



1 July 2016

Matthew Clark  
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Dear Matthew

## **Vodafone New Zealand cross-submission: Process and issues paper for the s 30R review of the UBA STD**

Vodafone welcomes the opportunity to comment on the submissions provided in response to the Commission's process and issues paper for the s 30R review of the UBA STD.

We agree with submitters that s 18 directs the Commission to promote efficient outcomes, which reflect what would be achieved in competitive markets. This is best achieved when:

- The existing quality of service is maintained into the foreseeable future, to ensure consumers aren't left behind or investments are unfairly stranded, while ensuring competitive pressure and commercial decision-making drives decisions for step-change investment wherever possible;
- The full functionality inherent in deployed technology is made available as new versions and upgrades are released (that means in the case of regulated UBA that, for example, VDSL should be regulated and it is appropriate for regulation to reflect speeds "as fast as the line can go");
- The service promotes efficient investment and operational choices; and
- Performance is aligned with price.

As set out in our original submission, while we believe fibre and wireless are the future for connectivity in New Zealand, copper will continue to play an important role into the foreseeable future for many Kiwi families and businesses. On balance, it has served New Zealand well so far, and this review provides an opportunity to fine-tune the non-price terms to ensure they're set in a way that best enables RSPs, like Vodafone, to deliver the best possible customer experience – whether customers are connected via NGA services like fibre or wireless, or via Chorus' legacy copper network.

Having reviewed the submissions of interested parties, and participated in the Commission's s 30R review workshop, our view is that the key lever for enhancing customer experience for copper broadband users is to enhance Chorus' transparency in respect of copper services. This should be supported through a number of technical improvements to the non-price terms.



There are two key areas where transparency can and should be improved:

- **At a network and network planning level.** Improvements here would allow the Commission, RSPs, consumers and other interested persons to have the confidence that Chorus – as the dominant player in New Zealand’s fixed broadband market – is making the right investment decisions to promote the long-term benefit of Kiwi broadband users. It will also assist RSPs setting the right expectations with our customers and enabling them to make more informed decisions.
- **On a customer-by-customer or case-by-base level.** This will allow us to deliver a better customer experience, whether it be in improving the provisioning and connection process, or resolving faults faster. Better information provision by Chorus will support more efficient service provision and a step-change in customer experience. It will also better align Chorus’ incentives towards efficient network management and investment.

These changes will best be given effect by the Commission confirming agreement in principle (either through a further issues paper or a draft decision), and requiring the TCF to report back with specific amendments within a reasonable time period (i.e., 90 days), which the Commission could then consider and adopt. The TCF has considerable experience in this (having successfully drafted both copper and fibre non-price terms in the past) and is well equipped to provide a consensus view, from subject matter experts, to recommend specific changes to the non-price terms and operations manual.

Sufficient direction from the Commission prior to the detailed TCF work should support the industry reaching a consensus on the issues to be resolved. Where there remains any disagreement we recommend the Commission requests that the TCF reports back on areas of agreement and disagreement.

To support this, we have set out a high level view of the key levers and principles which should inform the TCF’s work and the Commission’s final amendments below.

### **Ensuring efficient network management and investment**

There is a clear disconnect between the service performance delivered over Chorus’ copper network and the hypothetical fibre network which forms the basis of Chorus’ compensation under the FPP decision. In the real world, this means that some customers experience a degraded experience when they shouldn’t have to. Unfortunately, poor copper broadband performance (and the challenge of resolving copper broadband related issues promptly) can be a real challenge for all RSPs in delivering a great customer experience.

Fixing this begins with ensuring that the regulatory framework for Chorus’ copper services is geared to promote efficient network management and investment by Chorus. To achieve this, we first recommend that Chorus improves transparency around reporting for asset and investment management plans. We don’t think this requires a complex approval and commitment regime: making more information available to interested persons will, in this instance, provide Chorus with sufficient flexibility to make efficient investment decisions, while ensuring interested parties have the confidence that they are getting a fair deal (especially taking into account the reality of NGA access, which is overbuilding much of the copper network over time).

We also recommend the following specific improvements to the regulatory framework for copper services, which would incentivise (and reflect) efficient network management and investment:



- When reconnecting a premises (except where the prior service was UCLL), only a remote connection charge should be applied. Chorus should not be compensated for a truck roll when it would not be required by a modern and efficient network. Given that Chorus' service partner costs are passed on to end-users, this will better align Chorus' incentives to improve efficiency in this area.
- BUBA handovers should only incur distance steps from the BRAS handover, and throughput charges should not be permitted. Chorus should not be permitted to recover for inefficient decisions in its network deployment that result in inefficient service costs (which are ultimately borne by end users) to make a service live.
- BUBA handovers should be zero-rated when an access seeker's existing co-located Ethernet handovers have sufficient capacity for traffic. Access seekers (and ultimately end-users) should not bear the cost of numerous handover types because of Chorus' technology and investment choices – especially when Chorus is being compensated, as part of the FPP, for an MEA fibre network.

