



# WBA5

## Second consultation paper on implementing a varied SAU<sup>1</sup>

12 December 2022



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<sup>1</sup> This consultation is intended to help ensure that, should **nbn's** SAU variation be accepted by the ACCC, **nbn** and retailers can be in a position to implement it from the later of 1 July 2023, or within 3 months from acceptance. Nothing in this paper should be taken to pre-empt the consultation process to be conducted by the ACCC on **nbn's** SAU variation, nor the ACCC's decision whether to accept it.



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## Contents

<b>1 Overview</b>	<b>6</b>
<b>2 This consultation</b>	<b>7</b>
<b>3 Scope of this consultation</b>	<b>7</b>
3.1 Summary of items	7
3.2 How to provide your feedback	8
<b>4 FTTN and HFC Service Fault Dropout Threshold</b>	<b>9</b>
4.1 Proposal	9
4.2 Supply Process Impacts	10
4.3 Transitional / Migration Considerations	10
4.4 Consultation Questions	10
<b>5 Completion Advice Performance Objectives</b>	<b>10</b>
5.1 Proposal	10
5.2 Supply Process Impacts	11
5.3 Transitional / Migration Considerations	11
5.4 Consultation Questions	11
<b>6 Further Enhancements to nbn® Ethernet Service Levels</b>	<b>11</b>
6.1 Proposal	11
6.2 Supply Process Impacts	13
6.3 Transitional / Migration Considerations	13
6.4 Consultation Questions	13
<b>7 Network Utilisation Management</b>	<b>13</b>
7.1 Proposal	13
7.2 Supply Process Impacts	14
7.3 Transitional / Migration Considerations	14
7.4 Consultation Questions	15
<b>8 Service Levels - NPIS</b>	<b>15</b>
8.1 Proposal	15
8.2 Supply Process Impacts	16
8.3 Transitional / Migration Considerations	16
8.4 Consultation Questions	16



<b>9 Governance</b>	<b>17</b>
9.1 Proposal	17
9.2 Governance Change Overview	17
9.3 Contract Change	18
9.4 Supply Process Impacts	18
9.5 Transitional / Migration Considerations	19
9.6 Consultation Questions	19
<b>10 Fibre Connect</b>	<b>20</b>
10.1 Proposal	20
10.2 Supply Process Impacts	21
10.3 Consultation Questions	21
<b>11 Implementation of changes required or permitted under the SAU</b>	<b>21</b>
11.1 Proposal	21
11.2 Supply Process Impacts	22
11.3 Consultation Questions	22
<b>12 SFAA Period</b>	<b>22</b>
12.1 Proposal	22
12.2 Supply Process Impacts	23
12.3 Transitional / Migration Considerations	23
12.4 Consultation Questions	23
<b>13 Fair Use Policy</b>	<b>24</b>
13.1 Proposal	24
13.2 Supply Process Impacts	24
13.3 Transitional / Migration Considerations	24
13.4 Consultation Questions	24
<b>14 Billing Process Improvement</b>	<b>25</b>
14.1 Proposal	25
14.2 Supply Process Impacts	25
14.3 Transitional / Migration Considerations	25
14.4 Consultation Questions	25
<b>15 Change to Interest on Overdue Amounts</b>	<b>25</b>
15.1 Proposal	25



15.2	Supply Process Impacts .....	26
15.3	Transitionary / Migration Considerations .....	26
15.4	Consultation Questions .....	26
<b>16</b>	<b>WBA Confidentiality .....</b>	<b>26</b>
16.1	Proposal.....	26
16.2	Supply Process Impacts .....	27
16.3	Transitionary / Migration Considerations .....	27
16.4	Consultation Questions .....	27
<b>17</b>	<b>HFC-NTD and FTTC-NCD Supply Terms .....</b>	<b>28</b>
17.1	Proposal.....	28
17.2	Consultation Questions .....	28



# 1 Overview

On Tuesday 8 November 2022, we released the 'WBA5: First consultation paper on implementing a varied SAU' (**Tranche 1 Paper**) to begin the consultation with RSPs on how best to implement the following items as part of WBA5, should **nbn**'s SAU variation ultimately be accepted by the ACCC:

1. Utilisation-Based Billing
2. CVC Inclusions Adjustment
3. Voice-Only Bundled Offering
4. Billing Price Configuration Changes
5. Overbooking of CVC TC-4 on Network-Network Interface (NNI)
6. Overage Waiver

We thank RSPs for their participation in the webinar on Thursday 17 November 2022 in relation to the Tranche 1 Paper and the comprehensive engagement to date.

Since the Tranche 1 Paper was released, **nbn** has lodged its SAU Variation with the ACCC, which has been published by the ACCC with the ACCC's expectation being that they will issue a consultation paper early next year. As noted in the Tranche 1 Paper, **nbn**'s SAU variation will deliver significant improvements to **nbn**'s regulatory and pricing framework, which should benefit retail customers, the telecommunications industry as a whole, and the wider Australian economy and society. The SAU variation, if accepted, will remove CVC charging for TC-4 services on fixed line and fixed wireless by 1 July 2026, simplify **nbn**'s pricing, reduce the level of operational complexity for RSPs, provide greater price certainty, establish a link between **nbn**'s efficient costs and prices, ensure that service standards cannot degrade over time, and provide a significantly enhanced oversight role for the ACCC. At the same time, the varied SAU will continue to provide **nbn** with the regulatory certainty needed to afford **nbn** the opportunity to operate as a sustainable commercial organisation that is able to invest in network capability over the long-term to meet the evolving needs of customers and deliver Australian government policy. **nbn** is therefore committed to working constructively with the ACCC and the industry to have a varied SAU in place as soon as possible, which will also achieve the objectives set out by our Shareholder Ministers.

We look forward to the ACCC's SAU consultation process. The ACCC has discretion to either accept or reject the variation **nbn** is proposing to the SAU.

The publication of **nbn**'s SAU variation, together with the release of this paper (**Tranche 2 Paper**), means that RSPs now have visibility not only of **nbn**'s SAU variation proposal but also how **nbn** proposes to implement key SAU variation items into the commercial and operational detail of WBA5, should **nbn**'s SAU variation proposal ultimately be accepted by the ACCC.

In parallel, we continue to prioritise the development of the SAU-implementation related WBA5 material (including proposed legal drafting) to ensure that, as an industry, we are in the best possible position to implement a varied SAU on 1 July 2023 if the ACCC accepts **nbn**'s SAU variation proposal by 31 March 2023. If the ACCC accepts the proposed SAU variation after 31 March 2023, **nbn** has committed to implementation within three months. We plan to release initial legal drafting relating to the pricing items consulted on in the Tranche 1 Consultation Paper later in December (feedback will be expected by the second week of February 2023).

