

11 September 2020

Mr Stephen Farago  
Australian Competition and Consumer Commission  
[nbn@accc.gov.au](mailto:nbn@accc.gov.au)

Dear Stephen,

**ACCC consultation paper on inquiries into NBN access pricing and wholesale service standards**

TPG Telecom (TPG) welcomes the opportunity to respond to the ACCC's consultation paper.

As the second largest retailer of NBN services and the operator of leading internet brands TPG, iiNet, Internode and Vodafone, it is critical that the WBA4 enables us to meet our customers' expectations regarding their NBN service. This is particularly important in the current environment where customers are relying more than ever on their NBN service.

We have appreciated the ACCC's engagement throughout the process of conducting its inquiries into NBN access pricing and wholesale service standards. It is clear these inquiries, and the positions taken by the ACCC, have assisted in delivering significant improvements to NBN Co's proposed entry level pricing, service levels and rebate arrangements, which we expect to be incorporated in the WBA4.

One example is the reduction in the Service Transfer Charge which has long been an unfair cost impost on RSPs. One WBA4 proposal, however, which concerns us is the introduction of an Access Component Reactivation Charge. Given the NBN is now essentially complete, this is effectively a new charge on every gross sale made by RSPs. As with the Service Transfer Charge, we question the justification for this charge.

We welcome NBN Co's improvements to entry level pricing under the WBA4. However, to enable RSPs to manage the significantly increased bandwidth requirements resulting from the pandemic, and to ensure ADSL customers are not worse off, we are urging NBN Co to bring forward the removal of the AVC additional charge amount to the commencement of the WBA4. We also propose that NBN Co introduces a standard entry level bundle arrangement from May 2021 with a 2 Mbps CVC inclusion which should then increase every six months in line with end user demand.

In terms of pricing certainty, we maintain our view that this can only be achieved with the removal of the CVC and its replacement with flat-rate broadband speed tiers. We are urging NBN Co to bring forward its proposed May 2021 CVC inclusions to the commencement of the WBA4 to coincide with the expiry of the current additional CVC inclusions. We also recommend a corresponding increase in the May 2021 CVC inclusions, which should then increase every six months in line with end user demand until such time as the removal of the CVC and its replacement with flat-rate broadband speed tiers.

Annexure A contains our responses to some of the WBA4 proposals. Please direct any questions regarding this response to Tim McPhail, Head of Public Policy.

Public

**Annexure A**

Entry Level Pricing	TPG response																						
<p>NBN Co proposes to commit to further effective mELB charge reductions for the term of WBA4 by reducing the ELB AVC Additional Charge Amount from \$4.90 to \$2.20 until 30 April 2021 and then \$0 from 1 May 2021.</p>	<p>We welcome NBN Co’s proposed reductions in the effective charge for the mELB. However, to enable RSPs to manage the significantly increased bandwidth requirements as a result of the pandemic, and to ensure ADSL customers are not worse off, we urge NBN Co to remove the ELB AVC Additional Charge Amount from the commencement of the WBA4. This will result in a net wholesale charge for the mELB of ~\$35.00 providing for 1.71Mbps of CVC from December this year.</p>																						
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Bundles Discount Roadmap					TPG response				
<p>NBN Co proposes to commit in WBA4 to publishing a 2 Year TC-4 Bundles Discount Roadmap so industry has guidance about future pricing.</p>					<p>We urge NBN Co to bring forward the proposed May 2021 CVC inclusions to the start date of WBA4 in December this year to coincide with the expiry of the current 40% CVC boost. We also recommend a corresponding increase in the May 2021 CVC inclusions, which should then increase every six months in line with end user demand until such time as the removal of the CVC and its replacement with flat-rate broadband speed tiers.</p>				
Bundle	Dec 20		May 21 to Nov 22		Bundle	Dec 20		May 21	
	Effective Charge	CVC Inclusion (Mbps)	Effective Charge	CVC Inclusion (Mbps)		Effective Charge	CVC Inclusion (Mbps)	Effective Charge	CVC Inclusion (Mbps)
B25	\$37	1.25	\$37	1.5	ELB12	-	-	\$35	2
B50	\$45	2.25	\$45	2.5	B25	\$37	1.5	\$37	3
Home Fast (100/20)	\$58	3.75	\$58	4.25	B50	\$45	2.5	\$45	3.75
B100/40	\$65	3.75	\$65	4.25	Home Fast (100/20)	\$58	4.25	\$58	5
Home Superfast (250/25)	\$68	4.75	\$68	5.25	B100/40	\$65	4.25	\$65	6
B250/100	\$100	3.25	\$100	3.5	Home Superfast (250/25)	\$68	5.25	\$68	5.75
B500/200	\$130	3.25	\$130	3.5	B250/100	\$100	3.5	\$100	3.75
Home Ultrafast (1000/50)	\$80	5.75	\$80	6.25	B500/200	\$130	3.5	\$130	3.75
B1000/400	\$180	3.25	\$180	3.25	Home Ultrafast (1000/50)	\$80	6.25	\$80	6.75
					B1000/400	\$180	3.25	\$180	3.25

