

1 February 2023

By email to:    Mobile Stakeholder Group  
                  Broadband Stakeholder Group  
                  Consumer Stakeholder Group

Tēnā koutou

### **Improving Retail Service Quality for Consumers – 2023 Update**

The purpose of this letter is to update you on our plans for progressing our retail service quality (**RSQ**) work programme in 2023.

Our focus this year will be on consolidating the work we have already done, completing the two major initiatives currently in the pipeline, and laying the foundation for addressing the remaining issues identified in our *Final Baseline Report*.<sup>1</sup>

An outline of our work programme, including indicative timing, is set out below.

As in previous years, this remains subject to change as the programme moves forward, including the need to address any urgent issues that may arise in the market.

#### **Consolidation Work**

##### *Mobile Transparency*

Last year, we concluded our work on transparency and inertia issues by asking Consumer New Zealand to review how mobile operators had responded to our request to improve usage and spend information for their customers.<sup>2</sup>

Consumer New Zealand's report, issued in September 2022, confirmed that consumers are now getting better information from mobile operators, but found scope for further improvement in several areas. Specific findings and recommendations were made for each of the three mobile operators.

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<sup>1</sup> A copy of *Improving Retail Service Quality: Final Baseline Report* is available at:  
[https://comcom.govt.nz/\\_data/assets/pdf\\_file/0023/272930/Improving-Retail-Service-Quality-Final-Baseline-Report-9-December-2021.pdf](https://comcom.govt.nz/_data/assets/pdf_file/0023/272930/Improving-Retail-Service-Quality-Final-Baseline-Report-9-December-2021.pdf).

<sup>2</sup> You can find the review that we engaged Consumer NZ to undertake on its website here:  
[https://www.consumer.org.nz/articles/mobile-plans-is-it-easy-to-check-you-re-on-the-right-one?fbclid=IwAR1tQKHfotJZDP04eU9nglQ5YB-SSFc\\_HV3FiPbxaTzle\\_3coyw-oU1hIX0](https://www.consumer.org.nz/articles/mobile-plans-is-it-easy-to-check-you-re-on-the-right-one?fbclid=IwAR1tQKHfotJZDP04eU9nglQ5YB-SSFc_HV3FiPbxaTzle_3coyw-oU1hIX0).

This year, we will ask Consumer New Zealand to run this review again to identify what further improvements have been made and compare how readily customers on each network can determine whether they are on the best plan for them.

The follow-up review will take place in September to enable Consumer New Zealand's report to reflect a full year of work by mobile operators.

We encourage mobile operators to build on the progress they have made, including by moving towards the introduction of "right sizing" or "right planning" recommendations for their customers, which we continue to see as a critical safeguard against overspending.

Our expectation is that competition will drive further improvements for consumers, but we will keep the situation under review and remain willing to take further action if competition fails to improve outcomes to the extent required.

### *Broadband Marketing*

In November 2021, in response to escalating problems in the market, we issued guidelines to improve the marketing of broadband services to consumers.<sup>3</sup> These guidelines were subsequently converted into industry codes by the Telecommunications Forum (TCF).<sup>4</sup>

This year, we intend to review the effectiveness of these measures, with a specific focus on whether the outcomes intended by the guidelines are being achieved for consumers.

Heading into this review, we note the following specific concerns, which are likely to require us to take further action if not addressed by providers in the meantime:

- We are concerned that some providers are failing to achieve the intended outcomes in their direct engagement with consumers. In particular, sales incentives in call centres and retail stores may be undermining consumer interests, resulting in consumers not being given the information they need to make fully informed choices or being put on services they never requested. We will therefore examine whether sales incentives and related practices need to be changed to better support the purpose of the guidelines.
- We are concerned that some providers not belonging to the TCF continue to use "up to" speeds in their broadband advertising and may also fall short of the requirements of the guidelines in other respects. We asked all providers to bring their marketing into line with the guidelines, irrespective of whether they are parties to any related TCF code. We will therefore examine the extent to which intended outcomes are still not being achieved and

