

Vodafone Aotearoa response to the Commerce Commission's open letter on marketing of alternative services

27 August 2021

Executive summary

- We support the Commerce Commission's (the Commission) objective of ensuring consumers have been provided the right information when making a choice between different modern access technologies during copper and PSTN withdrawal. The proposed outcomes and conduct principles will, on the whole, help to achieve this objective, providing they are adopted by the entire telecommunications industry.
- 2. Our objective in marketing a range of alternative broadband services is to help our customers choose the combination of customer experience, technology and price that best suits their needs. We are committed to giving our customers a wide choice of best possible broadband service options. It's just not in our interests to migrate a customer from copper or PSTN to a service that doesn't meet their needs. Aside from the obvious effect this would have on our reputation, this would do nothing for our commercial performance. Put simply, it is just not in our interests to take an approach to migrations that increases the risk of churn or requires intervention to put right subsequently.
- 3. We note that the title of the Commission's open letter refers to marketing of alternative services during copper and PSTN withdrawal only. However, a number of the proposed outcomes and conduct principles relate to broader marketing of alternative services in any scenario, i.e. not only where marketing has a connection with withdrawal of existing services. It is difficult for Retail Service Providers (RSPs) to tailor marketing of alternative services with reference to the specific circumstances of individual consumers. In practice, a general advertising campaign that is directed at selling Fixed Wireless Access (FWA) services, for example, to consumers will not differentiate according to whether it is seen by consumers who are subject to PSTN/copper withdrawal as opposed to any



- other category of consumer. This means, practically, that the conduct principles described in the Commission's letter are directed to all advertising of alternative services.
- 4. Vodafone advertises alternative services to customers in a range of scenarios, including where customers are subject to PSTN shutdown (by Spark) and copper withdrawal (by Chorus). We accept that where advertising is addressed to a customer, the description of that scenario must be accurate, i.e. it must not claim that a consumer will be affected by a particular scenario if they are not. But decisions on the mix of retail services we choose to supply to end users are entirely for Vodafone, having regard to a range of factors, including commercial ones. There is no compulsion for any RSP to offer any specific retail service or access type these are all commercial decisions. An RSP can choose to start providing some services and stop providing others. In line with these principles, we will continue to advertise services to our customers on a commercial basis and where it makes sense to do so without labelling this a 'commercial' choice.
- 5. Below we set out key points of our response to the open letter. In summary:
 - a. The conduct principles in the open letter are addressed exclusively to RSPs. But if the Commission is serious about improving outcomes for consumers, wholesalers must also comply with these principles. Wholesalers generate a vast quantity of direct-to-consumer advertising of alternative services (see Annex 1). It is inconsistent and unprincipled for the Commission to exclude wholesalers from a requirement to comply with the conduct principles it has proposed. This amounts to different and unequal treatment of entities performing the same activities. There is no justification for this unequal treatment. Unless wholesalers are subject to the same conduct principles as RSPs then the outcomes the Commission says its pursuing just won't be achieved practically.
 - b. The Copper Withdrawal Code¹ (**CWC**) does not constrain generic Chorus advertising or advertising by other wholesalers. The CWC is clear that it applies only "in situations where Chorus seeks to stop supplying copper-based telecommunications services." But Chorus advertises alternative services in many other situations and the Code does not apply to other wholesalers at all. The existence of the CWC is not a reason for excluding wholesalers from the application of the proposed conduct principles.
 - c. A lack of alignment of communications approaches between Chorus' copper withdrawal and Spark's PSTN shutdown causes confusion for customers. More

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¹ https://comcom.govt.nz/__data/assets/pdf_file/0030/229881/Copper-Withdrawal-Code-10-December-2020.pdf



- should be done by the Commission to promote alignment and consistency across these communications.
- d. Any conduct principle addressing how speed should be advertised needs to recognise the complexity involved in providing a meaningful and consistent measurement of speed across different technology types. We also cannot support a principle that would in practice generate confusion and misunderstanding among customers, noting that legal risk that arises from this is borne by RSPs.
- e. The conduct principles must properly recognise that there are a range of dimensions to competition between services: it is not all about speed.
- f. It is unclear why the Commission seeks restatement of principles that RSPs are already committed to and that are addressed elsewhere, including in existing codes (e.g. porting, 111 Contact Code). We would welcome an explanation from the Commission as to the necessity of reflecting in a new code matters that are already dealt with elsewhere, and are apparently working well.
- **6.** Our specific comments on individual conduct principles proposed by the Commission are set out in Annex 2.