Service Transfer and Access Component Reactivation Charges	TPG response
<p>NBN Co proposes to permanently reduce the Service Transfer Charge from \$22.50 to \$5.00.</p>	<p>We thank NBN Co for listening to the industry’s concerns regarding the high cost of the Service Transfer Charge which is not cost-based.</p> <p>We also request an exemption from this charge for transfers between two brands of the same corporate group.</p>
<p>NBN Co proposes to introduce an Access Component Reactivation Charge of \$5.00</p>	<p>We strongly oppose the introduction of an Access Component Reactivation Charge. NBN Co has provided no justification for what, is effectively, a new charge on every gross sale made by RSPs, given the NBN is now essentially complete. The proposed charge is particularly egregious given NBN Co has not made available a ‘suspend’ capability that would allow RSPs to pause a customer’s connection (and the associated wholesale charge) when they are moving to a new house. As a result, RSPs have little choice but to go through the process of disconnecting a customer’s service and then initiating a reactivation once the customer has moved.</p>
New Service Never Worked (NSNW)	TPG response
<p>NBN Co will implement a billing solution whereby charges for any period between the date a connection order is completed and when the service is working will be refunded directly to the RSP when a Trouble Ticket is raised in relation to the service within 20 Business Days of the completed connection order.</p>	<p>Addressing the issue of NSNW faults is long overdue and we welcome NBN Co’s proposed solution. Just as consumers should not be billed for services that are not operational, RSPs should not be out of pocket when there are connection issues which are the responsibility of NBN Co. We acknowledge and welcome the extension of the proposed time during which RSPs need to raise a Trouble Ticket from 10 business days in the previous WBA4 draft to 20 business days.</p> <p>Further, we understand NBN Co intends to consult with RSPs during FY21 on the potential introduction of automated testing to significantly reduce and/or eradicate NSNW issues and determine the viability and utility of such a technical solution, which we support.</p>

Connection Rebates (Delayed Connections)	TPG response
<p>NBN Co proposes to pay a new daily rebate as follows:</p> <ul style="list-style-type: none"> <li>For Standard and Accelerated Connections: \$7.50 for each business day in excess of the applicable service level, capped at 30 business days; and</li> <li>For Priority Assistance customers: \$10 per business day in excess of the applicable service level, capped at 30 business days.</li> </ul> <p>The rebate will be payable in respect of connections for both AVC TC-4 and AVC TC-2 services.</p> <p>The requirement for RSPs to lodge forecast information to NBN Co will be removed. This also removes the connection rebate forecasting eligibility criteria to receive a connection rebate</p>	<p>We support the proposed daily rebates, which are a significant improvement on the arrangements in the WBA3. However, the proposed rebate should be \$10 per business day for all premises, regardless of whether there is an existing broadband service, and \$15 for Priority Assistance customers.</p> <p>We support NBN Co extending the application of daily rebates to business grade services and we support removing the connection forecast as a condition of eligibility for the Connection Rebates.</p>
Service Fault Rebates	TPG response
<p>NBN Co proposes to pay a new daily rebate as follows:</p> <ul style="list-style-type: none"> <li>For non-Priority Assistance customers: \$15 per business day in excess of the applicable Service Level for NBN Ethernet missed End User Fault Service Levels capped at 60 business days; and</li> <li>For Priority Assistance customers: \$20 for each business day in excess of the applicable Service Level capped at 60 business days.</li> </ul> <p>The rebate will be payable in respect of connections for both AVC TC-4 and AVC TC-2 services.</p>	<p>We support the proposed daily rebates, which are a significant improvement on the arrangements in the WBA3. We acknowledge and welcome the extension of the proposed increase in the daily rebate for non-Priority Assistance customers from \$10 per business day in the previous WBA4 draft to \$15 per business day.</p> <p>We support NBN Co extending the application of daily rebates to business grade services.</p>

