

# Improving Retail Service Quality: Product Disclosure – Emerging Views Paper

**Tuatahi First Fibre Limited submission to the  
Commerce Commission**

7 December 2022

## Summary

1. Thank you for the opportunity to provide feedback on the Commission's paper *Improving Retail Service Quality: Product Disclosure – Emerging Views Paper*, dated 12 October 2022 (**Emerging Views Paper**).
2. We supply fibre access services to retail service providers (**Retailers**) who, in turn, package up those services and retail them to consumers. We cannot provide retail fibre services directly to consumers, and must treat all Retailers the same (ie we cannot discriminate between retailers on product, price, supply or any other terms).
3. This means uptake of our services relies on Retailers delivering excellent retail service quality (**RSQ**) to fibre consumers, which is why RSQ is critically important to us.
4. The Emerging Views Paper describes, and proposes options to improve, the following six key RSQ issues:<sup>1</sup>
  - 4.1. **Comparing prices** – consumers can find it difficult to compare pricing between plans where there are different plan durations and sign-up offers;
  - 4.2. **Comparing total costs** – consumers can find it difficult to compare offers and can find product offers complex;
  - 4.3. **Comparing plan inclusions** – consumers are not being provided with sufficient information to enable them to compare different plans against each other;
  - 4.4. **Comparing bundle pricing** – consumers can find it difficult to compare pricing between plans where different services are being bundled together;
  - 4.5. **Comparing customer numbers** – customer numbers are a measure of market share and by extension are an indicator of success to consumers, and so should be calculated and represented consistently; and
  - 4.6. **Comparing mobile coverage** – consumers find mobile coverage maps inconsistent, inaccurate, and hard to find on a Retailer's website.
5. We support the Commission's focus on these issues and agree improvement is needed. We anticipate the Commission's efforts in improving access to accurate, clear, and consistent information will better enable consumers to compare services and plans offered by Retailers, and ultimately empower consumers to make better-informed decisions.
6. The Commission is best placed to determine the most effective implementation approach(es). The Commission should carefully consider the benefits and limitations of an industry-led vs Commission-led approach, learnings from previous RSQ work, and the particular RSQ issues it aims to improve (for example, improving comparability issues will require consistency in approach across all Retailers to be effective).

## Tuatahi's services

7. As a wholesale provider of fibre fixed line access services (**FFLAS**), Tuatahi is directly interested in, and supports, improving fibre consumers' retail experience.

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<sup>1</sup> With supporting evidence and reasons detailed further in the Commerce Commission's "*Improving RSQ Final Baseline Report*" (9 Dec 2021).

8. We are prohibited from providing retail fibre services directly to consumers, so we rely on Retailers to connect customers to our fibre services. We must also, except for in particular circumstances, treat all Retailers the same – for example, we cannot target incentives or otherwise favour Retailers who prioritise marketing and connecting consumers to fibre services from those that prioritise other broadband technologies.
9. RSQ is not something Tuatahi can directly influence, and we rely on Retailers to provide a good point of sale, communications, and marketing experience for consumers.
10. The marketing and sales incentives offered by vertically integrated mobile network operators and Retailers draw consumer focus to fixed wireless and mobile services, which has seen some Retailers blurring the lines in relation to the technologies and plans they market and sell.<sup>2</sup> As a result, it is often not clear to customers what services are available to them, or the difference between technologies, causing confusion and (ultimately) disappointment and frustration when the service they are sold is inferior to the service the customer believed they would be getting.<sup>3</sup>
11. Consumers' trust in us (as a wholesaler supplier of fibre services) and the industry is critical. The types of behaviour outlined above undermines that trust, and contributes to consumers having inaccurate or insufficient information about services before they buy them.<sup>4</sup>

## The options identified

12. Our feedback on the options proposed by the Commission in the Emerging Views Paper is set out under the headings below. In the event these key initiatives cannot be progressed simultaneously, we have listed them in the order in which we think they should be progressed.

## Comparing plan inclusions (and service performance)

13. We agree with the Commission's views and proposed options relating to comparing plan inclusions. In particular, we agree that:
  - 13.1. a summary of plans in standardised form and format that are directly comparable with each other should be made available to consumers consistently;
  - 13.2. the key fields of information to be provided by the Retailer must include:
    - 13.2.1. all applicable fees and charges;
    - 13.2.2. total monthly voice, text and data allowances;
    - 13.2.3. service speed (supported by independent monitoring and reporting – we recommend including other aspects of service performance in paragraph 14 below);
    - 13.2.4. service coverage;
    - 13.2.5. the services included under the contract;
    - 13.2.6. the services not included and charged separately under the contract;
    - 13.2.7. the minimum (contract) term;
    - 13.2.8. all early termination and any other fees; and
    - 13.2.9. the total minimum cost over a standard timeframe;

<sup>2</sup> See Enable Networks Limited, Northpower Fibre Limited and Ultrafast Fibre Limited "Submission in response to the Commerce Commission draft Baseline Report relating to improving retail service quality" (15 Oct 2021); and Ultrafast Fibre Limited "Submission on New Zealand Commerce Commission retail service quality consultation" (26 Feb 2021).

