
Submission on Commerce Commission's Draft 111 Contact Code and Draft Decisions and Reasons Paper

Public Version

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ABOUT VOCUS

1. Vocus New Zealand is the third largest fixed line operator employing over 600 staff in New Zealand. Our retail operation includes a number of challenger brands – Slingshot, Orcon, Flip, Vocus Communications and 2Talk. We are also an active wholesaler of services including access, voice and broadband over both fibre and copper.
2. Vocus has made significant investments in New Zealand. We operate 4,200km fibre optic network transits between virtually all major towns and cities and connects directly into all major peering exchanges. In addition, we are the largest copper unbundler with a presence in over 200 exchanges throughout New Zealand.
3. Our customers in New Zealand range from government agencies, integrators, large corporate, SME and residential households. We are committed to New Zealand's fibre future.
4. Vocus is committed to New Zealand and is one of the few large NZ telecommunications companies to base all its customer service call centres here in New Zealand rather than out-sourcing its customer service operations overseas.
5. Vocus Group is one of the fastest growing telecommunications companies in Australasia and a major provider of voice, broadband, domestic and international connectivity and data centres throughout New Zealand and Australia.
6. Vocus welcomes the opportunity to make this brief submission on the Commission's 'Draft 111 Contact Code & reasons paper'. This submission should be read in conjunction with the TCF submission, which Vocus supports, however the TCF submission details areas of agreement within the industry and simply notes areas of disagreement rather than detailing them. This submission provides further comment on critical issues.
7. If you would like any further information about the topics in this submission or have any queries about the submission, please contact:

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RSP view on roles and responsibilities between LFC's and RSP's

8. There are significant practical challenges with battery backup devices on fibre. One important issue is that in most cases battery backup devices are needed to protect both the LFC's ONT and the RSP's RGW. RSP's, as noted in the TCF submission, have concerns that the approach taken by the Commission, makes retail providers responsible for providing backup solutions for their own equipment and the LFCs equipment. This approach will drive significant complexity and cost into the industry and create unnecessary risks for vulnerable end-users.
9. An industry agreement on a 'centralised' approach to managing backup for vulnerable end users (VEU's) is highly unlikely given the polarised views. Making the underlying network operator primarily responsible is the closest thing to a 'centralised approach' that is practical. If Chorus, for example, has responsibility for the backup solution it has the ability to recover costs from RSP's through the IM process and the monthly wholesale charge.
10. Making the underlying network operator the party with responsibility to provide the backup solution, RSP's would identify VEU's, will provide a more efficient and forward looking solution for the following reasons.

Scenario of switching RSP's should be factored in to decision on roles

11. As TCF notes (para 4 of TCF 111 submission) *'The draft Code takes a reasonably static view of telecommunications markets and deals with the situation where an identified consumer is changing access technology. With the roll-out of UFB nearing completion, the industry is seeing more consumers switching provider, rather than changing to a different access technology (or both). Switching introduces another layer of complexity for the industry, and potentially significant inefficiency and cost.'*
12. Similarly Chorus note in their **"Intact support trial – improving the customer journey"** informer on the 7th of July 2020 that *"We are increasingly seeing more orders at addresses where an ONT is already installed (i.e. intact orders) compared to addresses where build is required."*
13. Vocus' experience with copper, prior to the rollout of fibre, was that **the majority of its sign-ups were switching scenarios** rather than new connections.
14. The Commission does not appear to have considered that a significant number of cases where RSP's are acquiring a VEU as a new customer will be a switching scenario.

An efficient solution reduces barriers to switching and risks to VEUs

15. Where a battery backup is required the following **avoidable** additional processes would be required by the Commissions current approach:-
 - a. the customer will need to unplug and remove the existing battery backup device(s) from the LFC & RSP's equipment
 - b. the losing RSP will have the cost of recovering the device from the VEU
 - c. the gaining provider will have to identify the VEU (which may not be the case in a switching scenario if the network operator is the provider of the backup)
 - d. the gaining provider will have to provide installation of another battery backup solution for both the RSP's equipment and the LFC's ONT
 - e. the customer will need to plug in and setup the new battery backup device(s) to their equipment
16. The timing of the removal of equipment by the losing RSP & the installation by the gaining RSP is complex **with a high risk of a period where equipment does not have backup for the VEU.**
17. In Vocus' opinion it follows that making the LFC, or underlying network operator, responsible for the backup, rather than the RSP, would provide a more efficient industry solution and the minimise a risk to the VEU of a gap in backup cover if the timing of the following events are not aligned and make switching providers easier for VEUs.

Commission should take a forward looking view on equipment capability

18. Innovations in consumer goods industry mean that the capability of devices are rapidly evolving and it is increasingly likely that in future the ONT will likely be the only device required in the home.
19. Chorus are currently consulting with industry on the deployment of the residential gateway (RGW) capability on their generation 3 ONTs. This would mean an RSP may not need provide any equipment into the home.
20. In that scenario it does not make sense for LFCs to own & install the ONT/RGW and have RSP's, who will own no equipment, provide a backup device for VEU's.

The provider of the equipment should set the specification

21. Chorus themselves have over 5 different ONTs currently and each LFC may have a similar number of devices. ONT's may have different current requirements and different connections to plug in to. If RSP's are to provide a 2 hour backup, as proposed by the TCF, RSP's should be able to specify a maximum draw and type of connection the ONT will need to accommodate.
22. If the existing ONT does not comply then the LFC should have to replace the ONT at the VEU's premises at no cost to the RSP.
23. If RSP's are responsible for providing the battery backup and the device is self-installable then LFC's should not be able to insist on a technician visit to connect the device to their equipment. This issue is unlikely to get resolved commercially in Vocus' opinion.
24. RSP's consider that making the LFC the primary party to manage the backup will significantly reduce complexity in this area.

Installation of ONT and RGW in different locations

25. The Commission should also be mindful of the fact that in many households the LFC may install the ONT in a different location to where the household wants the modem/RGW (which provides the WiFi). Where the modem is not be adjacent to the ONT due to the install ,which RSP's have no control over, it would be unreasonable to expect the RSP to provide two battery backups. – one for their modem/RGW and one for the LFCs ONT.
26. If the Commission determines that RSP's are responsible Vocus would like the Commission to clarify that the intent is not for RSP's to have to provide two backup devices in these scenarios.

Other considerations

27. The above concerns are particularly applicable to premises outside of mobile coverage as this is where a physical battery backup will be required.
28. Where Chorus are instigating the change, as is the case with copper withdrawal, Vocus is of the view that Chorus should be responsible for providing battery backup to 'fill the gap' left by withdrawing copper.
29. At a minimum RSP's are of the view that LFCs & RSP's should be responsible for their own equipment.
30. Under all scenarios Retail Providers would still have the responsibility of identifying VEU's and ultimately covering network operators cost through the wholesale monthly charge.