Including wholesalers

- 7. Conduct principles in the Commission's open letter are addressed exclusively to RSPs. However, if the Commission believes proposed conduct principles should apply to 'all RSPs who market alternative telecommunications services to residential consumers then, logically, they should apply equally to wholesalers' advertising.
- **8.** Wholesalers are the authors of the vast majority of current advertising of alternative technologies see Annex 1 below for examples. If there are issues with how alternative services are advertised, as the open letters suggests, then these issues arise equally in connection with wholesalers' advertising.
- 9. The Commission offers no explanation for its decision to omit wholesalers from the conduct principles proposed in the open letter. A key principle of administrative decision making is that like issues should be treated alike, i.e. the equality principle. The Commission's proposed approach would involve highly prescriptive principles being applied to RSPs' advertising, while excluding their application to advertising by wholesalers that has an identical purpose, form and function. Such an approach is inconsistent and unprincipled. It is also inconsistent with the Commission's suggestion

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² The Commerce Commission open letter *Marketing of alternative services to consumers during copper/PSTN withdrawal,* 4 August 2021, p.3



- elsewhere that it wants "....a uniform set of rules, with comprehensive coverage that could be applied to, and enforced across, the industry."³
- **10.** It is not credible for the Commission to suggest that equivalent principles apply to Chorus via the CWC. The CWC does not apply where:
 - a. advertising of alternative services is by an LFC (the CWC doesn't apply to them);
 - b. Chorus advertising is not connected with and does not reference copper withdrawal.
- 11. Alternatively, if the Commission thinks that other existing rules (e.g. the Fair Trading Act 1986) would be effective in ensuring wholesalers' advertising aligns with its proposed conduct principles, we would like to understand how it has reached this view and why it does not also hold for RSPs.
- 12. Chorus generates a vast quantity of direct-to-consumer advertising that is specifically intended to influence the choices made by end users regarding alternative services. We believe that Chorus spends more than Vodafone does on broadband marketing and, as the Commission knows, this marketing is not confined to notifying consumers about the withdrawal of copper services. Chorus is also clearly happy to be included within a framework of conduct principles for broadband advertising, with its CEO recently reported as saying "....we believe that Kiwis should be able to make educated choices based on facts and unbiased equivalent data rather than on misrepresentation and on hype."
- 13. The Commission's failure to address wholesaler advertising is difficult to understand given the repeated concerns raised by Vodafone with the Commission over many months. To date, the Commission has not provided any answer as to how it will address these concerns. It is unfortunate that the open letter now operates to ignore and deny them by proposing a partial and discriminatory intervention addressed at only one side of the market.
- 14. If the Commission is genuinely concerned with the marketing of alternative services to all consumers, then it must apply rules consistently to all industry participants that are generating this advertising. Alternatively, it must specifically address two matters:
 - **a.** why it thinks an asymmetric and distortionary approach to retail market regulation is appropriate; and

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³ [Open letter], paragraph 21.4

⁴ https://businessdesk.co.nz/article/technology/chorus-optimistic-on-fibre-fight-as-net-profit-drops

⁵ See, for example, Email from Tom Thursby (Vodafone) to Vanessa Turner and Ben Oakley (Commerce Commission) on 24 August 2021, Email from Tom Thursby (Vodafone) to Vanessa Turner and Ben Oakley (Commerce Commission) on 30 June 2021; Email from Tom Thursby (Vodafone) to Vanessa Turner and Ben Oakley (Commerce Commission) on 11 June 2021; Letter from Vodafone to Commerce Commission on 19 April 2021.



