



Section 30R review of the UBA standard terms determination

Cross-Submission to Commerce Commission

8th July 2016

ABOUT VOCUS

1. Vocus New Zealand (**Vocus**) welcomes the opportunity to make this cross-submission to the Commerce Commission on submissions and the workshop on the "Section 30R review of the UBA standard terms determination" process and issues paper.
2. Vocus New Zealand is the third largest fixed line operator employing over 550 staff In New Zealand. Our retail operation includes a number of challenger brands - Slingshot, Orcon, Flip and 2Talk. We are also an active wholesaler of services including access, voice and broadband over both fibre and copper.
3. Vocus has made significant investments in New Zealand. We are the largest copper unbundler with a presence in over 200 exchanges throughout New Zealand. In addition we operate 4,200km fibre optic network transits between virtually all major towns and cities, and connects directly into all major peering exchanges. .
4. 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.
5. Vocus Group is one of the fastest growing telecommunications companies in Australasia and a major provider of voice, broadband, domestic & international connectivity and data centres throughout New Zealand and Australia.
6. 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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SUMMARY

1. Vocus was unable to attend the workshop and since RSP's appear to be largely aligned, and Chorus' submission was very brief, this is a short cross-submission. This should not however give the impression that the issues are not material.
2. Broadly Vocus support Sparks' suggestions made in their 'Workshop Paper' of June 2016¹.
3. The Boost process highlighted inadequacies with the service description and the process for introducing new variants. Vocus supports Spark's recommendations on these issues.
4. The FPP monthly pricing is high by international standard and reflects an efficient, modern network with adequate capacity and on-going network investment. However during the FPP process RSP's identified issues which highlighted inefficiencies with the actual operational support services which drive costs into the RSP's business and ultimately impact on customers experiences.
5. During the FPP process the Commission set aside these issues to be dealt with subsequently in the s30r review. Vocus would be concerned if any party suggested that the s30r process is not the correct way to address these given that these issues were raised during the FPP.
6. Vocus supports the suggestions made by Spark on operational issues. Spark are highlighting some of the inefficiencies RSP's face however it is difficult to capture these in submissions as they are many and varied. It is difficult to outline the issues without risking getting lost in detail however RSP's face situations such as: -
 - (a) An RSP when signing up a customer should be able to have access to basic prequalification data which tells it, for example:-
 - (i) What the previous line speed achieved was on the line
 - (ii) What work has been done on the site such as home wiring
 - (iii) What type of technology is currently, or was, deployed – is it ADSL, VDSL etc.
 - (iv) Know what the cost of the connection will be – will a remote or a truck roll charge apply.?

Consumers can then know what to expect and RSP's avoid complaints, cancellations and churn. **However, surprisingly, none of the above is available today** making it difficult to operate efficiently.

- (b) An RSP after paying for a new connection or a fault resolution shouldn't be expected to pay for further visits by the network operator within a few months of the event, there should be a warranty period on the work undertaken. The onus should be on Chorus to have to clearly demonstrate a no fault found claim or if a fault is found that the fault is unrelated to work undertaken within a warranty period. That is not the case today.

¹ Spark 'UBA s30r workshop paper' June 2016

7. Unfortunately all too often there is little or no incentive on Chorus to be efficient or invest and often the incentives for technicians are diametrically opposed to ensuring truck rolls are minimised. That needs to change.
8. As previously submitted² Vocus suggest either further technical workshops or a time-bound TCF workgroup directed by the Commission to work through issues and highlight necessary amendments to drive efficient behaviour.

SERVICE DESCRIPTION

9. Vocus support Sparks' suggestions in their 'Workshop Paper' (page 4) with respect to the service description. We would like to make the following comments.
10. Following the attempted introduction of Boost the UBA service description should be clear that the UBA service operates to the full capability of the line between the home and the first data switch with no constraints applied.
11. The service should be able to grow over time to meet demand and be delivered using international best practice. As such it should be clarified that VDSL, and future xDSL variants, fall under the regulated service.
12. Similarly 10GigE handovers should fall within the regulated service at UFB connection and monthly prices (as previously submitted³). We support Sparks suggestion that if Chorus are unable to provide a 10GigE handover then a cap of the 10GigE price apply to multiple handovers if Chorus are unable to provision (Spark Workshop Paper page 4 amendment 4)

