



Vodafone New Zealand submission on Draft Copper Withdrawal Code

Public Version

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Thank you for the opportunity to provide our views on the draft Copper Withdrawal Code (the Code). We support the timely and orderly withdrawal of copper services as New Zealand transitions to modern broadband technologies like fibre, hybrid fibre-coaxial (HFC) and fixed wireless access (FWA). Modern services provide a more reliable and higher performing service than legacy copper, and are a better long term solution for New Zealanders.

Our main submission is that the Commission must take a more consumer centric approach to the final version of the Code. Telecommunications service quality ranks as one of the focus areas for the Commission in the 2019/20 year, yet we are concerned that the Code as drafted could itself be the cause of poor customer outcomes. We therefore submit that:

- Chorus must be required to provide retail service providers (RSPs) with sufficient notice and advanced forecasts so we can ramp up to support our customers through this transition, including our ability to respond to the volume of customer queries across all service channels that withdrawal will generate;
- creating different rules for different customer groups will cause confusion, and may allow Chorus to game some cases to their favour; and
- notices provided by Chorus to end-users must not create confusion or unduly influence the decision on what technology they choose to adopt.



We have also contributed to and fully support the submission from the Telecommunications Carriers Forum (TCF).

Notice for RSPs

The withdrawal of copper will require a whole of industry effort to support New Zealanders through the transition. A large number of the people affected would not have otherwise considered moving to a modern telecommunications service. The idea of withdrawal will cause confusion for many and outright resistance from others.

Retail service providers play a critical role in assisting New Zealanders through this process:

- Our customers expect us to be able to answer all questions and concerns regarding the broadband services they receive. Where their service is affected, they will not call Chorus – they will contact us. We will need to develop training programmes and materials for our staff at stores, call centres, chat teams, and other channels, and resource appropriately. This would ideally and most effectively be done region by region as the need arose.
- We will need to proactively communicate with our customers about the change and their options. To appropriately target this information we will need to integrate information on who withdrawal affects into our systems, identify the best way to contact each customer and then distribute the information. We will also need to update information on our digital interfaces.

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- We will need to ramp up internal capability to assist our customers through the change in technology. This includes processing orders with the relevant LFC if required, coordinating technician visits if required, changing the service in our system, shutting down the copper service at the right time, billing changes etc. This is a resource intensive process at the best of times, but even more so for unengaged or reluctant customers.
- We will need to ensure we have enough modems in stock to allow for customers to switch. Right now global supply chains continue to struggle with the effects of Covid-19, we will need as much warning as possible.
- We also expect that some customers will choose to switch to alternative services like Vodafone's HFC service, or fixed wireless. In this case it will be our



responsibility to establish the network layer support as well, which may bring capex requirements, and field work that will require substantial lead time.

As it currently stands the Code is setting us up to fail on all these factors. We will know about planned withdrawal at the same time as our customers. That means our front line staff may not have had sufficient training, we may not have enough staff to answer calls or process orders, we may not get appropriate messages to our customers about the change until well after the process begins or we may not have enough modems to allow withdrawal to happen.

If this is allowed to happen, the Code will directly cause one of the worst customer service outcomes our sector has ever seen. It will enable withdrawal to occur in a way that drives complaints to the Commission and negatively affect the perception and reputation of retailers. These are challenges that retailers would have to deal with – despite the fact that outcomes would be generated by an intervention that we do not control. We note that Chorus would be entirely insulated from any downside risk arising from the dire customer service outcomes that follow if the Code does not recognise and address this dynamic. In addition, we note that Chorus would directly benefit from a market that is tilted towards fibre services that have had more time to prepare for Code implementation at a network level.

We therefore strongly urge the Commission to ensure that the final Code:

- Requires Chorus to provide its customers (RSPs) in advance with at least two years of forecasts of the size and location of planned copper withdrawal. We understand that this will not always prove accurate and would accept this being provided on a best efforts basis, measured as being equal to the forecasts Chorus uses itself.
- Require Chorus to provide RSPs with at least two months advanced warning before they provide the first notice of withdrawal to an end-user served by that RSP.