- b. how this approach will actually improve retail service quality for all end-users of telecommunications services.
- 15. The effect of asymmetric approach that requires change by RSPs while doing nothing to constrain advertising by wholesalers means that the outcome being pursued by the Commission (i.e. ensuring that consumers properly understand the range of alternative technologies available to them⁶) will not be achieved.
- 16. For the code to achieve the intended outcomes, it needs to apply equally to the entire industry which will then have an aligned interest in helping the Commission to finalise principles that are practical and supported by all. It is not tenable for the Commission to expect that industry will succeed in formulating a code that embeds a discriminatory approach between RSPs and wholesalers. There is a clear benefit from genuine industry collaboration in developing principles that account for the real-world complexity of retail markets. Developing principles that do not account for this complexity is a high-risk exercise. Accordingly, it is important that the Commission creates the right incentives for cross industry collaboration to achieve the purpose of stronger consumer protection. These incentives don't exist while wholesalers are excluded from the scope of the Commission's proposal.

Experience to date with copper withdrawal by Chorus and Spark

- 17. Many aspects of retail service experience involve significant complexity. When things go well, this complexity is hidden from the customer: services just work. And in our experience customers are disinterested in the complexity that enables telecommunications services. Their interest is in reliable services that consistently work as expected. The Commission's open letter seeks to transpose simple outcomes onto retail services. While we support this objective, the Commission also needs to recognise and confront the complexity of the service environment that it wants these outcomes to be achieved in including the operational detail that is set out in this section.
- 18. It's also important to recognise, as Vodafone does, that customers with lower awareness of technology and the characteristics of different services are disproportionately represented in the customer base affected by copper/PSTN withdrawal. This is a group that is too often exposed to scams and other activities that exploit lower awareness. This

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⁶ The Commerce Commission open letter *Marketing of alternative services to consumers during copper/PSTN withdrawal*, 4 August 2021, p.3



is why we are calling for a more coordinated approach to copper/PSTN withdrawal that proactively educates and prepares this customer cohort for change by informing them about the full range of broadband service options that it available to them — with speed being <u>only one element</u> of the experience, technology and price story also needs to be told.

- 19. From Vodafone's experience, a major source of customer confusion arises from the disalignment of communications relating to copper/PSTN withdrawal despite the base of affected customers overlapping. A customer may receive multiple communications containing different messages and causing confusion.
- **20.** This symptom needs to be understood with reference to the different incentives at play for Chorus and Spark regarding copper/PSTN withdrawal:
 - **a.** Chorus wants to withdraw copper in areas where it has deployed fibre but not elsewhere; and
 - **b.** Spark wants to promote alternative services in areas where PSTN connections are common and they are the only RSP with complete visibility of where these PSTN connections are and when PSTN services will be withdrawn.
- 21. This affects other RSPs and customers. Most customers do not understand the difference between copper voice and copper broadband being withdrawn both are part of the same essential service from a customer's perspective. A combined approach to execution is crucial to ensure transparency and minimise confusion. From an RSPs perspective, where the same customer is affected by both closures, we must be able to:
 - **a.** communicate both closures to the customer at the same time;
 - b. communicate both closures in the same advertising message; and
 - **c.** execute migration to an alternative service in a single step.
- 22. There are two ways to achieve this:
 - a. Chorus and Spark align on exchanges for copper/PSTN withdrawal/exit and this occurs simultaneously with advance notice (ideally 12 months); or
 - b. Chorus and Spark align and give the same advance notice of dates when customers will be affected by copper/PSTN withdrawal so that we can communicate to each customer once. RSPs are given access to a single tool to query and establish when individual customers will be affected by withdrawal. This tool should also be made available to consumers who are wanting to proactively plan a single move or find out how they will be affected.
- 23. In order to avoid having to communicate and execute two separate retail service changes to customers (potentially within a matter of months), with all the confusion and negative experience that this involves, we need to be able to move affected customers to alternative services in a single step. However, the open letter states that RSPs should



not give copper withdrawal by Chorus or PSTN withdrawal by Spark as a reason for moving unless they can point to 'a formal notification' from <u>each respective entity</u> relating to that consumer's premises.⁷ Without aligned notification of copper/PSTN withdrawal by Chorus and Spark, we are unable to combine our communications and respond in a coordinated way.