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<sup>3</sup> A copy of the guidelines is available at:

[https://comcom.govt.nz/\\_data/assets/pdf\\_file/0033/269664/Letter-to-New-Zealand-Telecommunications-Forum-Inc-Marketing-alternative-telecommunications-services-during-the-transition-away-from-copper-guidelines-8-November-2021.pdf](https://comcom.govt.nz/_data/assets/pdf_file/0033/269664/Letter-to-New-Zealand-Telecommunications-Forum-Inc-Marketing-alternative-telecommunications-services-during-the-transition-away-from-copper-guidelines-8-November-2021.pdf)

<sup>4</sup> Copies of the codes are available at:

<https://www.tcf.org.nz/industry/standards-compliance/customer-experience/broadband-product-disclosure/tcf-broadband-product-disclosure-code.pdf>

will consider whether a move to a mandatory Commission code is necessary to reflect the demands of consumers.<sup>5</sup>

We expect to undertake this review in the first half of the year and, given the importance of the issues, will move quickly to take any corrective action that may be required.

### *TDRS Membership*

Last year, we finalised steps to increase consumer awareness of whether their provider belongs to the Telecommunications Dispute Resolution Scheme (**TDRS**),<sup>6</sup> starting with publication of a list of members and non-members for large providers.<sup>7</sup>

We published this list in November and will revise it regularly to ensure it remains up to date.

This year, to further improve transparency for consumers, we will:

- (1) Require large providers who remain outside TDRS to disclose their non-member status to consumers if necessary.<sup>8</sup>

We will look at this issue in April, with a view to considering the introduction of code obligations in Q2 this year, if there has not been a material change in the membership position.

- (2) Update our list to include smaller providers and, if necessary, move to introduce disclosure obligations for smaller providers who remain outside TDRS.

We will update our list to include smaller providers in June and will consider extending disclosure obligations to smaller providers in December, if there has not been material change in the membership position.

We continue to encourage all providers who have not already done so to join TDRS, so that their customers can access the industry scheme in the event of a dispute.

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<sup>5</sup> It is open to the Commission to adopt the TCF codes implementing the guidelines as Commission codes to produce a Commission code under s 236 (which is binding on and enforceable against all providers, irrespective of TCF membership).

<sup>6</sup> A copy of our final decision is available at: [https://comcom.govt.nz/\\_data/assets/pdf\\_file/0033/293775/Improving-retail-service-quality-Stakeholder-update-30-September-2022.pdf](https://comcom.govt.nz/_data/assets/pdf_file/0033/293775/Improving-retail-service-quality-Stakeholder-update-30-September-2022.pdf)

<sup>7</sup> Large providers for the purposes of this decision are those whose telecommunications-related revenues meet the Telecommunications Development Levy threshold of \$10 million per annum or more.

<sup>8</sup> Providers remaining outside TDRS would be required to proactively notify all new and renewing customers that they do not belong to the industry scheme and explain what this means for consumers in the event of any dispute.

## Current Initiatives

### *Customer Service*

Last year, we issued proposals for improving customer service, including a dashboard that ranks providers in the areas of customer service that matter most to consumers and discloses underlying performance information.<sup>9</sup>

This year, we will finalise our proposals, having regard to the submissions we receive through the consultation process currently underway. Submissions on our proposals are due at the end of February.

At this stage, we expect to issue our final decisions in Q2 this year, including a decision on how the proposed measures will be implemented.

If further consultation is required on implementation, we will endeavour to conclude this within the same Q2 timeframe.

We expect to roll-out any finalised measures by the end of the year.

### *Product Disclosure*

Last year, we issued an emerging views paper, seeking feedback on proposals to enable consumers to more easily compare telecommunications plans and providers.<sup>10</sup>

We received extensive feedback from industry and consumer groups, which we are currently processing, as well as over 1000 responses from individual consumers to a survey on product disclosure issues.