We also recognise that WBA5 is an opportunity to continue to work with RSPs to address any challenges that are best addressed during the WBA renewal process. As noted in the Tranche 1 Paper, we are always open to discussing potential inclusions in WBA5 beyond the SAU implementation items however the scope of non-SAU related changes must be moderated by our priority to implement a varied SAU in line with our Shareholder



Ministers’ expectations so that we can offer the new pricing constructs to customers on 1 July 2023 (or as close to that time as possible, depending on the date of any acceptance of the SAU variation).

To that end, in this paper we propose and seek feedback on additional non-SAU driven improvements relating to:

- NCD and NTD Supply Terms,
- Service Levels and Performance Objectives,
- Governance, and
- the Fibre Connect Agreement.

## 2 This consultation

This Tranche 2 Consultation Paper is set out in four parts:

- A. Service Levels & Performance Objective Improvements
- B. Governance
- C. Other SAU related Changes
- D. Non-SAU related Changes

The following section 3 provides an overview of each of the items covered in the four parts.

## 3 Scope of this consultation

### 3.1 Summary of items

This consultation paper covers to the following items:

Item in this consultation	Summary of proposed changes
<b><u>Service Levels &amp; Performance Objective Improvements</u></b>	
<b>FTTN and HFC Service Fault Dropout Threshold</b>	Changes to the Performance Incident Threshold expanding what constitutes a Service Fault for FTTN and HFC.
<b>Completion Advice Performance Objective</b>	Improvements to Activity timeframes and Performance Objective for Completion Advices.
<b>Further Enhancements to nbn Ethernet Service Levels</b>	Improvement to Service Levels and Performance Objectives as part of the WBA5 <b>nbn</b> <sup>®</sup> Ethernet Service Level Schedule uplift.
<b>Network Utilisation Management</b>	Implementing changes to the WBA network utilisation approach and threshold for augmenting shared network resources to align with the SAU.
<b>Service Levels - NPIS</b>	Improve NPIS Performance Objectives and add new Performance Objectives and Operational Targets to be more relevant.
<b><u>Governance</u></b>	
<b>Governance</b>	Introduction of clear communication and escalation commitments and pathways.



Item in this consultation	Summary of proposed changes
<b>Other SAU related Changes</b>	
Fibre Connect	Increase to the existing downgrade event limit and changes to the method of charging RSPs for downgrades in excess of the downgrade event limit to give RSPs increased price certainty.
Implementation of changes required or permitted under the SAU	Amendments to the change management terms under the WBA to flow through changes to pricing and service standards where required or permitted by the SAU.
SFAA Period	Alignment of the maximum term of the WBA5 SFAA with the term of the relevant regulatory cycle.
<b>Non-SAU related Changes</b>	
Fair Use Policy	Simplification of the change process for the introduction of new types of permitted use to the Permitted Fair Use Policy Exemptions document.
Billing Process Improvement	Simplify Billing Dispute process.
Change to Interest on Overdue Amounts	Interest rate alignment with the ATO, which is 90-day Bank Bill Swap Rate plus 7%.
WBA Confidentiality	Clarifications to WBA confidential information clauses and rights to use confidential information such as for discount campaigns.
NCD and NTD Supply Terms	Seeking feedback on potential changes to supply terms to balance RSPs minimising loss of nbn supplied equipment while not placing undue burden on RSPs in relation to that.

The proposed implementation and consultation questions for each item are set out in the following pages.

### 3.2 How to provide your feedback

We look forward to your feedback on this Tranche 2 Paper by **5pm on Friday 27 January 2023**.

We will conduct a webinar to take RSPs through the content of this Tranche 2 Paper on Thursday 15 December 2022. We look forward to RSPs’ participation in that process.

Please contact your **nbn** Account Manager so that we can arrange an appropriate forum for your feedback to be provided in your preferred format. If you wish to provide your feedback in a written response, please email your written response to [contractmanager@nbnco.com.au](mailto:contractmanager@nbnco.com.au).

Please note that, to provide greatest possible benefit to all RSPs during this consultation process, we intend to share your feedback in a deidentified format with other RSPs. If you wish for part or all your feedback to remain commercial in confidence, please advise us of this in your response.

We thank you for your engagement and participation in this consultation process and look forward to your feedback.





## A. Service Levels & Performance Objectives Improvements

nbn has considered requests made by several RSPs for ever greater improvements in nbn's service levels and performance objectives.

nbn is proposing to make the following improvements as part of WBA5. With this proposed package of service level, performance objective and operational target improvements, nbn has sought to accommodate RSPs' requests while not proposing to adjust prices.

- **Improving the FTTN/HFC dropout threshold:** As set out in its SAU variation proposal, nbn proposes to decrease the number of dropouts an FTTN or HFC service must experience before it qualifies as a Service Fault, thereby bringing more tickets into the Service Fault rectification regime (which has quicker service levels compared to the Performance Incident rectification regime that those tickets would otherwise be subject to).
- **Improving Performance Objectives and Ethernet Service Levels:** As set out in the SAU variation, nbn proposes to uplift the Service Levels and Performance Objective for Completion Advices. In addition, nbn also proposes to provide enhancements to four additional activities: Activations, Disconnections, Trouble Ticket Management and Limited Access Areas.
- **Ethernet Network Utilisation:** As set out in the SAU variation, nbn proposes to implement changes to the network utilisation approach and threshold for augmenting shared network resources.
- **Update of NPIS Service Levels:** nbn proposes to add new availability Performance Objectives and transaction Operational Targets. nbn is also proposing a stricter reporting methodology, moving to a transaction-based measure to provide greater transparency.

nbn appreciates that RSPs may be seeking further improvements to service standards – and nbn is committed to working with RSPs on continued enhancement of service standards to support enhanced customer experience - though it is important to recognise that nbn's prices are premised on the existing service levels and performance objectives so there are limits to what nbn can do to further improve service levels and performance objectives without looking to adjust prices.

Each of these improvements is set out in below detail.

