



Copper Withdrawal Code

Submission to Commerce Commission

**PUBLIC VERSION**

14<sup>th</sup> February 2019

## 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, 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 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.
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 centers throughout New Zealand and Australia.
6. Vocus welcomes the opportunity to make this brief submission on the Commission's 'Copper Withdrawal Code'. This submission should be read in conjunction with our submission on the Commissions 'Determining Specified Fibre Areas Process & Issues' Paper.
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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## **SPECIFIED FIBRE AREAS AND COPPER WITHDRAWAL CODE ARE INEXTRICABLY LINKED**

8. As Vocus commented in its submission on 'Determining Specified Fibre Areas Process & Issues Paper' (para 8-11) the regulatory regime, Copper Withdrawal Code (CWC) and Specified Fibre Area (SFA) all need to work in combination with each other to achieve a workable solution. A decision on one of these issues could influence the approach to another.
9. Vocus supports the TCF submission on the Copper Withdrawal Code and supports the TCF drafting a code in order to assist the Commission. The CWC cannot, however, be finalised until critical issues with respect to the SFA and the regulatory regime are also determined, for example:-
  - (i) Vocus, and all other TCF members other than Chorus, support the Commissions view that existing copper services continue to be covered by the STD. If this were not the case the CWC may need to consider copper quality and price certainty in order to protect consumers.
  - (ii) The extent to which prequalification determines whether connections are 'able to be connected' rather than passed or available before an SFA is declared will obviously have implications for the CWC. The broader the SFA prequalification the more reliance will be placed on the CWC and the longer the notice period required.

## **REASONABLE NOTICE IS DETERMINED BY A NUMBER OF FACTORS**

10. Unfortunately it is impossible to decide what a reasonable notice is without understanding the scale of the SFA, the number of SFAs in progress and the extent of the prequalification of 'able to be connected' that is undertaken before an SFA is declared.
11. A reasonable notice period needs to ensure the individual consumers are protected but also to ensure that RSPs are able to undertake the critical role of managing their customer migration from one service to another – that requires focus and investment by the RSP who is incentivised to ensure a smooth transition or risk losing its hard won customers.
12. RSPs incentives are clear. Once an area is declared an SFA the RSPs will want to achieve the copper withdrawal in as shorter timeframe as is practical in order to simplify their own operations and get their customers onto a service that is future proof.
13. However if adequate notice is not provided to RSPs then there is a risk that customers will start to churn, moving from one RSP to another. The policy aim should be to ensure that collectively RSPs can focus resource on moving their customers from copper to fibre. If the industry experiences high levels of churn between RSPs then it risks RSPs collectively having to focus on handling customers moving between RSPs as well as changing the underlying service – that ultimately will impact on consumers.
14. To date copper migrations have occurred in a few cases of an emergency or network failure. The TCF developed a code for this and generally 3-6 months is adequate for these small isolated event. **Clearly that will not be appropriate for large scale copper withdrawal.**

15. The Catch-22 is that what is a reasonable notice period, that ensures a smooth transition for consumers, will depend on a number of factors including: -
  - (i) The number of end connections in an SFA
  - (ii) The extent & robustness of the pre-qualification undertaken before an SFA is determined.
  - (iii) The number of SFA's that are 'in progress' concurrently.
16. As such the issue of what is a reasonable notice period requires more detailed discussion and will better informed as more is clear with respect to other aspects of the CWC, the SFA and the regulatory regime.

#### **REASONABLE NOTICE NEEDS TO FACTOR IN OTHER PARTIES EXISTING INFRASTRUCTURE**

17. Vocus' is keen to see a timely withdrawal of copper within SFA's once the necessary pre-qualifications and work to ensure 'end-users are able to connect' (not just available) has been undertaken by Chorus.
18. However Vocus is the largest unbundler of copper with a presence in over 200 exchanges throughout New Zealand. Our network design is built to optimise the use of this infrastructure including sharing infrastructure across services. The removal of copper will undoubtedly mean that many of the points of presence will become redundant however that has flow on implications for equipment & capacity upstream and in our core network which may also be impacted.
19. Co-location & Bandwidth contracts, for example, often involve time commitments.
20. Furthermore as a non-mobile network operator we do not have the capability to deploy fixed wireless as an interim solution for customers.
21. In order for Vocus to minimise the impact on our business and our customers we need Chorus to provide a more detailed 'proposed' plan of which areas nationally it plans to withdraw copper and in which sequence. There may be some changes as time unfolds but visibility of a 'proposed' plan should be required: -
  - (i) That will enable us to work on the retirement of our MSAN investment and the reconfiguration of our national network in a holistic rather than piecemeal fashion.
  - (ii) Co-location & Bandwidth contracts, for example, often involve time commitments. A reasonable notice period should factor in existing contractual commitments. Getting a higher level 'proposed' national plan for copper withdrawal before SFA's are determined would assist in ensuring we can minimise any 'time commitments' and manage our network for the future.

## **COMMUNICATION WITH END-USERS**

22. There will need to be rules around how end users are communicated to and the content of communication. LFCs and Chorus are wholesalers and as such any communication directly with an RSPs customer base should be agreed beforehand and on an as needed only basis. To ensure clarity of roles and avoid confusion this should be included in the CWC. This area needs further attention.