<sup>3</sup> See Sam Knows "Measuring Broadband New Zealand – Spring Report" (Oct 2022) which compares various performance aspects of broadband services.

<sup>4</sup> We can provide examples, and discuss further with the Commission, if required.

- 13.3. these measures should apply to mobile plans as well as broadband plans; and
- 13.4. these measures will enable consumers to compare plans more effectively.
- 14. We think additional key service performance fields should be included in plan summaries in order to maximise a consumer's ability to effectively compare plans, including:
  - 14.1. the likely impacts to a service due to congestion in particular geographic areas;
  - 14.2. average downtime of the service over a set period of time; and
  - 14.3. consistency in performance over that same period of time.

## **Comparing prices**

- 15. We agree with the Commission's views and proposed options relating to comparing prices. In particular, we agree that:
  - 15.1. consumers should be provided with the average monthly cost of a service (over a standard period of time) in plan marketing;
  - 15.2. the proposed 24-month period for calculating the average monthly cost is appropriate, taking into account that this will accommodate most offers in the market, balances low monthly cost and introductory offers, and allow for the tendency for consumers to stay with the same provider after the expiry of shorter minimum commitments; and
  - 15.3. these measures will provide a standard and consistent reference point for consumers, improving the ability to compare prices on a like-for-like basis.

## **Comparing total costs**

- 16. We agree with the Commission's views and proposed options relating to comparing total costs. In particular, we agree that:
  - 16.1. consumers should be presented with a total cost summary before any offer is accepted by a customer, broken down by:
    - 16.1.1. monthly cost of the core service;
    - 16.1.2. setup costs (including shipping);
    - 16.1.3. extra costs (including those related to modems and handsets);
    - 16.1.4. the term of the offer (ie the longest period that will attract early termination fees or payment of remaining costs of any item under the offer); and
  - 16.2. this will improve transparency at the point of sale and make plan offers more readily comparable for consumers.

## **Comparing bundle pricing**

- 17. We agree with the Commission's views and proposed options relating to comparing bundle pricing. In particular, we agree that:
  - 17.1. consumers should be provided with the bundled price of each service (eg the particular telecommunications service and energy service) against the best available unbundled price for the same service at the point of sale; and
  - 17.2. this will allow consumers to understand the true discount offered and allow for comparisons with other providers to be made more easily.

## **Comparing mobile coverage**

- 18. We agree with the Commission's views and proposed options relating to comparing mobile coverage. In particular, we agree with the Commission's proposed three-step process to:

- 18.1. agree a consistent methodology and terminology for reporting mobile coverage, and update coverage maps accordingly;
  - 18.2. enhance mobile coverage map address checker functionality to provide a description of coverage by address; and
  - 18.3. create an integrated coverage map where consumers can access a single source of information for all mobile providers with address checking functionality.
19. We also think that a similar methodology and principles should apply to fixed wireless services.

## Comparing customer numbers

20. We agree with the Commission's views and proposed options relating to comparing customer numbers. In particular, we agree that:
- 20.1. there is now a strong need to have a consistent methodology for calculating and reporting on mobile and broadband customer numbers in external reporting/marketing by Retailers, which will provide a more accurate basis for consumers to compare the relative market shares of Retailers; and
  - 20.2. for broadband customer numbers, this could be addressed through the adoption of the International Telecommunications Union's definitions for broadband subscriptions (*fixed-broadband subscriptions* and *Active mobile-broadband subscriptions*).

## How best to implement solutions

21. The Commission is well placed to determine the appropriate mechanism(s) to deliver the RSQ improvements described in the Emerging Views Paper. Implementation of previous RSQ work has been tailored to the level of intervention the Commission considered necessary (to achieve the particular RSQ improvements) and the prospects of a lower level or industry-led response resulting in benefits for consumers.<sup>5</sup>
22. The Commission will be able to draw on learnings from its previous RSQ work in deciding whether industry-led implementation (as proposed in the Emerging Views Paper) will best achieve improvements in product disclosure for the benefit of consumers.
23. The Commission should also consider the benefits of a Commission-led approach, which include:
- 23.1. the ability to impose binding obligations on all retail telecommunications service providers; which is particularly important where the proposed options in the Emerging Views Paper are aimed at improving comparability between plans and across Retailers, meaning all Retailers will need to be on board with the initiatives;
  - 23.2. enforceability; including the ability for the Commission to directly monitor, investigate and enforce compliance in accordance with the Act; and
  - 23.3. certainty and transparency in process; the Act specifies how Commission RSQ codes must be made, and the Commission's processes (including consultation processes) are effective and well-known to the industry and stakeholders (promoting trust and efficiency in process).
24. Finally, we think that the Commission's proposed approach in expecting Retailers to implement undefined principles (for example, before they are codified) may cause undesirable results. This is because there will inevitably be differences in interpretation and approach taken by individual Retailers in response to undefined principles, creating inconsistency and possibly risking comparability issues initially becoming worse. We think the better option is to expect compliance shortly after codification is complete, pending the resulting code (or codes) coming into force.

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<sup>5</sup> As noted by the Commission in paragraph 17 of the Emerging Views Paper.

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