### 4 FTTN and HFC Service Fault Dropout Threshold

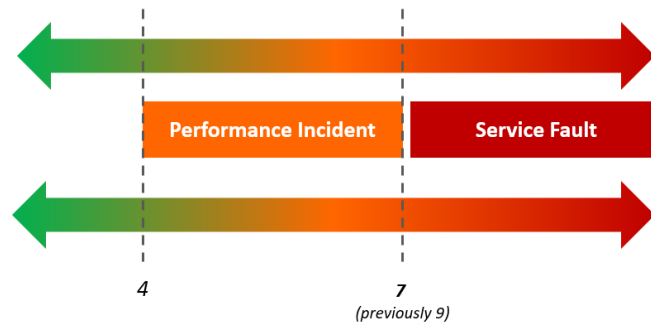
nbn has proposed an improvement to the copper dropout threshold as part of its SAU variation submission. The FTTN and HFC dropout threshold determines, amongst other matters, whether a service issue is treated as either a Performance Incident or a Service Fault. Service Levels differ between Performance Incidents and Service Faults.

#### 4.1 Proposal

nbn will change the upper threshold for Performance Incidents on FTTN and HFC to seven (7) unexpected dropouts from the current nine (9) in a 24-hour period. This will enable RSPs to report a Service Fault in



circumstances which satisfy the definition of a Service Fault and involve greater than 7 unexpected dropouts in a 24-hour period.



The dropout thresholds are set at levels that ensure nbn’s resources are able to be efficiently deployed to address significant customer-impacting Performance Incidents and Service Faults, rather than on transient issues or where further diagnostics are required to determine the most appropriate response (which could include actions by either the RSP or end-user).

## 4.2 Supply Process Impacts

- **IT Interface:** nbn systems, including Incident Handler and Service Health Summary will be updated with the new threshold value to enable acceptance of Service Faults that meet the revised threshold.
- **Operations Interactions:** Relevant supporting documentation including the Operations User Guide and Test & Diagnostics Checklists will be updated accordingly.
- **Other:** No changes to applicable rebates or Service Levels.

## 4.3 Transitional / Migration Considerations

RSPs will need to consider any changes required to their own trouble management systems which rely on the threshold values being changed. They may also need to change any scripting for contact centre staff when interacting with End Users.

## 4.4 Consultation Questions

- Does your organisation have any specific concerns with the proposed implementation of this item? If so, what are those concerns? How might nbn best address them?

# 5 Completion Advice Performance Objectives

As outlined in the SAU Benchmark Service Standards, nbn is committed to improving the Performance Objective for Completion Advices as part of the WBA5 Ethernet Service Level Schedule uplift.

## 5.1 Proposal

These improvements are set out in the table below:



## Improvements to activity duration and Performance Objective for Completion Advices.

nbn® Ethernet Service Level	SLS Reference	Type	WBA4	WBA5
Completion Advices – End User Connection	4.1	Activity duration Performance Objective	30 min 70%	15 min 85%
Completion Advices– Service Transfer	4.2	Activity duration Performance Objective	30 min 90%	15 min 95%
		Performance Objective (Service Level – 1 hour)	95%	99%

These enhancements shorten the activity duration within which **nbn** will notify RSPs of a completed connection or transfer (from 30 minutes to 15 minutes) with associated enhancements in the associated Performance Objectives.

## 5.2 Supply Process Impacts

No supply process impacts.

## 5.3 Transitionary / Migration Considerations

The Performance Report will be updated as per the above table.

## 5.4 Consultation Questions

- Does your organisation have any specific concerns with the proposed changes to the Completion Advice Performance Objectives? If so, what are those concerns? How might **nbn** best address them?

# 6 Further Enhancements to nbn® Ethernet Service Levels

**nbn** is committed to improving the Service Level and Performance Objectives as part of the WBA5 Ethernet Service Level Schedule uplift. **nbn** has identified the following areas where there is an opportunity to improve:

- Activations
- Disconnections
- Trouble Ticket Management
- Limited Access Areas

## 6.1 Proposal

**nbn** to provide improvements to Service Level and Performance Objectives as set out in the table below:



nbn® Ethernet Service Level	SLS Reference	Type	WBA 4	WBA 5
Activations – CVC	3.1	Service Level	5 BD	1 BD
Activations - NNI	3.2	Performance Objective	90%	95%
Disconnections	14.1 & 14.2	Performance Objective Service Level	90% Following BD	99% 4 Operational Hours
Trouble Ticket Management	7.1 & 7.2	Performance Objective	90%	95%
Limited Access Areas	22.8	Operational Target	90 calendar days	90 calendar days for 70% of the time

**Activations CVC** – this enhancement shortens the Service Level in which **nbn** will complete activations from the time of order acknowledgement (from 5 BD to 1 BD) with the Performance Objective remaining at 90%.

**Activations NNI** – this enhancement provides improved certainty regarding **nbn**’s ability to complete NNI Group Activations, NNI Link Activations and V-NNI Activations from the time of order acknowledgement 95% of the time, improvement from 90%.

**Disconnections** – these enhancements shorten the Service Level in which **nbn** will complete access component disconnections from the time of order acknowledgement (from following business day to 4 operational hours) with associated enhancements in the associated Performance Objectives.

**Trouble Ticket Management** - this enhancement provides improved certainty regarding **nbn**’s ability to:

- send either an Accepted Notification or a More Information Required Notification from the time of Trouble Ticket Acknowledgement;
- confirm whether or not RSP has fully complied with a More Information Required Notification from the time RSP notifies **nbn** that RSP believes it has complied with that More Information Required Notification; and
- respond to a “No – Trouble Ticket is Not Resolved Notification” from the time **nbn** receives that “No – Trouble Ticket is Not Resolved Notification”.

**Limited Access Areas** - this enhancement provides improved measurement regarding **nbn**’s ability to complete activities in respect of premises in limited access areas. **nbn** will measure and report on the following activities if they are completed in 90 calendar days 70% of the time, where previously there was no percentage of volume committed. The activities are:

- Standard Connection at a Premises that is designated as Service Class 8
- End User Fault rectification where an End User Fault requires external or internal plant work or nbn attendance at Premises
- Access Component Modification that requires attendance at a Premises

**nbn** has identified the following Performance Objectives which no longer are in line with **nbn**’s customer strategy:

- a. Voiceband Reinstatement and Transition Reversals, located in section 12 in the Service Level Schedule
  - i. **nbn** to remove this Performance Objective as it is no longer is a connection scaling strategy
  - ii. Reporting on this isn’t required as the volume of orders received in a month is only 1 per month or single digit orders.
- b. Notification of Exceeded Configured Peak Bandwidth Event, located in section 13.3a of the Service Level Schedule
  - i. **nbn** is no longer required to report on this Performance Objective as is legacy from when **nbn** offered Multicast Domain.



