

**Telecommunications Service  
Obligations (TSO) Review  
Supporting Information:**

**A Profile of Commercially Non-Viable  
Customers for TSO Local Residential  
Telephone Service**

**Ministry of Economic Development  
August 2007**

# INTRODUCTION

## Purpose and Scope

To support the review of the Telecommunications Service Obligations (TSO) framework, this document presents information profiling customers, assessed as commercially non-viable (CNV) for TSO local residential telephone service, to assist with a discussion of issues to be addressed by the TSO review.

Commercially non-viable customers are profiled to identify their prevalence, geographic spread and contribution to the overall 'net cost' TSO charge for the supply of local residential telephone service. The classification of local service customers as commercially viable (CV) or commercially non-viable (CNV) accords with the applicable criteria and modelling for the final 2003/04 TSO Local Service determination by the Commerce Commission.

## Glossary

A "**customer cluster**" is a group of telephone customers whose access lines collectively connect to the same feeder cabinet enclosing equipment facilitating the supply of local telephone service to those customers. A customer cluster is the lowest level at which the commercial viability of supplying local telephone service is assessed to calculate the 'net cost' TSO charge applicable for the Local Service TSO.

A "**CNV customer**" is defined as an individual customer located in a customer cluster classified as commercially non-viable.

A "**Very Unprofitable Cluster**" is a CNV cluster where the average loss per customer on an annual basis is greater than \$1000

A "**Moderately Unprofitable Cluster**" is a CNV cluster where the average loss per customer on an annual basis is between \$300 and \$1000.

A "**Mildly Unprofitable Cluster**" is a CNV cluster where the average loss per customer on an annual basis is less than \$300.

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Customers for TSO local residential telephone service are profiled with the following information:

1. Table 1: CNV Customer Statistics for TSO Local Service by Region. A table listing key statistics for CNV customers at a regional level of aggregation.
2. Table 2: CNV Customer Statistics for TSO Local Service by Local Calling Area. A table listing key statistics for CNV customers at a local calling area (LCA) level of aggregation.
3. Figure 1: CNV Customer Distribution Chart for TSO Local Service. A map depicting the geographic spread of CNV customer clusters.

**Table 1: CNV customer statistics for TSO Local Service by Region**

Region	% TSO net cost	Mildly Unprofitable CNV Customer Clusters		Moderately Unprofitable CNV Customer Clusters		Very Unprofitable CNV Customer Clusters	
		Cluster Count	Customer Count	Cluster Count	Customer Count	Cluster Count	Customer Count
Auckland	2.2%	16	1416	17	756	18	372
Bay of Plenty	5.2%	26	2169	32	1639	57	910
Christchurch	12.0%	30	1971	67	2813	131	2372
Gisborne	3.5%	2	47	12	503	55	713
Hawkes Bay	12.9%	15	1280	34	1643	129	2694
Manawatu	2.4%	10	917	18	1019	22	335
Marlborough	1.9%	5	291	8	302	30	244
Nelson and Bays	2.0%	7	295	8	268	42	530
Northland	4.7%	38	2513	39	1507	46	744
Otago	9.4%	13	1007	13	663	158	2462
Southland	12.0%	18	929	40	1575	159	2960
Taranaki	4.5%	24	1661	33	1646	50	667
Timaru Oamaru	6.2%	11	847	24	1198	85	1473
Waikato	10.1%	48	2965	67	2897	114	1894
Wairarapa & Wellington*	5.40%	14	942	27	1101	54	954
Wanganui	3.2%	9	626	12	393	57	755
West Coast	2.4%	3	176	10	427	46	479
Totals	100%	289	20052	461	20350	1253	20558

\*The Wellington region (having only 3 CNV clusters and 207 CNV customers) has been combined with the adjacent Wairarapa region.