Missed Appointment Rebate	TPG response
<p>NBN Co proposes to pay a new daily rebate as follows:</p> <ul style="list-style-type: none"> <li>• \$50 when the initial appointment time is missed; and</li> <li>• \$75 for each subsequent appointment that is missed for the same order or Trouble Ticket.</li> </ul> <p>If NBN Co is able to attend to the appointment on the same day and the customer is still present and willing to allow the attendance of the technician outside the appointment window, the rebate would be reduced by 50%.</p>	<p>We support the proposed tiered rebates, which are a significant improvement on the arrangements in the WBA3. Missed appointment rebates should take into account the cost and inconvenience to the end-user when an appointment is missed, while at the same time providing a strong incentive to reduce the rate of missed appointments.</p> <p>If NBN Co is able to attend to the appointment on the same day and the customer is still present and willing to allow the attendance of the technician outside the appointment window, we have no issue with the rebate being reduced by 50%.</p>
Measurement of Trouble Tickets	TPG response
<p>Measurement of duration of Trouble Tickets commences when NBN Co accepts the Trouble Ticket from an RSP.</p>	<p>We do not support NBN Co's policy and maintain our previously expressed view that service levels should begin from the time of trouble ticket acknowledgement as opposed to trouble ticket acceptance.</p>
PIR Objective Rebate	TPG response
<p>A new rebate will be introduced when a FTTN/B/C service is unable to achieve at least the PIR Objective speed for that service.</p> <p>In the case of FTTN services in co-existence with legacy networks, the PIR Objective is 12Mbps. For FTTN services outside of co-existence, the PIR Objective is up to 25 Mbps. In the case of FTTB the PIR Objective is up to 25 Mbps and for FTTC up to 50 Mbps.</p> <p>Once an RSP has raised a Trouble Ticket in relation to the service, and NBN Co has determined the issue lies on the NBN network, NBN Co will place the service into Remediation, and seek to increase the service speed to at least the PIR Objective Speed. Until that</p>	<p>We support the introduction of a rebate for underperforming service speeds. NBN Co should be responsible for the speed and performance of its wholesale products and commit to deliver a service above a minimum speed level. However, the amount of the proposed PIR Objective Rebate should be equal to the AVC bundle price per month in order to provide the incentive for NBN Co to remediate the issue as quickly as possible.</p>