- 24. Furthermore, Spark's PSTN shutdown is not governed by the CWC. This enables Spark to take a different approach in how withdrawal is communicated which results in further complexity. For example:
 - a. Spark initially advised that PSTN closure would be implemented by exchange but is now executing closure by a switch within an exchange. This means we are unable to use our own data to determine affected customers and tailor our message to those customers.⁸
 - b. PSTN closure data is provided through a portal and is not a static list. The portal updates dynamically and isn't time-stamped. This leads to instances where new-psts withdrawal cases are added to the list but are not highlighted. This leads to rework, confusion and high potential for multiple communications to customers. To address this, we recommend that Spark notify any additional or change to an existing batch of PSTN withdrawal cases. Any late additions to the list of withdrawal cases should also be subject to a timeline that allows at least 6 months before closure otherwise there is a risk that late addition customers will not receive sufficient notice of PSTN withdrawal from their RSP.
- 25. Multiple overlapping communications are particularly confusing for Vodafone customers who are 'complex' cases. These customers may have previously rejected migration to alternative services because they use medical alarms or have other dependencies. The average age of Vodafone customers affected by Spark 'Batch 1' PSTN exit is 74. Those customers for whom migration communications are most confusing are voice-only customers who do not need, use or want the internet. These customers find it difficult to comprehend changes to the service that are affecting them and the reasons for it. They are even less able to understand when multiple changes are communicated in succession.
- 26. Below we set out real world examples of how the existing dis-alignment between copper/PSTN withdrawal can generate complexity, confusion and negative customer experience.

⁷ Paragraph 17, Outcome 1 (c) and (d)

⁸ To illustrate this, business customers may have POTS line running through multiple different switches within an exchange and will get multiple communications. Spark's approach prevents these customers from being able to execute a whole-of-business alternative, as they don't know the extent to which they will be impacted by the PSTN shutdown, and we don't have the information to be able to tell them.



- a. Customer X is an elderly user of a PSTN voice-only service. She has no need or want for internet access. She is part of the PSTN Batch 3 closures (taking effect in September 2021). Vodafone notified this customer of closure and explained her alternative service options (i.e. fibre + VoIP or copper (DSL) + VoIP). The customer previously had a fibre order in and cancelled it due to the cost. She is happy to go for the DSL + VoIP option. However, we don't know how long her DSL will be up as she lives in a fibre-ready area. We would like to be able to share the Chorus copper withdrawal information with the customer, so she can prepare for fibre install costs in the future. But we can't share this until Chorus has published the information. This means two changes for this customer.
- b. Vodafone received notice from Spark for Batch 2 of PSTN closure. We executed a campaign to move affected customers to alternative services. This included relinquishing services for those affected customers who did not respond. However, Spark subsequently altered its timeframes and has not closed this exchange yet, meaning that PSTN based services are still active. This has resulted in Vodafone customers:
 - i. complaining that their neighbours on the same exchange and supplied by other RSPs have had a different experience; and
 - **ii.** perceiving that Vodafone is not being upfront about timeframe or reasons for PTSN closure.
- 27. In addition, the complexity noted above has a significant impact on the operational processes for Vodafone in executing copper/PTSN withdrawal campaigns. A typical Vodafone campaign involves:
 - a. A letter sent to customer advising of withdrawal and how it affects them.
 - b. An email sent to a customer restating advice on withdrawal and giving a final date to contact Vodafone to arrange alternative services by before service loss.9
 - c. A first reminder letter and/or email repeating the above and the final date.
 - d. Outbound calling using dedicated additional resources. This can involve >10 calls to a single customer, particularly if they are vulnerable. If requested or judged appropriate, further calls will be made to carers/family members to discuss the changes where the customer may not understand it.

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⁹ 'Final date' is a date imposed by Vodafone 4-6 weeks ahead of the exchange closure date. This date is set to enable us to execute changes at volume with enough lead time to support seamless cutover, and give time for a customer to make last minute preparations (buying adapters, switching alarms to IP etc) before losing service. Despite numerous attempts and all methods to reach them, a large percentage of customer will not respond until the last minute (and often not until they've lost service) at which time we have to make support teams available for the time-consuming activity of reinstating services. This issue is extremely difficult to manage at scale hence setting our end date ahead of final exchange cutover.