## 6.2 Supply Process Impacts

No supply process impacts.

## 6.3 Transitional / Migration Considerations

The Performance Report will be updated as per the above table.

## 6.4 Consultation Questions

- Does your organisation have any specific concerns with the proposed changes to the Service Level Standards? If so, what are those concerns? How might nbn best address them?

# 7 Network Utilisation Management

nbn is implementing changes to the WBA network utilisation approach and threshold for augmenting shared network resources to align with the proposed SAU variation.

These changes will establish a more appropriate balance that ensures minimal congestion on the nbn® network by examining utilisation events over a 30-day rolling window rather than a fixed 21-day window and lifting the utilisation threshold to avoid inefficient network investment at too low a threshold. These proposed changes will allow the network to operate in a way to allow nbn® Ethernet to evolve in response to industry and end user needs over time.

These changes have been made in the SAU to reflect the mature state of the nbn® network, while providing RSPs and end users with continued confidence that nbn will provide sufficient capacity in the network in the transition to TC-4 Flat Rate Offers and introduction of NNI overbooking. The current network utilisation management Performance Objective was designed during the roll-out phase of the nbn® network when the number of users on the network was much smaller but growing rapidly, and the capacity in the network was far more constrained, with the effect that shared network resources that were under-utilised could quickly become over-utilised. Going forward, it makes sense to adapt the Performance Objective to reflect the larger and more stable user base currently on the nbn® network and the significantly greater capacity of the network.

The new threshold is not intended to function as the business-as-usual trigger for nbn to commence augmentation on all shared network elements. Rather, nbn will continue to monitor and manage shared network resources with the aim of ensuring they do not exceed the new threshold – but the utilisation commitment will operate to ensure that augmentation occurs within an appropriate timeframe in the event that this threshold is exceeded.

## 7.1 Proposal

To give effect to the changes in the proposed SAU variation, the existing nbn® Ethernet Utilisation Management Performance Objective will be updated with the following changes:

1. The Shared Network Resource will be updated to include Fixed Wireless network and will be defined as nbn's transit backhaul network between the POI and the relevant nbn network element below, for each type of network.



- a. the optical line terminator for the Fibre Network and FTTC Network;
  - b. the access aggregation switch for the FTTB Network and FTTN Network;
  - c. the cable modem termination system for the HFC Network; and
  - d. the combined packet gateway for the Wireless Network.
2. The Utilisation Threshold will change from the current 70% to 90%.
  3. Measurement timeframe of a continuous period of 30 minutes or more will remain unchanged, but the approach will be changed to monitor utilisation exceeding events occurring for a continuous period of 30 minutes or more on three or more separate days during any rolling 30-day period.
  4. **As is currently the case, nbn** will not be required to take any action to achieve the Utilisation Threshold where the excess utilisation is due to a one-off network event (such as fail-over to a reduced capacity secondary link).

**New Monthly Report:** As set out in the SAU variation, **nbn** will provide a new monthly utilisation report to each Customer specifying:

1. for each Shared Network Resource exceeding the Utilisation Threshold:
  - a. information identifying the Shared Network Resource;
  - b. potentially affected Ordered Products \*; and
  - c. the estimated date by which that Shared Network Resource will no longer exceed the Utilisation Threshold; and
2. the number of Shared Network Resources that exceeded the Utilisation Threshold in the immediately preceding monthly report and are no longer exceeding the Utilisation Threshold.

**New Quarterly Report:** **nbn** will also provide quarterly reporting on augmentation activity undertaken in the preceding three-month period, to provide increased transparency regarding continued investment in network capacity and performance.

\* If the Utilisation Threshold is exceeded in future, and a significant number of customers are impacted, **nbn** is aligned with RSPs that it would be important that RSPs have visibility in order to provide appropriate operational support to customers. On this basis, if utilisation on the network results in more than 1% of TC-4 services on the fixed line network being impacted by Shared Network Resources exceeding the Utilisation Threshold over a three-month rolling period, **nbn** will introduce reporting in its Service Health Summary (SHS) tool to provide RSPs with visibility of network utilisation to support customer interactions. Once the reporting is available on SHS tool, the potentially affected Ordered Products will not be included in the monthly report. **nbn** believes this trigger for the introduction of SHS reporting strikes an appropriate balance between efficient investment, supporting RSP operations and ensuring the best possible customer experience on the network.

## 7.2 Supply Process Impacts

**nbn** sees no supply process impacts to IT interface, operation interactions nor other processes.

## 7.3 Transitional / Migration Considerations

**nbn** to provide a new Utilisation Threshold Reports monthly and quarterly performance report. Network Utilisation will be removed from the existing Performance Reports.



## 7.4 Consultation Questions

- Does your organisation have any specific concerns with the proposal? If so, what are those concerns? How might **nbn** best address them?

## 8 Service Levels - NPIS

The **nbn** has been on a journey to progressively move RSP B2B interactions away from the traditional ebXML framework to a REST API framework and this is now completed as of 30 November 2022. Throughout this, **nbn** has received requests made by several RSPs for improved stability of APIs in a manner in line with industry standards.

To look to address RSPs' request, **nbn** is proposing a stricter reporting methodology, moving from a time-based measure to a transaction-based measure for the existing and new Key Business Transactions / Performance Objectives. This will enable transparency of the performance and resiliency standards which are critical to support our RSPs.

**nbn** is also aligning the reporting time cycle to be in line with other WBA performance reports.

### 8.1 Proposal

#### NPIS Performance Report Timing

The reporting cycle will be changed from the rolling 90 days to monthly, aligning it with the other WBA performance reporting.

#### NPIS Performance Objectives and Operational Targets to be removed

Due to ebXML being phased out and replaced by APIs, reporting on Order Feasibility Check Operational Targets and Order Feasibility Check Performance Objective will be removed as an independently measured transaction.

#### NPIS Performance Objectives and Operational Targets to be added

The following new Performance Objectives for availability will be added to the NPIS Service Levels Schedule to measure availability. Service Health Summary API will be measured at an aggregate level as opposed to individually on a per Access Technology basis.

**nbn** requests RSPs to review and share their expectations on the below transactions Availability and API response times.

Description	Performance Objective (Availability in each monthly period)
API Gateway Availability	xx.xx%
Inventory API	xx.xx%
Service Health Summary API	xx.xx%
Diagnostics API	xx.xx%

The following new Operational Targets to be added to the Service Levels Schedule for NPIS. These will be measured using transactions and for Service Health Summary API at an aggregate level.



