



Telecommunications Users Association of New Zealand Inc.

(TUANZ)

Telecommunications Act Review – February 2017 Discussion Paper

TUANZ submission

3rd March 2017

TUANZ

1. 2017 formally marks thirty year since the Telecommunications Users Association of New Zealand (TUANZ) has been in existence. That's over quarter of a century since we began shaping the New Zealand communications technology industry.
2. We are an incorporated not-for-profit membership association with over 150 members and we have always worked to bring end-users into the debate about the future of the digital economy. Much of what we take for granted today around choice of service comes from the work we, with our members, have done over those 30 years.
3. TUANZ is the truly unique independent voice of New Zealand users of digital technologies. We have members who range from large organisations with a strong dependency on digital technology, small enterprises, start-ups, right through to individuals who wish to be involved in shaping the future – for themselves and for New Zealand.
4. As the unique voice, wwe speak for all users, including the little person – and these small businesses and consumers are the customers of our large corporate members.
5. **Our purpose is: “To ensure that New Zealand can make the most of a digitally connected world.”**

Our Principles

6. TUANZ has a stated list of key principles that guides what we say in regards to matters such as this options paper. It is pertinent to point out

that our answers contained within this submission should be seen in the light of these principles.

- a. **We desire to see a lift in the digital competency within the NZ economy.**
- b. **We will listen and have brave face to face conversations.**
- c. **We will promote fair and sustainable competition.**
- d. **We will focus on outcomes.**
- e. **We want our members to be successful.**

Our Paper

7. TUANZ appreciates the ongoing opportunity to provide the Government through the Ministry for Business Innovation and Employment (MBIE) with our views around the proposals raised in the recent Discussion paper released in February 2017. Our submissions are always based on our values of positive leadership, credibility and collaboration and our principles as outlined above.
8. We refer the Government back to our last submission in September 2016 which has more substantive commentary on our thoughts around the general approach to issues in this current review.
9. In this brief submission, we highlight our responses to the specific questions asked in the Government's discussion paper.
10. As always we look forward to being involved in any further discussions around the review.

Our Responses

| Issue | Proposal / Government view | Questions | TUANZ Position / Discussion |
|---|--|---|--|
| <p>Copper Network Deregulation</p> | <p>The Government is proposing a new approach be taken to the regulation (price/quality) for copper services post 2020.</p> <p>Inside areas where UFB or other fibre is available, copper will be deregulated, removing regulatory oversight of copper services, and leaving Chorus free to continue operating it or close it down (subject to some consumer safeguards).</p> | <p>What are your views on the proposal to deregulate copper services in areas where UFB or other fibre services are available? What do you see as the benefits and risks?</p> | <p>We remain committed that the new networks (fibre and 4G+) are those that users should be encouraged to migrate to. Over time this will mean a reduction in the reliance on an aging copper network that has serviced us well, but is unlikely to meet our future needs.</p> <p>We are in general agreement that there appears no reason to complicate the future regulatory framework by including the copper network. However, TUANZ has been a key advocate for regulatory intervention with the access network, and the idea of removing this regulation must be accompanied by strong consumer protections over price, quality and availability of the new alternative networks.</p> <p>Given that by 2024, 85% of New Zealanders will have access to a fibre connection, then if the right regulatory framework is in place for that network, then de-regulating the copper would be a possible outcome.</p> |
| | <p>The Government is proposing a new approach be taken to the regulation (price/quality) for copper services post 2020</p> <p>Outside areas where UFB or other fibre is available, Chorus will be required to continue supplying regulated copper services at prices that will be capped at 2019 levels, without ongoing adjustment for inflation.</p> | <p>What are your views on the proposal to continue regulation of copper services outside areas where UFB or other fibre services are available?</p> | <p>The situation is very different outside the UFB areas. While new wireless technologies are vastly superior to those previously available, there are certain aspects of those services that lead rural users to be wary of removing their POTS service. In particular their concerns around emergencies, both natural and manmade, lead them in their isolation to demand an ongoing alternative means of communication. In line with this and given there will be no competing fibre network available to these areas, we support the need to continue regulation of copper.</p> <p>We agree with the proposal to grandfather the price</p> |

| Issue | Proposal / Government view | Questions | TUANZ Position / Discussion |
|--|---|--|---|
| | | | and quality aspects of copper services but suggest that the Commission remain vigilant over the performance of the network to ensure service offerings do not reduce over time. We are also concerned that as these new technologies replace the current copper network, that the level of retail competition may be at risk. There may be a requirement for the Commission to intervene to ensure there continues to be a wholesale access market similar to what will be in place in the UFB areas. |
| | The Government is proposing a new approach be taken to the regulation (price/quality) for copper services post 2020 | What risks do you see in these proposals? Please comment on any ways you think these risks could be mitigated? | Our major concerns remain on having the right regulatory framework in place for the new networks to ensure that users suffer no reduction in service, or end up paying more than needed for basic services. The risk in removing regulation on any access network is the removal of services where users have no ability to access connectivity. We would support an ability for the Commission to re-open the regulation of the network if they believe there is serious harm being done to the long term benefits of users. |
| Telecommunications Service Obligation | The Government is proposing that inside areas where UFB or other fibre is available, the TSO obligations on Chorus and Spark New Zealand will be removed. | Please comment on the proposal to remove the TSO obligations on Chorus and Spark New Zealand inside areas with UFB or other fibre available. | The removal of the TSO requirement as proposed is understandable if the other elements around anchor products are in place. However, we would not like to see the concept of the TSO removed, and believe it should be refined, and could indeed be fulfilled by the provision of the anchor products. These anchor products would be on the access company (i.e. Chorus) so the requirement for Spark can be removed. However, if it becomes clear that the provision of a voice only anchor product is not enough, for example where no RSP takes the product, and retails at a reasonable price a voice only service, then there is a significant risk to some |