- e. A final reminder letter and/or email explaining that services will be lost unless the customer contacts us to arrange alternative services
- f. Service is then provisioned to either:
 - i. roll back to naked broadband (if PSTN closure); or
 - ii. relinquished with customer's number retained for their future use (if it's a stand-alone line).
- 28. A campaign in the form described above will be conducted for <u>each instance</u> of copper/PSTN withdrawal. The operational effort and cost to execute each campaign is substantial. Better alignment of Chorus' copper withdrawal and Spark's PTSN closure would both streamline this activity and enable us to achieve better customer experience.
- **29.** Again, achieving this alignment will require Chorus to be subject to the conduct principles set out in the Commission's open letter. Excluding Chorus from these conduct principles means that only Spark can be expected to make improvements in line with any resulting code.

Advertising speed

- 30. We support an approach to advertising speed that does not confer and embed a structural advantage for fibre over other access technologies. It is not the Commission's role to enable distortion of competition in favour of one access type through constraining how different services are presented and mandating focus on only one element of service performance.
- 31. There is significant complexity to advertising speed. Conditions experienced by individual customers which have an impact on their broadband speed will vary, including due to factors that network operators do not control. A requirement to provide a consumer with their 'likely actual peak time download speed' ignores the reality of how mobile and fixed networks operate.
- 32. The 'actual' performance of a customer's broadband service is impacted by many factors outside of the control of RSPs and wholesalers. We already provide guidance to customers around maximising their broadband performance and offer technical solutions like SuperWifi. But there are many considerations that must be accounted for to be able to provide 'actual' speed performance to customers including:
 - a. How the customer is connecting their devices (WiFi or hard-wired). Most customers do not experience Chorus or LFC fibre over a hard-wired connection they experience it over WiFi, and the performance characteristics are different.
 - b. The home WiFi environment: what modem/mesh WiFi solution the customer is using and what is the performance of those devices.



- c. Approximately 25-30% of Vodafone customers use a BYO modem with their broadband service (i.e. a modem they have sourced themselves rather than one provided to them by Vodafone). This could be an older modem provided by a previous RSP, or one they have purchased from a multi retailer because it has specific features they want to use. While a BYO modem may be 'compatible' at an access level, we don't know the actual performance specifications of that device which can affect the real-world performance experienced by consumers.
- d. What other devices or environmental conditions are in their homes and might impact the performance of the WiFi and therefore their speed (e.g. building materials, mirrors, tiles, microwaves, other radio equipment, other household appliances etc).
- e. Whether a customer is using 2.4GHz WiFi (slower speed performance but wider coverage footprint) or 5GHz WiFi (faster speed, but narrower coverage). This is especially important given the increasing use of WiFi as the primary way of connecting the devices rather than a hard-wired connection.
- f. The type and age of the devices the customer is connecting with (e.g. an iPad2 from 2011 with WiFi4 won't get the same speed and performance as a 2021 iPad Pro with WiFi6.)
- 33. Limiting RSPs' ability to use terms like 'up to' when advertising speeds creates a higher likelihood that customers will be confused and hold expectations about 'actual' speed that don't properly account for the range of variables that influence the performance they experienced. In contrast, by using terminology such as 'up to' in speed advertising, we are communicating a range of speeds that allow for the above factors. Our primary objective is to set realistic expectations and allow for the unknown variables.
- 34. If RSPs are ultimately required to provide "likely actual peak speed" to consumers, it is critical that a common methodology for measuring it is adopted across the entire industry and that the measure is based on independently verified evidence. Using SamKnows could be a solution if greater rigour and consistency is assured around how it measures broadband performance and is consistent with real world experience by most consumers. Currently, testing by SamKnows is carried out using hard-wired connections and measures performance to the router/modem. This does not reflect the typical experience of most end users, who experience broadband services via WiFi connection. Unless the testing methodology used by SamKnows evolves to reflect how broadband services are actually consumed by end users then it will:
 - a. exacerbate the gap between consumers' performance expectations and real world performance;
 - b. distort perceptions of different access types.