Transaction description	Operational Target	
	Average	95% Percentile
Inventory API	x seconds	x seconds
Service Health Summary API	x seconds	x seconds
Diagnostics API	x seconds	x seconds

NPIS Availability Measurement

**nbn** is improving how it measures the availability of the API interface. **nbn** is moving from a time-based measure to a transaction-based measure for all the existing and new Key Business Transactions / Performance Objectives. This is to provide greater fidelity and granularity to RSPs.

The following Key Business Transactions / Performance Objectives for NPIS availability will be measured by transaction-based measurement:

- Address Enquiry
- Single Site Qualification Enquiry
- Appointment availability enquiry
- Appointment lodgement (submission received to Reserved notification sent)
- Order lodgement (submission received to Acknowledgement sent)
- Service Restoration Trouble Ticket (submission received to Acknowledgement sent)
- Inventory Enquiry
- Service Health Summary lodgement
- Diagnostics lodgement

Transaction-based availability will be measured using the following calculation:

$$\frac{\text{successful requests}}{(\text{successful requests} + \text{failed requests})} \times 100$$

The following Performance Objectives for NPIS availability will be measured by the existing time-based measurement (so no change):

- API Gateway (New Performance Objective)
- Service Portal

## 8.2 Supply Process Impacts

- **IT Interface:** No changes required
- **Operations Interactions:** Performance Reports to be made available monthly, changed from 90 days.

## 8.3 Transitional / Migration Considerations

Performance Reports will be updated with new Service Level and Performance Objective reporting, as outlined above.

## 8.4 Consultation Questions

- Does your organisation have any specific concerns with the proposed changes to the service levels schedule? If so, what are those concerns? How might **nbn** best address them?





## B. Governance

### 9 Governance

Under WBA5 **nbn** proposes to comprehensively update our governance processes to bring them in line with industry expectations.

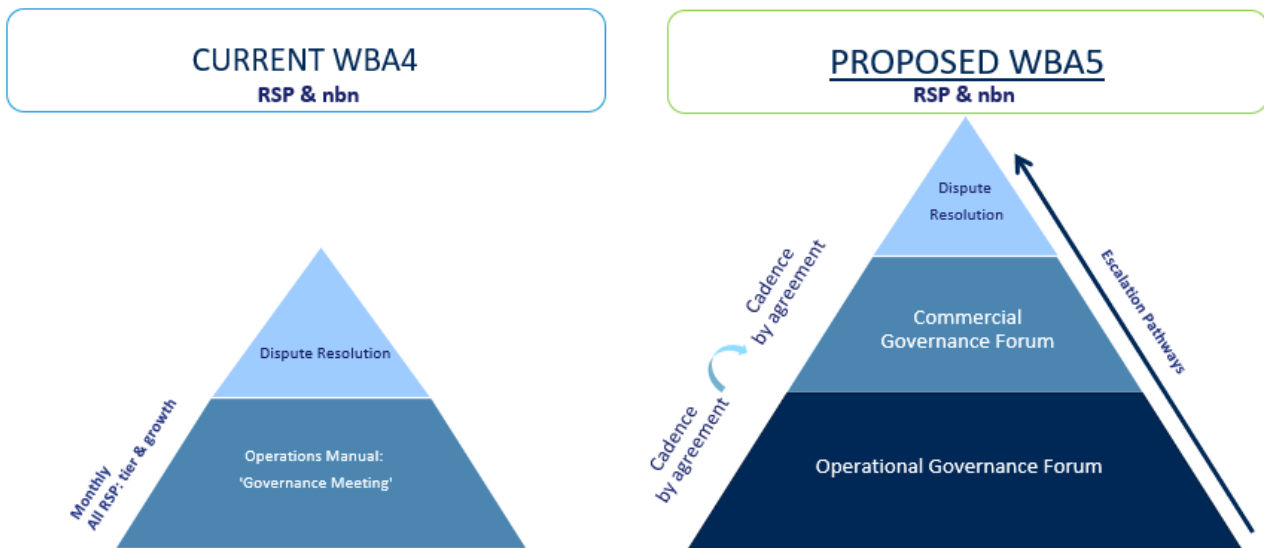
#### 9.1 Proposal

**nbn** has approached WBA5 with the intention of overhauling the provisions relating to governance. The changes proposed by **nbn** are designed to promote transparency, communication, and accountability between **nbn** and RSPs. This is achieved by the introduction of the new ‘Governance Terms’, which consolidates the relevant processes across all Products under the WBA and acts as a central location for these processes under the WBA.

The new terms will introduce (discussed in further detail below):

1. Redesigned Operational Governance Forum structure;
2. New Commercial Governance Forum for resolution of certain important matters;
3. New **nbn** Quarterly Seminar (an industry-wide seminar); and
4. New biannual review of **nbn**’s Service Levels and Performance Objectives.

#### 9.2 Governance Change Overview



In response to feedback received by **nbn**, the governance processes under the WBA are proposed to change in the following ways:

- **nbn** is proposing to introduce a ‘Commercial Governance Forum’
  - The Commercial Governance Forum is the resolution pathway which allows both RSPs and **nbn** to undertake accelerated problem-solving for significantly impactful matters.



- Matters will first be raised and, if possible, resolved during the Operational Governance Forum to ensure the process is transparent and visible for RSPs and **nbn**.
- **nbn** is proposing to replace Operational Meetings with an 'Operational Governance Forum'
  - The 'Governance Meeting' created by Module 9 of the current Operations Manual will be removed and substituted by the proposed Operational Governance Forum under the Governance Terms.
  - The Operational Governance Forums will not have locked-in agendas or cadence. The cadence will be agreed between RSP and **nbn**, with an allowance for RSPs to opt-out of regularly scheduled meetings and instead engage on an unscheduled, ad-hoc basis.
  - Performance Reports will no longer be a mandatory discussion item in the agenda. These reports are currently available to RSPs via the Customer Centre.
- **nbn** proposes to implement a Document Management tool
  - Establishment of a digitally secure environment that supports **nbn** and RSPs sharing information directly.
- **nbn** proposes to run Industry Seminars
  - An event, held each quarter, where **nbn** and RSPs come together to review current and upcoming commercial changes.

## 9.3 Contract Change

### Governance & Commercial Governance Forums

The operational governance requirements currently located in Module 9 of the Operations Manual will be removed, redesigned, and inserted in a new module. Under the new module, RSPs and **nbn** would have the flexibility to agree upon the frequency and content of the Operational Governance Forum, ensuring that it most appropriately addresses both parties' interests. This forum may also be convened on an ad-hoc basis, where there are emergent issues, or the RSP may choose to opt-out of regular scheduled meetings entirely.