### **Service description**

The service description goes to the heart of the customer experience for Kiwis relying on copper broadband. As set out in our primary submission, now's the right time to review the service description to ensure its fit for purpose. We support the following the amendments to the service description:

- Clarify that UBA is an underlying input service that makes the full capabilities of the platform available to access seekers;
- Set a service objective that UBA in an uncongested service that supports the maximum speed of the line. Specifically, we agree that no EUBA route should be congested more than 80% full at peak time. With BUBA links, we expect Chorus to provide greater transparency around plans for any further upgrades.
- Confirm that VDSL and 10xGigE handovers are regulated.

In confirming regulation of 10xGigE handovers, we remain of the view that the UFB Price List is an appropriate indicator of pricing for 10xGigE handovers – either as a specific price cap, or by taking into account the relativity between UFB 1xGigE and 10xGigE handovers. The current pricing for 10xGigE handovers for regulated copper services is out of step, risks over-compensating Chorus, and artificially makes the business case for RSP investment that supports improved customer experience more difficult.

### **New variants**

We agree with submitters that there is an opportunity to improve the new variants process and, as we set out during the Boost process, we support a framework which leaves room for innovative commercial solutions.

We recommend that TCF develop an improved regime for the introduction of new variants, whether they are proposed by Chorus or access seekers.



## Provisioning events and fault events

Provisioning events are one of the key challenge areas for delivering a great customer experience. Unfortunately, a significant number of provisioning events result in faults. This has a big impact on our customers. In some case, it means that we're not able to get them connected as quickly as they should be.

### **Case study: Delayed relocation**

A VDSL broadband customer requested relocation of their services, which was scheduled to take place on a Monday. That day, a Chorus technician actioned the relocation and the order was staged to 'service given'. Despite this, the customer was unable to browse and two days later contacted us.

We escalated this Chorus, advising the customer that Chorus can require 24 – 48 hours to complete the order after the technician visit (in this case to the exchange) before the connection would work. Where Chorus technicians are not able to confirm service is live (either from the exchange or at the customer premises), they should advise the customer that service is not available and a timeline for connection.

### **Case study: Improving fault resolution communication with customers**

A copper broadband and home phone customer was experiencing static noise on their phone line at the same time as service technicians were working on their street. On Monday, the customer reported this to Vodafone and a fault was lodged after trouble-shooting resolved that it was a network (Chorus) issue. Based on information from Chorus, we advised the customer that a Chorus technician was scheduled to resolve the issue that Wednesday.

On Wednesday, Chorus' outside plant team were ultimately not available, and the job was rescheduled to Friday. As well as the delay in resolving the customer issue, this delay was not communicated to us (or the customer directly). As a result, we were not able to take a more pro-active stance in managing the customer experience.

The following changes to the Operations Manual would go a long way towards improving this:

- At the pre-qualification stage, RSPs should have visibility of whether a port is available, a connection is required to make a service live, and (if available, and we recommend this at least be collected on a go-forward basis) the status of home wiring (i.e., whether Chorus has installed a splitter). To help provide the right incentives for Chorus and its service partners, Chorus should not be permitted to charge more than the cost indicated in pre-qualification, and where sufficient pre-qualification information is not available, customers should not be expected to foot the bill for manual inspections.
- Following a Chorus technician visit (either for a fault or for provisioning), RSPs (and therefore end users) should not be liable for costs relating to any subsequent site visit within 60 days. This would incentivise a culture of "right first time", significantly improving efficiency and enhancing the customer experience. Where a Chorus technician is not able to deliver a live service, they should advise RSPs and the customer of the outcome and the expected timeframe for resolution.
- Chorus must be required to provide a clear explanation for cancellation, and specific times for appointments, in a manner which enables us to keep our customers up to date.



Improving the non-price terms and requiring greater transparency from Chorus for fault events and provisioning will provide better incentives for Chorus to deliver services efficiently, and enhance customer experience by delivering better results and clearer communication.

### **Diagnostic tools and processes**

At present, there are significant gaps in diagnostic tools and processes that can make it challenging for RSPs to effectively manage network outages and communicate to customers. While Chorus has provided a roadmap to improvement (including, as part of the Boost process, suggesting a number of options which we believe would support improving customer experience) there has been limited progress on this to date.

Too often, RSPs learn about copper network issues through our call-centres as opposed to via tools and processes with the Access Provider. When we're aware of technical problems, the information available from Chorus isn't always sufficient to enable pro-active communication.

#### **Case study: Improving diagnostic tools and processes**

During a recent outage in Auckland (affecting 3,000 customers across all RSPs), we requested information on affected customers from Chorus to enable us to pro-actively communicate with impacted customers. If Chorus were able to make this information available, we would be better positioned to communicate directly with customers to keep them informed of the situation.

Ideally, Chorus should notify RSPs of these outages (including information on affected customers) pro-actively. This would allow us to get out ahead of the problem, advising customers of the issue and expected time to resolution.

While a TCF working party is likely to be best placed to identify the full range of areas for improvement in diagnostic tools and processes, we agree with Spark's initial proposal that Chorus should at least provide:

- Reporting on congested routes and network elements, and planned activities to resolve;
- Remote visibility of customer line performance off the DSLAM for RSPs (i.e., through an API that provides performance reporting); and
- Access to alarms and notifications relating to UBA platform service impacting events to RSPs.

Yours sincerely

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