Commission prioritises the most difficult, vulnerable user cases when creating the CWC and commits to principles that will protect user interests.*

7.   Summary of Recommendations

7.1   We recommend ensuring all end users are connected to the communal network, with either an active or inactive connection before an SFA is determined.

7.2   We recommend investing in understanding copper users, why they have not migrated to a non-copper service, and what their concerns are in order to:

a)   discover potential opportunities to make it easier for users to transition to non-copper services

b)   create better, targeted communication with users, particularly those who are unsure or uninformed about how they would be affected by living in an SFA

c)   create the conditions for successful copper withdrawal in SFAs.

7.3   We recommend running a user design process, where the Commission can uncover the needs of users and build user personas to create a CWC that serves the most difficult to reach users.

7.4   We recommend that the Commission prioritises the most difficult, vulnerable user cases when creating the CWC and commits to principles that will protect user interests.

7.5   We are happy for our submission to be published in full and our policy team is available to answer any further questions you may have about this submission. Please contact policy@internetnz.nz or Nicola Brown on 021655201.

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