Should an RSP wish to engage at a commercial level with **nbn** to resolve important matters, the parties will convene a 'Commercial Governance Forum', which will be constituted by subject matter experts with the necessary skills and authority to resolve the matter.

### Industry-Wide Seminar

**nbn** would host a seminar each quarter, available to all RSPs to attend. The focus will be interaction between **nbn** and RSPs to build stronger commercial relationships and improve communication. The seminar would summarise important commercial activities over the previous quarter, proposed for the coming quarter and any other relevant matters.

## 9.4 Supply Process Impacts

- Meeting minutes from both Operational and Commercial Governance Forums will be stored online for access by RSP.
- **Operations Interactions:** RSPs will agree with **nbn** the frequency of Operational Governance Meetings. These meetings may be postponed or arranged ad-hoc, and the frequency may be subject to change by agreement. Attendance at the seminar is optional. Engagement with the commercial-level forum is not mandatory, but the RSP would need to ensure they discuss the matter at an operational level before escalating.



## 9.5 Transitional / Migration Considerations

RSPs will need to agree with **nbn** the frequency of the Operational Governance Forum (if any).

## 9.6 Consultation Questions

- Does your organisation have any specific concerns with the proposed implementation of this item? If so, what are those concerns? How might nbn best address them?
- Are there uses for the industry-wide seminar that have not been included and which your organisation would benefit from?
- Does your organisation have any specific concerns or suggestions relating to the structure and hierarchy of governance meetings?
- Does your organisation anticipate that the above changes would create more or less work in your day-to-day operations?
- Does your organisation view any of the proposed changes as not beneficial?



## C. Other SAU related Changes

### 10 Fibre Connect

**nbn** acknowledges RSPs' feedback in relation to aspects of the Fibre Connect Agreement, including feedback about the Downgrade Event Limit of 5%. **nbn** proposes to address two aspects of the Fibre Connect Agreement:

1. Downgrade Event Limits, and
2. Downgrade Event charging.

For reading convenience we have included both aspects within this section, however it should be noted that Downgrade Event Limits do not form part of **nbn**'s proposed SAU variation.

#### Downgrade Event Limits

As the Fibre Connect program has gained momentum, **nbn** has monitored the level of Downgrade Events. **nbn** is pleased to see that average performance across all participants is below the existing 5% Downgrade Event Limit (currently ~4.1%). **nbn** acknowledges that RSPs still remain concerned about the current threshold and have reviewed this limit recently. Whilst volumes are statistically significant, **nbn** realises the program is in its early phase with technically savvy early adopters likely making up the first cohort of end users. It is possible that Downgrade Event levels will climb as the program hits mass adoption and so **nbn** believes an increase in the Downgrade Event Limit is appropriate at this time.

#### Downgrade Event charging

**nbn** has also reviewed the current mechanism for **nbn** to recover costs where the Downgrade Event Limit is exceeded. **nbn** acknowledges that the current price is subject to change rights in the Fibre Connect Letter Agreement which RSPs have raised concerns with. Recognising this, **nbn** intends to change our approach and provide increased price stability and certainty for Downgrade Events.

### 10.1 Proposal

**nbn** will address these aspects through a phased approach.

#### Downgrade Event Limits

Recognising your concerns around the current 5% downgrade event limit, **nbn** intends to immediately increase this limit to 10% for the first Observation Period (22 March 2022 to 21 March 2023), as announced in the bulletin released on 9 December 2022. **nbn** will amend the Fibre Connect Letter Agreement to reflect this improvement.

**nbn** will also provide enhanced reporting capability and deliver enhancements to the Downgrade Event File.

In addition to these immediate improvements, **nbn** wishes to discuss what the Downgrade Event Limit should be on an ongoing basis. The program has been in market for over nine months, and as the industry gains more experience of the upgrade processes, **nbn** values your feedback on the optimal limit as the program scales.

#### Downgrade Event charging

**nbn** proposes to give RSPs increased price certainty by including the amount payable by an RSP in respect of observed downgrades in excess of the Downgrade Event Limit into the WBA5 Price List. The charge will be set at \$200, which is the existing amount that **nbn** can recover from RSPs in this scenario. This aligns with commitments



that **nbn** has made in our proposed SAU variation and sets a maximum price for this new charge that can only change in a manner consistent with the SAU's price control arrangements. The Fibre Connect Letter Agreement will be appropriately changed so this arrangement will be in place from the date that WBA5 is effective.

## 10.2 Supply Process Impacts

No changes are expected for RSPs to benefit from these proposals.

## 10.3 Consultation Questions

- Does your organisation have any specific concerns with the proposed implementation of this item? If so, what are those concerns? How might **nbn** best address them?
- Does your organisation have specific views on the mechanism by which we should review the Downgrade Event Limit and establish its value on an ongoing basis?

# 11 Implementation of changes required or permitted under the SAU

**nbn**'s commitments under the WBA have always been shaped by our commitments under the SAU. For our prices in particular, **nbn**'s maximum pricing commitments are set out in the SAU, and the WBA has set out change and notice provisions that allow **nbn** to implement those pricing commitments.

If **nbn**'s proposed SAU variation is accepted, this relationship between the WBA and the SAU will continue and be expanded, matching the expansion of the scope of the SAU. The varied SAU would cover prices and certain non-price terms for FTTB, FTTN, FTTC and HFC for the first time. It would also set out new and detailed pricing and discounting commitments and benchmark service standards.

These expanded commitments create an SAU framework which ensures that **nbn** will offer pricing, discounts and service standards that meet or exceed industry expectations. They include reporting obligations to the ACCC, new information-gathering and enforcement powers conferred on the ACCC and a role for active oversight by the ACCC, including a requirement that the ACCC approves changes to the benchmark service standards.

Against these proposed prescriptive SAU commitments, the WBA would play two key roles:

1. The WBA is the contractual vehicle through which **nbn** implements the SAU commitments as commercial, technical, and operational terms between **nbn** and RSPs.
2. The WBA allows **nbn** to out-perform the SAU commitments, e.g., by lowering prices below the maximums set in the SAU, by offering targeted discounts within the limitations on discounting set out in the SAU, and by offering service standards that are no less favourable to RSPs than the benchmarks.

## 11.1 Proposal

**nbn** is proposing a light-touch change and notification process in the WBA for matters where the SAU provides appropriate controls which need not be duplicated.