OPERATIONAL EVENTS - PROVISIONING AND FAULTS

13. The UBA service operates against a backdrop of the FPP which produced one of the highest copper prices per month against international comparisons. Inherent in the FPP was the assumption of a modern efficient network now and into the future with adequate capacity, intact lines and efficient network practices.
14. The majority of submitters, including Vocus, have submitted in detail throughout the FPP⁴ that there are many cases of inefficiencies and a misalignment of Chorus and their technician's incentives to operate efficiently. These issues were deferred to the s30R review but should be factored into the Commissions consideration.
15. **This review provides an opportunity to address the alignment of incentives to promote efficiencies. The beneficiary of those efficiencies will ultimately be the consumer.**
16. Vocus agrees with the issues raised by Spark's Workshop Paper (pages 7 & 8). The 'devil is in the detail' with respect to operational issues and we suggest that the Commission either conducts

² Vocus 'Section 30R review of the UBA STD' Submission 5th May 2016 para 10

³ Vocus 'Section 30R review of the UBA STD' Submission 5th May 2016 para 61-64

⁴ Eg para 11-37 Vocus Confidential submission on the 'Further Draft Pricing Review determination for UBA & UCLL' 13th Aug 2015

further technical workshops to consolidate views on these issues or directs a TCF working party be formed with a clear brief that the principle is to align incentives to promote efficiency for the ultimate benefit of consumers. A clear timeframe should be imposed for feedback.

17. By way of some specific comments in support of Sparks Workshop paper.

(a) We reiterate that RSP's should have available at the time of prequalifying an order, or requesting fault resolution, data (as outlined in para 6) including home wiring work undertaken at the site. Given the cost of sending technicians and to avoid unnecessary inefficient visits in attempt to resolve faults or a new connection it is surprising that this has not available. Furthermore Chorus should be able to populate information retrospectively, albeit it will be less accurate, from the information they have.

Ultimately it is the consumer who benefits as RSP's may pass on this charge to customers who are also unaware that work was previously done on the house, perhaps before they moved in.

(b) RSP's should be able to rely on pre-qualification information as in many instances they are making customer commitments based on it. We support Spark in proposing that any connection charge should be capped at no more than the pre-qualification indicated. In this way consumers are not presented with unexpected costs or RSP's are asked to absorb additional costs due to inefficiencies or inaccuracies in Chorus' tools and records.

(c) Vocus supports Spark's proposal ('Workshop Paper' page 7 amendment 2) that only a remote connection charge should apply to reconnect a service except where the previous service was unbundled. Vocus have previously submitted data from a joint exercise with Spark and Vodafone that "*By pooling information RSP's can see that significant numbers of 'truck rolls' are occurring where an intact should be in place*⁵". Vocus have significant concerns that there is no incentive for Chorus, or their technicians, to maintain intact lines. In fact the reverse for technicians whereby if they take the 'easy approach' in some instances and break an intact to setup a new connection or resolve a fault they will in time create more truck rolls which is more revenue to them. Similarly there is little incentive for Chorus to maintain accurate records or ensure adequate capacity.

(d) Spark have suggested (Workshop Paper page 6 amendment 1) a technician certificate at completion of a visit and that there should be no fault found or home charges where a line doesn't perform to those standards. Vocus supports this however we would suggest a simple change may be that following a new connection or a fault resolution there is a 2 month warranty period during which any further work is not chargeable unless Chorus can demonstrate that the problem is unrelated. **The onus should be on Chorus not the RSP.** It is not uncommon to see fault charges coming through on a line within weeks of a new connection with poor quality notes to allow investigation.

(e) No Fault Found is a particular area of concern whereby there are no incentives for a technician to acknowledge a network fault, in fact the reverse if it relates to recent work and the technician wants to be paid. As Spark observe the notes recorded by the technicians are

⁵ Para 26-32 Vocus submission on the 'Further Draft Pricing Review determination for UBA & UCLL' 13th Aug 2015

frequently very poor with no useful data. We support Spark's suggestion that there should be an onus on Chorus to demonstrate that the service was performing to the 'service objective' at the time of reporting the fault. By way of example: -

- (i) Our technical support often sees instances where copper degrades and the performance drops. A common cause is water, during damp periods. The technician goes out on a clear day and reports a no fault found, 3 weeks later the problem reoccurs. Should an RSP pay for the no fault found, clearly no but that's not what happens today.

- 18. The 'devil is in the detail' hence our suggestion that the Commission either conducts further technical workshops to consolidate views on these issues or directs a TCF working party be formed with a clear timeframe and a brief that the principle is to align incentives to promote efficiency for the ultimate benefit of consumers.

OTHER

- 19. Vocus also supports Sparks proposal regarding:-
 - (a) access to better network information ('Workshop Paper' page 7 amendment 2)
 - (b) amendments to the process for introducing new variants - clause 10