- 35. An alternative approach would be for RSPs to be entitled to advertise the <u>range of speeds</u> reported for any access type in SamKnows testing rather than an absolute speed value, which can never be guaranteed in an individual consumer scenario for reasons given above. This is consistent with the UK's approach which allows RSPs to advertise the download speed available to <u>the majority of consumers</u> using a service, e.g. at least 50% of customers at peak time (8pm-10pm). The UK's Committee of Advertising Practice considers that median peak-time download speed is the most meaningful speed measure to customers because:
 - a. A median speed, described as "average", is easily understood and allows for consumers to make comparisons between different ads that they see.
 - b. As peak time is when traffic volumes are highest and traffic management policies are most likely to apply, a peak-time measure provides a better indication of the actual speeds consumers are likely to experience.
- 36. The Commission's open letter states that 'each RSP will, following the issue of guidelines, promptly review its marketing practices with a view to improving outcomes for consumers in line with the guidelines without waiting for an industry code to be finalised'. When it comes to the advertising of speed, more time will be needed to implement the related principles. Most importantly, it is critical that industry work to a common implementation date, so that any speed estimates advertised are provided on the same basis and using the same methodology. We believe that providers need a minimum period of 6 months to implement the guidelines once the code is approved by the Commission. Any changes to the advertising of speed will result in Vodafone having to make changes to our systems, changes to customer communications to provide additional speed data and more detailed information on the right to exit, and training of sales/support staff to ensure they are educated on the new requirements, just to name a few all of these will require time and additional expenditure.

Multiple dimensions of service competition

- 37. The conduct principles in the Commission's open letter appear to assume that speed is the only relevant dimension of service competition. This is not correct. Other dimensions of service quality include ease of install, price, flexibility and customer service.
- **38.** We also note that despite Chorus advertising fibre as more reliable and congestion free, ¹⁰ it is prone to failure. The example below illustrates the attributes of other alternative

¹⁰ https://www.chorus.co.nz/blog/lifting-hood-broadband-performance



services and reinforces yet again why wholesalers need to be subject to conduct principles for broadband advertising.



- **39.** A significant number of consumers do not demand or need fast speeds to deliver their broadband experience they could be light users who use broadband for emails, video streaming, web-browsing, making VOIP calls etc, where a low minimum speed (and stability) suffices. Putting emphasis on speed as the most important dimension of service quality ignores this reality. The Commission has a role to play in educating consumers about what speeds are right for their needs. This is particularly important in order to ensure that consumers do not end up overpaying for broadband services they don't actually need, which is noted as a consideration in the Commission's open letter¹¹.
- **40.** Another way of mitigating the risk of overselling is to require all RSPs to provide information to consumers relating to the speed needed to undertake common internet activities, including browsing, email, downloading media files and streaming music/films at standard and high-definition quality. This requirement is in place as part of the Better Broadband Speed Information Code in the UK, which also states that 'the information

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¹¹ The Commerce Commission open letter *Marketing of alternative services to consumers during copper/PSTN withdrawal*, 4 August 2021, p.2



- given must be broadly consistent with the speeds for these activities defined by Ofcom'12.
- 41. By way of illustration, this sort of information is provided in Netflix's recommendations on speed requirements for its various services. 13 Unless information like this is available to consumers to help them understand the broadband service speed they actually need we will see scenarios in which consumers make financial sacrifices to, for example, pay c. \$250 per month for Hyperfibre 8 with 8Gbps in broadband speed (more speed than Vodafone requires to run its head office) when a \$69/month FWA broadband service would meet their needs very well. The Commission must avoid this outcome in setting the conduct principles it expects compliance with.