This contractual framework would maximise the benefits to RSPs of price changes, new discounts and service standard improvements and minimises friction for changes that are permitted by SAU commitments subject of oversight and enforcement roles given to the ACCC under the SAU.

## 11.2 Supply Process Impacts

nbn sees no supply process impacts to IT interface, operation interactions nor other processes.

## 11.3 Consultation Questions

- Does your organisation have any specific concerns with the proposed implementation of this item? If so, what are those concerns? How might nbn best address them?

# 12 SFAA Period

During the Initial Regulatory Period ending on 30 June 2023, nbn committed to limit maximum SFAA terms to two years.

No such commitment exists in Module 2 of the current SAU (i.e., from 1 July 2023).

## 12.1 Proposal

nbn has proposed in the SAU variation to make a commitment to align the maximum term of its SFAAs with the term of the relevant regulatory cycle (with a buffer as discussed below).

The length of the SFAA for the first SAU regulatory cycle would be no longer than the length of the regulatory cycle (three years) plus three months. The start of the WBA5 SFAA will depend on when the ACCC makes a final decision on the SAU variation. For example:

- if the ACCC's decision is made by 1 April 2023, the WBA5 SFAA will start on 1 July 2023 and end three years and three months later, on 30 September 2026 (three months after the end of the first regulatory cycle under the SAU); and
- if the ACCC's decision is made by 30 June 2023, the WBA5 SFAA may start on 1 October 2023 and end three years and three months later, on 31 December 2026 (six months after the end of the first regulatory cycle under the SAU).

For subsequent regulatory cycles, the maximum term of any SFAA would be equal to the length of the regulatory cycle, being three, four or five years as determined by the ACCC (maintaining the buffer established in the first regulatory cycle).

In addition to allowing nbn and industry time to reflect and incorporate into the WBA renewal process any changes coming out of the new regulatory oversight frameworks that might be set out in a varied SAU, a longer WBA term also reflects the industry's practice, with each WBA since WBA1 being extended beyond the original two-year term.

This relationship between the SAU regulatory cycles and the WBA SFAA term allows the ACCC to make determinations about controls on nbn's pricing and service standards to apply in a regulatory cycle and then provides nbn and RSPs a few months to:



- agree contractual terms to flow through those pricing and service standard determinations;
- agree any related adjustments to other contractual terms; and
- finalise internal governance processes to sign the new WBA.

## 12.2 Supply Process Impacts

- **IT Interface:** Not applicable
- **Operations Interactions:** Not applicable
- **Other:** Not applicable

## 12.3 Transitional / Migration Considerations

As is currently the case, **nbn** and RSPs may agree to extend the term of an existing WBA if more time is needed for any of the steps required to formulate and enter into a new WBA at the transition from one SAU regulatory cycle to the next.

## 12.4 Consultation Questions

- Does your organisation have any specific concerns with the proposal? If so, what are those concerns? How might **nbn** best address them?



## D. Non-SAU related Changes

### 13 Fair Use Policy

Currently the introduction of a new type of permitted use, any terms, conditions, and limitations relating to that permitted use to the Permitted Fair Use Policy Exemptions document (FUP document), require **nbn** to consult with RSPs for at least four weeks and give at least 30 calendar days' notice of that change. Where a change to the FUP document is beneficial to RSPs this process adds little value for the parties.

#### 13.1 Proposal

**nbn** is seeking to streamline processes for RSPs and **nbn** where it is beneficial for both parties, we are proposing to adjust the change process under the FUP document by aligning it to the existing and well-known change process under the Approved Non-Premises List (ANPL) leading to an improved process, which reduces administration and shortens timeframes for the introduction of RSP beneficial changes to the FUP document.

In summary, the proposed changes result in removing:

- the consultation element (**nbn** having to consult with RSPs for at least four weeks before giving any notice and having regard to any submissions or feedback provided); and
- the 30 calendar day notice period.

Instead, where the variation to the FUP document is RSP favourable, **nbn** will only have to give notice to RSPs.

In all other cases, including withdrawal of a category of Permitted Fair Use Policy, **nbn** will be required to give at least six months' notice to RSPs, including reasonable consultation.

As such the proposed changes simplify the process where a change is beneficial for RSPs but ensures that RSPs have significant notice and consultation opportunities for changes that may have a greater impact on their business.

#### 13.2 Supply Process Impacts

- **IT Interface:** Not applicable
- **Operations Interactions:** Not applicable
- **Other:** Not applicable

#### 13.3 Transitional / Migration Considerations

This change does not require any transitional or migration considerations.

#### 13.4 Consultation Questions

- Does your organisation have any specific concerns with the proposed implementation of this item? If so, what are those concerns?





## 14 Billing Process Improvement

After investigation of a Billing Dispute, **nbn** is presently required to issue a Dispute Resolution Notice to the RSP within 30 Business Days of receipt of the Billing Dispute (or such longer period as may be agreed between the parties). The RSP then has 30 Business Days to either accept or reject the Dispute Resolution Notice. This requirement is outlined in Section B 5.4 of the WBA Head Terms.

### 14.1 Proposal

**nbn** is proposing to amend Section B 5.4 of the WBA Head Terms. If after investigation of a Billing Dispute, **nbn** agrees in full with the RSP's Billing Dispute, **nbn** will issue a Dispute Resolution Notice to the RSP within 30 Business Days of receipt of the Billing Dispute (or any longer agreed period). However, in this case, the RSP will not be required to accept or reject the Dispute Resolution Notice, and the billing adjustment will be processed as soon as possible.

This removes an administrative overhead from RSP's where **nbn** agrees in full with the RSP's Billing Dispute, and billing adjustments will be processed in a timelier manner.

There will be no change to the existing process where **nbn** does **not** agree in full with the RSP's Billing Dispute.

### 14.2 Supply Process Impacts

No supply process impacts.

### 14.3 Transitionary / Migration Considerations

No transitionary considerations

### 14.4 Consultation Questions

- Does your organisation have any specific concerns with the proposed implementation of this item? If so, what are those concerns? How might **nbn** best address them?

## 15 Change to Interest on Overdue Amounts

A requirement to pay interest on late payments is a tool commonly used across a wide range of industries to incentivise customers to make payment as per their agreed trading terms so as to avoid shifting of costs to the supplier. Section B4.2 of the WBA Head Terms gives **nbn** the right to charge interest on an Overdue Amount, with the interest rate being set at an annual percentage rate equal to the aggregate of the 90 Day Bank Bill Swap Rate plus 2.5%.