This issue was debated at the TCF meetings, but as an industry we were unable to reach a consensus. We were disappointed that Chorus did not see the need to support their RSP customers in this way given the necessity of us being able to plan and communicate with our customers, as the end users of telecommunications services. We suggest that where discretion is available to the Commission as to provisions in the Code, as it is here, it should err in favour of requirements that are most beneficial to the needs of end users – including the ability of retailers to effectively communicate and address questions by those end users.



While we understand that Chorus intend to provide some forecasting on a voluntary basis, we are left with little confidence if they are not willing to have this supported by a non-prescriptive requirement in the Code.

Withdrawal of unregulated services

We understand that Chorus considers some copper services to not be captured by regulations, and are therefore outside of the scope of the Code. This affects some consumer services, and covers most enterprise grade services.

Like most RSPs we are concerned that different treatment of retail customers could lead to confusion, and process complexity for RSPs, which increases the risk of error. We assume it is the Commission's intention that retail customers should be provided with accurate information about services, and that practical compliance with the Code should not require an approach that causes greater complexity or confusion for these end users of services.

Keeping some retail customers outside of the scope of the code may also mean some are not protected in the way intended by Parliament. They may have copper withdrawn without sufficient notice, or they may be left stranded with no copper and no other service is available.

We are also concerned that for enterprise level products Chorus may be able to use this loop hole to create conditions that favour replacing copper with Chorus' own fibre, rather than a competitive alternative.

Enterprise services have a certain level of competition, and in some cases when Chorus withdraws copper, we will replace it with our own fibre. However, for us to deploy our own fibre it will take time for internal business cases to be developed and approved, and for the actual field work to take place. Chorus can cut off this competitive threat by shortening the notice period for certain enterprise customers. We would then be forced to use any available service, which may need to be locked in to long term contracts, as enterprise customers typically dislike successive changes. To avoid this outcome the Code should require 12 months' notice of the withdrawal of enterprise services.

The Commission must not narrow its focus to a simple implementation of the minimum requirements for the Code set out in the Telecommunications Act 2001 (the Act), where confining itself to this scope results in undesirable outcomes or is



inconsistent with broader policy objectives. The Commission has a broad goal of improving end-user outcomes that is inconsistent with turning a blind eye on this issue and the scope of the Code must be expanded where necessary to address wider issues that arise directly from the withdrawal of copper services and the practical implementation of this.

We consider that the Act provides sufficient powers to extend the scope of the Copper Withdrawal Code to cover unregulated services. Specifically:

- section 4 in Schedule 2A of the Act allows the Commission to include ‘any other provisions’ that it ‘considers necessary or desirable’ when setting the Code; and
- we consider this difference in treatment has retail service implications, so fits within the powers under s236 of the Act for the Commission to set retail service quality codes.

Notices must be technology neutral

We are concerned that Chorus will attempt to use the copper withdrawal notifications as a way to unduly influence customers towards fibre rather than alternative network solutions. The notices will appear to customers as official notifications from an organisation many have never heard of. Entangling this with marketing messages promoting fibre may make it appear as official impartial advice, when it is anything but.

Chorus has increasingly shown a desire to market more directly to customers. For example

- they recently announced a campaign targeting late adopters, particularly in the 60+ age group using Judy Baily as the spokesperson;
- they are trialling an ‘in home service’ model where Chorus technicians will help set up a customer’s retail equipment, and ‘provide advice on further upgrades’;
- they are also trialling cold calling retail customers to generate fibre orders; and



- last year they trialled an incentive scheme where they mailed out prezzy cards loaded with dollar amounts up to \$500 that were activated if the customer chose to sign up to fibre.

This apparent strategy must not be allowed to seep into the official-looking withdrawal notices. Chorus is clearly not a neutral party and has demonstrated that it will seek to influence the decision of what services to recommend. This tendency to self-promotion must be controlled by regulation.

We therefore recommend that the Commission approve the notices before Chorus can send to customers. In doing so the Commission must:

- ensure the notice does not promote any particular technology. Consumers will be provided with sufficient information about their options from RSPs; and
- ensure the notice includes the name and contact details of the RSP currently serving the particular end-user. This will provide the customer with a point of contact for further questions and avoid confusion about the role of Chorus.

Alternatively the Commission could require that Chorus develops and co-authors the notices with the relevant RSP. If we wrote these notices together we be forced to compromise and develop a neutral and clear message to the customer.