| Issue | Proposal / Government view | Questions | TUANZ Position / Discussion |
|-------|---|---|--|
| | | | <p>parts of the user base. More thought should be put into how to deal with this possible scenario before implementation.</p> <p>Our greatest concern remains that some form of obligation remains that ensures the following:</p> <ol style="list-style-type: none"> 1. Voice calling availability (equivalent to the current description of reliable dial-tone) 2. Access to emerging bandwidth capabilities 3. Access to up to date technology 4. All of the above at a consistent and reasonable price <p>Our overriding objective is to ensure that users are not adversely affected as fibre becomes more prevalent, or users are encouraged to move off the current reasonably ubiquitous copper network onto other technologies.</p> |
| | <p>In LFC areas, there will be strong competition between fibre and copper, and the threat of regulation by the Commission (including the possible introduction of anchor products) to drive the development of fibre alternatives. In Chorus UFB areas, the anchor products that Chorus will be required to provide after 2020 will support high quality voice and broadband services, and will be available at capped prices.</p> | | <p>In our previous submission we identified the main risks we saw with the proposals are that the anchor products may be defined below what the market requires, and that it may lead to perverse incentives around the copper network. We went on to suggest a more dynamic means of defining the broadband anchor product that moves with the technological and market changes. While we do not have a specific proposal to make in this regard, there should be a way to better define the anchor product that allows the Commission to “meet the market”. Other submitters may have proposal which would assist in this matter.</p> |
| | | <p>What risks do you see in this proposal? Please comment on any ways you think these risks could be mitigated.</p> | <p>As already mentioned above, users remaining on regulated copper may face degrading service quality over time, as maintenance and investment are reduced. We continue to believe that the</p> |

| Issue | Proposal / Government view | Questions | TUANZ Position / Discussion |
|---------------------------------------|--|--|--|
| | | | independent regulator, the Commerce Commission is best placed to monitor and manage the provision of acceptable copper services to these users and especially for rural and remote users. |
| Copper withdrawal requirements | <p>In areas where copper services are deregulated, Chorus will have the option of withdrawing service and removing the copper network. Government policy is that Chorus should be able to do this according to its own timeframes. However, some minimum customer protection requirements will apply where Chorus does elect to withdraw service.</p> <p>These requirements will be implemented in a regulated code that applies to Chorus. The minimum requirements that must be met before Chorus is able to</p> | Please comment on the proposed consumer protection requirements, including your views on how each requirement should be framed (for example, how much notice should Chorus provide before withdrawing copper service?) | <p>In our previous submissions we agreed that the network provider of the copper network (Chorus) should not be required to continue to invest and maintain the network where it is not being used to deliver services anymore. However, any removal of the services must be non-impacting in any way on users of the services – which generally means there must exist a like for like replacement, with no forced costs for transferring to the replacement.</p> <p>We would expect that organisations such as ours would be heavily involved in developing a regulated code to ensure adequate representation of the users perspective. We also expect that the regulator would ensure full consultation with user organisations before approving any regulated code as well.</p> <p>Finally the code must include a means for users to dispute the process in a way that is reasonable to all parties.</p> |
| Impacts on Consumers | <p>We are interested in views on any potential risks that may arise from the proposals for copper services. In particular, we are interested in feedback on whether the ability for end-users to switch to fibre services will be sufficient protection in areas where copper is deregulated.</p> <p>We are also interested in whether the protections currently afforded by the</p> | Does the ability for end-users to switch to fibre services offer sufficient protection for consumers, in areas where copper is deregulated? | Users should expect the best outcomes possible where there are significant changes to the services they already expect and consume. Requiring fibre availability before copper could be deregulated is the right approach, which minimises risks to users. We would again point out that any forced transition to an equivalent service on a new network must be seamless, transparent, user friendly and at no increased financial cost. |

| Issue | Proposal / Government view | Questions | TUANZ Position / Discussion |
|-------|---|-----------|-----------------------------|
| | <p>TSO for Local Residential Telephone Service are necessary, given the other choices available to end-users such as mobile and fibre services. Those consumers who are outside of areas covered by UFB, will continue to be covered by the TSO for Local Residential Telephone Service</p> | | |

Concluding comments

11. TUANZ welcomes the opportunity to provide the Government with this submission in regards to the questions raised in the latest Discussion Paper regarding the review of the Telecommunications Act 2001. This paper provides a summary of feedback from our organisation that represents actual users of telecommunications. We have attempted to provide a succinct and clear enunciation of the views of our members.

12. We look forward to being part of the discussion going forward.

Contact

Craig Young

Chief Executive Officer

Telecommunications Users Association of New Zealand Inc.

craig.young@tuanz.org.nz

021 488 188