### 15.1 Proposal

To ensure that there are sufficient incentives in place for RSP's to continue to make payments as per trading terms and to avoid costs associated with late payments by some RSPs being shifted to **nbn** which must ultimately



be recovered from all other RSPs and end users. **nbn** is looking to align the overdue interest rates with other overdue and finance market rates.

**nbn** is proposing that the interest calculation will use an annual percentage rate equal to the aggregate of the 90 Day Bank Bill Swap Rate plus 7.0%, a rate closely aligned with that utilised by the ATO, but still generally lower than other available commercial rates for commercial finance.

## 15.2 Supply Process Impacts

No supply process impacts.

## 15.3 Transitional / Migration Considerations

No transitional considerations

## 15.4 Consultation Questions

- Does your organisation have any specific concerns with the proposed implementation of this item? If so, what are those concerns? How might **nbn** best address them?

# 16 WBA Confidentiality

Under the WBA, **nbn** has rights to use and disclose RSP confidential information for specified purposes (e.g. running the **nbn**<sup>®</sup> network, supplying products to RSPs, billing RSPs, etc). These specified purposes were appropriate during the period in which **nbn** was focussed on building the **nbn**<sup>®</sup> network, but as **nbn**'s engagement with RSPs evolve, these specified purposes would need to be reviewed and updated.

**nbn** recognises these are sensitive matters and that RSPs will be requiring assurances that **nbn** won't be using information in ways that are detrimental to an RSP's interests. **nbn** is open to working closely with RSP subject matter experts to develop the terms and conditions that maintain protection of RSP's interests whilst enabling flexibility to generate useful and richer data for RSPs and **nbn** to make informed decisions.

## 16.1 Proposal

### Additional de-identification methods

Under the terms of WBA4, Confidential Information may only be de-identified via aggregating that information with other information of a similar or related nature. **nbn** believes that introducing additional de-identification methods that align with same outcome of the existing aggregation method within paragraph (e) of the Confidential Information definition in the WBA Dictionary would provide **nbn** with flexibility to generate de-identified data in a variety of more useful forms whilst maintaining the required anonymity of the data.

In addition, **nbn** is proposing to clarify the right to use Confidential Information for the purposes specified in paragraph (e) of the Confidential Information definition in the WBA Dictionary by amending D1.2(a) of the WBA Head Terms.



## Simplifying participation in discounts, rebates, credits, etc

Throughout WBA4, **nbn** has issued a number of campaign discounts that were outside of the WBA that required RSP execution. This required RSPs to review the same standard terms and execute multiple agreements to receive the benefit of those campaign discounts. To alleviate effort from RSPs, in early 2022, **nbn** introduced the Master Campaign Terms which included a standardised right to use Confidential Information of RSP for campaign discounts. The Master Campaign Terms however did not update and clarify the rights within the WBA Head Terms, leaving gaps for some products such as Enterprise Ethernet, Sky Muster® Plus and BSS where additional RSP effort is required. **nbn** believes that by introducing the right to use the Confidential Information of RSP for the purposes of developing, determining eligibility for or calculating the quantum of discounts, rebates, credits, etc and billing of the RSP or any Other RSP, it would eliminate or reduce the overall effort and cost to RSPs to partake in such benefits.

## Migration of determined D1.10 processes to WBA5

In WBA4, **nbn** introduced a process where a specific de-identification process which applied to a specific set of information could be used if such process has been determined by **nbn** as an Approved De-identification process in accordance with D1.10 of the WBA Head Terms. As we move to WBA5, a mechanism is required to migrate those determined process across from WBA4. **nbn** proposes to include a clause that accommodates the migration of those determined D1.10 processes for existing and future RSPs.

## Additional clarifications on approved purposes for Downstream Service Provider Details and Contract End User Details

Under the WBA, **nbn** has rights to use and disclose Downstream Service Provider Details or Contracted End User Details for approved purpose specified in D3.2(a) of the WBA Head Terms. **nbn** notes that in some cases the RSP agrees for **nbn** to use Downstream Service Provider Details or Contracted End User Details for purposes other than the approved purposes. **nbn** proposes to add clarifications to D3.2(a) to specify that the approved purposes include any other purpose agreed to by the RSP.

## 16.2 Supply Process Impacts

- **IT Interface:** No impact
- **Operations Interactions:** No impact
- **Other:** No impact

## 16.3 Transitionary / Migration Considerations

No RSP action required.

## 16.4 Consultation Questions

- Does your organisation have any specific concerns with the proposed implementation of this item? If so, what are those concerns?



## 17 HFC-NTD and FTTC-NCD Supply Terms

**nbn** currently allows RSPs to hold FTTC-NCDs and HFC-NTDs (**nbn Supplied Equipment**) on bailment. RSPs use the **nbn** Supplied Equipment when ordering a new service that require an FTTC-NCD or HFC-NTD and chooses to have this installed using one of the following installation options:

- RSP Professional Installation – FTTC;
- End User Installation – FTTC;
- RSP Professional Installation – HFC; and
- End User Installation – HFC,

(the **Self Install Options**).

This enables RSPs to hold **nbn** Supplied Equipment and either dispatch them directly to customers to install themselves or provide them to the RSPs own technicians to install.

The HFC-NTD and FTTC-NCD Supply Terms govern how RSPs must manage our stock. This includes regular reporting and an annual stocktake to determine whether any **nbn** Supplied Equipment is unaccounted for.

Currently, we have a Loss Threshold of 2% of **nbn** Supplied equipment that has been issued for RSP Professional Installations, and 0.06% despatched to customers for end user installations. This means if an RSPs unaccounted for **nbn** Supplied Equipment exceeds those thresholds, **nbn** can seek to recover the recoverable cost from RSPs. RSPs have raised with **nbn** that the thresholds are too low, particularly the 0.06%.

### 17.1 Proposal

**nbn** acknowledges that as the large volume of activations is now complete and the Self Install Options will primarily be used for reconnects where the NCD or NTD has gone missing, volumes moving forward will be lower.

With this in mind, **nbn** would like feedback from RSPs on changes to the Supply Terms. **nbn**'s priority is getting the balance between ensuring RSPs are taking steps to manage **nbn** Supplied Equipment and manage losses, while at the same time not placing overly burdensome processes on **nbn** or RSPs.

### 17.2 Consultation Questions

- What suggestions does your organisation have to balance the priorities set out in section 17.1?
- What specific changes would your organisation like to see to the Supply Terms?
- What changes would you suggest that would make the stock management and inventory process more manageable?