<p>Remediation is successfully completed, and from the time the RSP has raised the issue with NBN Co, the following rebates will be paid each month by NBN Co:</p> <table border="1" data-bbox="212 430 795 598"> <thead> <tr> <th>Month</th> <th>Rebate</th> </tr> </thead> <tbody> <tr> <td>0-3</td> <td>\$10 per month</td> </tr> <tr> <td>4-6</td> <td>\$15 per month</td> </tr> <tr> <td>&gt;6</td> <td>\$20 per month</td> </tr> </tbody> </table>	Month	Rebate	0-3	\$10 per month	4-6	\$15 per month	>6	\$20 per month	
Month	Rebate								
0-3	\$10 per month								
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<p><b>Connection Rebate (Speed Performance – FTTN/C/B)</b></p>	<p><b>TPG response</b></p>								
<p>RSPs will be provided with Historical Supported Speed (HSS) information at the time of placing an order, which will include an Assured Rate for the line.</p> <p>If RSPs order a 25-50 Mbps or 25-100 Mbps bandwidth profile and the service is capable of achieving the Assured Rate, even if that Assured Rate is below the ACCC speed expectation (i.e. capable of achieving at least 50% of the maximum speed for that bandwidth profile), then no rebate will be paid.</p> <p>If an Assured Rate is not available, or proves to be inaccurate (i.e. the service cannot achieve the Assured Rate), and the service cannot achieve the ACCC speed expectation, a once-off \$20 will be automatically paid to the RSP, with no requirement to pass this through to the customer.</p>	<p>We support the introduction of the HSS baseline and an Assured Rate which is incorporated into NBN Co’s service qualification system. The availability of speed information to RSPs is essential to support their sales and marketing activities and compliance with their requirements under the Australian Consumer Law. It is not unreasonable to expect that NBN Co, as the infrastructure owner and wholesale provider, should provide information on the attainable speed for the line.</p> <p>NBN Co should automatically move customers to a lower plan if it has determined that the Assured Rate for the line is incapable of achieving at least 50% of the maximum speed for that bandwidth profile. However, this should exclude situations of line degradation to avoid creating a perverse incentive for NBN Co to do a downgrade instead of remediating the line.</p>								

Availability of Speed Reports	TPG response
<p>NBN Co will provide the following information as part of WBA4:</p> <ul style="list-style-type: none"> <li>• Daily Line Rate Report; and</li> <li>• Once a new service has been connected for the first time, NBN Co will establish the Assured Rate for that line, which will be available to all RSPs.</li> </ul> <p>While not a WBA4 commitment, RSPs acquiring a service will be able to view Historical Supported Speed information in near to real time in NBN Co's Service Health Summary portal.</p>	<p>The introduction of the HSS baseline and an Assured Rate which is incorporated into NBN Co's service qualification system is a significant improvement on the WBA3 where NBN Co has voluntarily provided a range of speed reports to RSPs but has made no commitment to do so.</p> <p>We urge NBN Co to commit to providing RSPs acquiring a service HSS information in near to real time in NBN Co's Service Health Summary portal.</p>
Fair Value Benefit Pass-through Provisions	TPG response
<p>RSPs are required to take reasonable steps to ensure that customers receive (in monetary or other form) a Fair Value Benefit of any rebate paid.</p> <p>This applies to the:</p> <ul style="list-style-type: none"> <li>• Connection Rebate;</li> <li>• proposed PIR Objective Rebate;</li> <li>• Service Fault Rebate; and</li> <li>• proposed Wireless Speed Performance Rebate.</li> </ul> <p>NBN Co has provided guidance to RSPs as to how fair value pass-through may be delivered.</p>	<p>We support the Fair Value Benefit (FVB) pass-through provisions and the intent of NBN Co's guidance.</p> <p>NBN Co's draft guidance on what constitutes FVB pass-through, is based on two principles:</p> <ol style="list-style-type: none"> <li>1. The affected end user must always receive a benefit to the value of at least [50] per cent of the FVB Commercial Rebate NBN pays to the RSP; and</li> <li>2. RSPs must not recover more than their direct costs from the FVB Commercial Rebate NBN pays to the RSP (with any remainder being applied to the benefit of the affected end user.)</li> </ol> <p>While we support principle 2, we <u>oppose</u> principle 1 and its inclusion in NBN Co's guidance. The guidance should not be prescriptive, particularly in relation to the value of the benefit RSPs must provide to affected end users,</p>



irrespective of the direct costs incurred to RSPs of NBN Co's failure to achieve the relevant service level.

As stated by NBN Co, the FVB pass-through provisions are expressed broadly in WBA4 because the intention is to enable RSP to innovate and differentiate in the ways in which RSPs provide FVB to affected end users.

RSPs must have the flexibility to offer appropriate remedies for end users whilst not recovering more than their direct costs from the rebates NBN Co pays to the RSP. As NBN Co acknowledges, RSPs must be allowed to manage FVB efficiently and it would not be economically feasible for TPG to establish systems and processes that calculate and administer individual benefits based on individual circumstances.