This year, we will use this feedback and undertake further work to refine and develop our thinking, which may include further consumer research and/or workshops with industry and consumer group stakeholders.

We expect that our views will evolve as we move through this process of analysis and engagement towards a final set of measures that will make a meaningful difference for consumers.

As part of this process, we will consider whether measures can be implemented through the TCF's forthcoming review of the Product Disclosure Code, or whether more direct action from the Commission is required.

It may be that different pathways are appropriate for different measures depending on the nature of our final decisions.

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<sup>9</sup> A copy of our consultation document is available at:

[https://comcom.govt.nz/\\_data/assets/pdf\\_file/0019/301735/Improving-retail-service-quality-Customer-service-Consultation-paper-14-December-2022.pdf](https://comcom.govt.nz/_data/assets/pdf_file/0019/301735/Improving-retail-service-quality-Customer-service-Consultation-paper-14-December-2022.pdf)

<sup>10</sup> A copy of our emerging views paper is available at:

[https://comcom.govt.nz/\\_data/assets/pdf\\_file/0035/294659/Improving-retail-service-quality-Product-Disclosure-Emerging-Views-paper-12-October-2022.pdf](https://comcom.govt.nz/_data/assets/pdf_file/0035/294659/Improving-retail-service-quality-Product-Disclosure-Emerging-Views-paper-12-October-2022.pdf)

We expect to reach final decisions on each of the proposed measures over the course of Q2 and Q3 this year.

### **Future Issues**

Finally, to the extent time allows, we will start framing up our approach to the remaining issues identified in our Baseline Report. These issues are likely to be our key focus next year.

We will be in a better position to engage with stakeholders on these issues after looking into the preliminary matters set out below.

#### *Debt Practices and Affordability*

The Baseline Report revealed inconsistent approaches to debt and affordability issues across the industry.

We will look to build a more detailed understanding of current practice across providers and review how this compares with best practice requirements in other sectors and jurisdictions.

We will test whether more standardised debt and affordability practices and procedures, developed in consultation with relevant consumer groups and implemented across the industry, would improve outcomes for consumers.

#### *Billing*

The Baseline Report identified billing errors, bill shock and bill clarity as ongoing issues for consumers.

We will look to build a more detailed understanding of billing issues across providers, including what issues are arising, how often they occur and how providers are working to address them.

We will look into what action regulators in other sectors and jurisdictions have taken in this area.

We will also commission independent research into billing with a focus on how to increase clarity in the design and presentation of bills for New Zealand telecommunications consumers.

#### *Switching*

The Baseline Report found that consumers experience issues with switching and expect switching to be difficult.

We will look to build a more detailed understanding of the underlying cause of the “difficulties” identified by consumers – including how far these relate to current switching processes or wider issues associated with switching.

For example, switching can trigger unexpected consequences, such as early termination fees, that come as a surprise to consumers and colour their perception of a process that may otherwise be fast and effective.

We will test whether a more standardised approach to managing issues, such as minimum term obligations and early termination payments in the switching process, would improve outcomes for consumers.

### **Conclusion**

We trust this letter provides a useful update on our RSQ priorities for 2023.

Beyond our RSQ work, we will also be progressing several other key workstreams this year, including finalising our revised Annual Monitoring Report, implementing the next phase of our Measuring Broadband New Zealand programme, and conducting our reviews of the Copper Withdrawal Code and the 111 Contact Code.

We look forward to your continued engagement in our work and will keep you updated as this progresses and if plans change in response to developments.

Please contact Andrew Young at ([market.regulation@comcom.govt.nz](mailto:market.regulation@comcom.govt.nz)) if you have any questions in relation to this letter.

Ngā mihi nui

**Tristan Gilbertson**  
Telecommunications Commissioner