

Consumer Safeguards Review consultation – Part B – Reliability of Services

Introduction

On 15 November 2018, the Department of Communications & the Arts released a discussion paper on service reliability, being Part B of the Government’s Consumer Safeguards Review. This discussion paper examines the existing arrangements for reliability of telecommunications services, including principles and a range of proposals for the post 2020 telecommunications environment.

Vocus Group Limited (Vocus) is an ASX listed, vertically integrated telecommunications provider, operating in the Australian and New Zealand markets. Vocus owns an extensive national infrastructure network of metro and back haul fibre connecting all capital cities and most regional cities across Australia and New Zealand. Vocus owns a portfolio of brands catering to corporate, small business, government and residential customers across Australia and New Zealand. Vocus also operates in the wholesale market providing high performance, high availability and highly scalable communications solutions which allow service providers to quickly and easily deploy new services for their own customer base.

As an active participant in telecommunications markets in Australia, Vocus welcomes the opportunity to provide a response to the discussion paper.

Proposal 1—Mandatory rules will cover how consumers and small businesses are connected, and stay connected to, fixed telecommunications networks, including appointments

Proposal 2—Providers must focus on keeping customers connected to a service if timeframes cannot be met

Issue for comment	Vocus’ response
<p>Are the proposed timeframes to connect or repair a service reasonable?</p>	<p>The proposed timeframes to connect or repair a service are reasonable from a consumer perspective. However, Vocus is reliant on the network operator to undertake the connections and repairs in a timely manner. Retail service providers (RSPs) have little control over:</p> <ul style="list-style-type: none"> • The processes concerning connection and fault repair on NBN infrastructure • Appointments made by NBN technicians <p>Any rules setting out timeframes for connections and repairs need to allow for situations where the customer is not in attendance or has cancelled their appointment on the day of the agreed appointment.</p> <p>Further, how “area” or community is defined in any new rules setting out timeframes should be consistent with existing regulatory instruments. For example, the term “Significant Urban Areas” used in the discussion paper is not a term currently used.</p>

<p>Should providers be able to seek approval from the ACMA to offer services with different reliability timeframes on a product by product basis (which if approved would then become binding)? If so, what process and criteria would best support this?</p>	<p>The competitive RSP sector has strong market incentives to focus on consumer experience. In this context, any new rules should focus on wholesale service standards.</p> <p>However, if new service reliability rules are also to apply to RSPs, then these providers should be able to request approval from the ACMA for different reliability timeframes on a product-by-product basis to provide for retail choice and innovation. There are likely some price sensitive customers who value affordability and are willing to have a basic product that does not include mandatory timeframes for connection and repairs.</p>
<p>How can industry best ensure consumers are not left without a working fixed connection for lengthy periods? What alternative service arrangements are reasonable?</p>	<p>Any new service reliability safeguards should not have an anti-competitive effect by disproportionately impacting on challenger brands and smaller retailers.</p> <p>For example, Vocus is not a mobile network operator and would face significant costs if required to provide an alternative mobile broadband or voice service. These costs should be borne by the relevant network operator.</p> <p>Hardware costs associated with supplying hybrid gateways that allow for mobile backup when a fixed line connection fails are expensive and such costs are ultimately borne by the consumer.</p> <p>In addition, sending out mobile broadband solutions to customers without a working connection in regional and remote areas may not be practical given the dispatch time outside metropolitan areas and the potential unreliability or lack of access to mobile coverage in rural and remote areas.¹</p>
<p>Should consumers be given the option to exit their service contract without penalty where frequent or recurring faults occur?</p>	<p>Consumers should be given an option to exit their contract without penalty where frequent or recurring faults occur. In this context, the RSP would need to be able to recover the cost or at least part of the cost from the relevant network operator.</p>

¹Govt estimates fixed voice users in nbn satellite and wireless areas, IT News, 12 December 2018
<https://www.itnews.com.au/news/govt-estimates-fixed-voice-users-in-nbn-satellite-and-wireless-areas-516763>

Proposal 3— Network infrastructure providers that support the supply of retail services to consumers will be required to publish network reliability metrics and to report to the ACMA on network performance

Issue for comment	Vocus' response
What information on network reliability is most meaningful and valuable to consumers?	If further reporting is deemed necessary to provide meaningful information to consumers, the information to be provided could include the number of faults in a week or month and average length of the faults over that period.
How should network reliability information be made publicly available, and how often should providers be required to report to the ACMA?	Network reliability information should be made publicly available on the network infrastructure provider's website.
If and how should consumers be advised of major outages and timeframes for remediation?	Consumers should be informed about major outages and timeframes for remediation. This information should be provided by network operators to RSPs. RSPs can then choose the most appropriate way to communicate with their customers, including text message, email and easily accessible information on RSPs' websites.

Proposal 4—The ACMA will be responsible for the collection of data relating to fixed connections, repairs and appointments, with reporting obligations applying at both wholesale and retail level. The ACMA will publish the results

Issue for comment	Vocus' response
What industry data should be provided to the ACMA for analysis and reporting, and how often should this be provided (for example, monthly, quarterly)?	<p>If further reporting to ACMA is deemed necessary, then on an annual basis, network infrastructure providers should provide ACMA with a performance report setting out:</p> <ul style="list-style-type: none"> • Number of missed appointments • Average time to connect • Average time to repair
How often should the ACMA publish reports and analysis (for example, monthly, quarterly or half yearly)?	Annually.

General issues for comment

Issue for comment	Vocus' response
<p>Do the proposals in this paper address the major issues of concern with the current framework for reliability of services? If not, what additional measures could be included?</p>	<p>As already noted, the competitive RSP sector has strong market incentives to focus on consumer experience. In contrast, network operators such as NBN Co face little market pressure to improve consumer outcomes.</p> <p>Vocus remains concerned that the proposals do not address the major issues concerning service reliability, being the lack of effective NBN wholesale service standards to support the supply of services by RSPs.</p> <p>The \$25 rebate level is too low for a missed appointment, given the inconvenience to our customers when a technician does not attend during a large appointment window.</p> <p>Our management of our customers' experience is dependent on timely, accurate and useable information from NBN Co. For example, we have received customer feedback that there have been cases where a technician has not attended, and the missed appointment has been incorrectly marked by the technician in NBN Co's system as "customer not in attendance". This situation leads to disagreement between customers, RSPs and NBN Co.</p> <p>A focus on wholesale service standards does not leave consumers without any redress at the retail level. There are numerous consumer-related regulatory and legal obligations on retailers including through ACMA standards specifically enacted to address NBN service standards and consumer experience; the Telecommunications Consumer Protection Code, Australian Consumer Law and the TIO-related obligations.</p>
<p>Are there any unforeseen issues or unintended consequences of the proposals?</p>	<p>A consequence of the proposals is further financial and operational burden flowing from system and process changes, particularly for smaller RSPs, in an already heavily-regulated environment.</p> <p>NBN's unsustainable wholesale pricing levels and variable pricing construct already leaves little margin for RSPs. Adding new and complicated business processes and additional compliance costs to this situation, may mean that RSPs will consider options such as increasing prices; further investing in NBN bypass alternatives or exiting the NBN market.</p>
<p>What considerations should be taken into account in implementing the proposals outlined in this paper (based on forecast completion of the NBN rollout by 2020), including practical timeframes for implementation?</p>	<p>Industry should be closely consulted around reasonable time frames to implement any new obligations. These timeframes will need to provide the necessary time to make changes to technology, systems, infrastructure and business processes.</p>

Please direct any questions regarding this submission to:

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Vocus Group
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