**Table 2: CNV customer statistics for TSO Local Service by Local Calling Area**

Region	Local Calling Area	Mildly Unprofitable CNV Customer Clusters (count)	Moderately Unprofitable CNV Customer Clusters (count)	Very Unprofitable CNV Customer Clusters (count)
Auckland	Auckland	2	1	3
Auckland	Pukekohe	3	7	11
Auckland	Gt Barrier Island	1	0	1
Auckland	Hibiscus Coast	1	0	0
Auckland	Helensville	1	2	0
Auckland	Warkworth	8	7	3
Bay of Plenty	Tauranga	7	6	2
Bay of Plenty	Rotorua	8	11	20
Bay of Plenty	Whakatane	7	8	9
Bay of Plenty	Opotiki	1	2	8
Bay of Plenty	Taupo	3	5	18
Christchurch	Christchurch	4	17	12
Christchurch	Darfield	6	7	23
Christchurch	Akaroa	2	0	5
Christchurch	Ashburton	9	23	26
Christchurch	Amberley	4	4	18
Christchurch	Kaikoura	1	2	8
Christchurch	Cheviot	0	3	12
Christchurch	Rangiora	3	6	11
Christchurch	Culverden	1	3	15
Christchurch	Waitangi	0	2	1
Gisborne	Gisborne	2	9	41
Gisborne	Ruatoria	0	3	14
Hawkes Bay	Waipukurau	4	12	41
Hawkes Bay	Napier	4	15	50
Hawkes Bay	Dannevirke	5	6	13
Hawkes Bay	Wairoa	2	1	25
Manawatu	Palmerston North	6	15	19
Manawatu	Levin	4	3	3
Marlborough	Blenheim	5	8	30
Nelson and Bays	Nelson	4	6	21
Nelson and Bays	Takaka	1	1	6
Nelson and Bays	Motueka	2	0	0
Nelson and Bays	Murchison	0	1	15
Northland	Kaitiaia	8	9	9
Northland	Dargaville	5	8	10
Northland	Whangarei	17	15	13
Northland	Kaikohe	5	5	9
Northland	Kawakawa	2	1	2
Northland	Maungaturoto	1	1	3
Otago	Dunedin	4	5	21
Otago	Alexandra	1	2	15
Otago	Queenstown	1	1	10
Otago	Balclutha	0	3	34
Otago	Cromwell	2	0	10
Otago	Palmerston	1	0	15
Otago	Ranfurlly	2	1	20
Otago	Lawrence	0	0	7
Otago	Roxburgh	1	1	8
Otago	Milton	1	0	8
Otago	Wanaka	0	0	10
Southland	Gore	1	10	47

Region	Local Calling Area	Mildly Unprofitable CNV Customer Clusters (count)	Moderately Unprofitable CNV Customer Clusters (count)	Very Unprofitable CNV Customer Clusters (count)
Southland	Invercargill	8	6	20
Southland	Winton	3	7	11
Southland	Lumsden	1	2	23
Southland	Edendale	1	4	8
Southland	Te Anau	0	2	15
Southland	Otautau	2	4	22
Southland	Riverton	2	3	3
Southland	Tokanui	0	2	10
Taranaki	Mokau	1	1	4
Taranaki	Hawera	7	5	7
Taranaki	New Plymouth	5	15	9
Taranaki	Stratford	8	10	17
Taranaki	Opunake	3	2	1
Taranaki	Ohakune	0	0	12
Timaru Oamaru	Fairlie	0	1	14
Timaru Oamaru	Geraldine	0	3	9
Timaru Oamaru	Timaru	4	5	16
Timaru Oamaru	Oamaru	4	9	20
Timaru Oamaru	Waimate	3	6	8
Timaru Oamaru	Kurow	0	0	17
Timaru Oamaru	Mt Cook	0	0	0
Timaru Oamaru	Twizel	0	0	1
Waikato	Te Kuiti	2	10	22
Waikato	Hamilton	14	14	10
Waikato	Thames	7	8	13
Waikato	Morrinsville	5	4	5
Waikato	Matamata	6	1	0
Waikato	Paeroa	1	0	2
Waikato	Huntly	3	4	5
Waikato	Otorohanga	2	6	3
Waikato	Te Awamutu	1	10	18
Waikato	Putaruru	3	7	10
Waikato	Taumarunui	3	2	23
Waikato	Waihi	1	0	2
Waikato	Whangamata	0	1	1
Wairarapa	Pahiatua	3	10	19
Wairarapa	Masterton	7	12	21
Wairarapa	Featherston	3	4	13
Wanganui	Marton	3	3	11
Wanganui	Wanganui	4	6	32
Wanganui	Taihape	2	3	14
Wanganui	Waiouru	0	0	0
Wellington	Wellington	1	1	1
Wellington	Paraparaumu	0	0	0
West Coast	Greymouth	2	1	24
West Coast	Franz Josef Glacier	0	0	1
West Coast	Fox Glacier	0	0	3
West Coast	Westport	0	5	7
West Coast	Haast	0	0	3
West Coast	Hokitika	1	4	8