Restatement of existing commitments

- 42. A number of the Commission's conduct principles duplicate and restate obligations to which RSPs are already subject, including:
 - a. Compliance with 111 Contact Code. RSPs have already committed to and are complying with this.
 - b. Ability of consumers to port. Porting already works well and there is no evidence of non-compliance.
- 43. It is unclear what the objective of including these existing commitments as part of this guidance is. If the Commission is seeking additional action in those areas, it is unclear what evidence base, if any, the Commission has for doing so.
- 44. Absent such evidence, we would ask that the Commission clarify whether it is asking industry to create a compendium code restating all obligations that RSPs are subject to. If it is, then the effect of this new code will simply confuse consumers by creating multiple restated obligations. It would also be useful to understand the problems with existing provisions that the Commission is seeking to solve through restatement.

Commission's proposed options

45. The Commission proposes a range of options for ensuring that the outcomes set out in its open letter "are best delivered for consumers in a timely way". With the exception of voluntary commitment by industry, which the Commission has said it does not favour,

¹² https://www.ofcom.org.uk/ data/assets/pdf file/0026/111698/statement-voluntary-code-practice-residential.pdf

¹³ https://help.netflix.com/en/node/306



- all options involve the exercise of statutory powers pursuant to Part 6 of the Telecommunications Act 2001.
- 46. A foundational principle of administrative decision making is that like cases should be treated alike, i.e. the equality principle. The principle of equal treatment is fundamental to any rational system of law.¹⁴ It is well-established doctrine that different treatment of persons or entities that are similar situations without objective justification can be struck down on the basis that it is irrational and/or unreasonable.¹⁵
- 47. In the open letter, the Commission proposes addressing principles and requirements to RSPs only via the exercise of Part 6 powers. In contrast, it proposes to take no action against wholesalers who engaged in the <u>exactly the same marketing practices</u> for alternative services (of which we provide multiple examples in Annex 1 below). As noted, the Commission has not provided any explanation as to why the position of RSPs and wholesalers differs or why action is required to further regulate activity by one group but not the same activity by the other.
- 48. In other words, the Commission has reached decisions affecting RSPs and wholesalers that are unequal and inconsistent in their application and are unreasonable on any plain assessment of the facts. It has not offered any objective justification that would support this approach. Indeed, the present approach contrasts starkly with the Commission's generic concern about "the marketing of alternative telecommunications services to residential consumers on copper-based services". To properly address these concerns, the Commission must address all marketing activity addressed to end users. If it doesn't, then its intervention fails at the first hurdle. We therefore urge the Commission to confirm that conduct principles applied through any of the options it has proposed would require compliance from both RSPs and wholesalers.
- 49. Finally, we note that the current exclusion of wholesalers from the scope of the open letter is a foundational problem that means it is likely to be impossible to develop an industry RSQ code. If the Commission maintains this approach then the only realisatic course is for it to move to preparation of an RSQ code under s236 of the Telecommunications Act 2001. Vodafone reserves its rights regarding any decision by the Commission to proceed on this basis.

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¹⁴ R (Rotherham Metropolitan Borough Council) v Secretary of State for Business, Innovation and Skills [2015] UKSC 6, [26].

¹⁵ Kruse v Johnson [1898] 2 Q.B. 91; R v Immigration Appeal Tribunal, ex p. Manshoora Begum [1986] Imm AR 385; R (Limbu) v Secretary of State for the Home Department [2008] EWHC 2261 (Admin), [50]



Confidentiality

- **50.** Confidentiality is sought in respect of the information in this submission that is contained within square brackets (**Confidential Information**). Confidentiality is sought for the purposes of section 9(2)(b) of the Official Information Act 1982 on the following grounds:
 - a. the Confidential Information is commercially sensitive and valuable information which is confidential to Vodafone; and
 - b. disclosure of the Confidential Information would be likely to prejudice unreasonably the commercial position of Vodafone.

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51. We ask that the Commission notify us if it receives any request under the Official Information Act 1982 for the release of any part of the Confidential Information, and that the Commission seek and consider its views as to whether the Confidential Information remains confidential and commercially sensitive before it responds to such requests.

Contact

Tom Thursby

52. Please contact the following regarding any aspect of this submission:

Lead Counsel & Head of Public Policy Senior Public Policy Advisor

t: 029 7733 654 t: 021 439 311

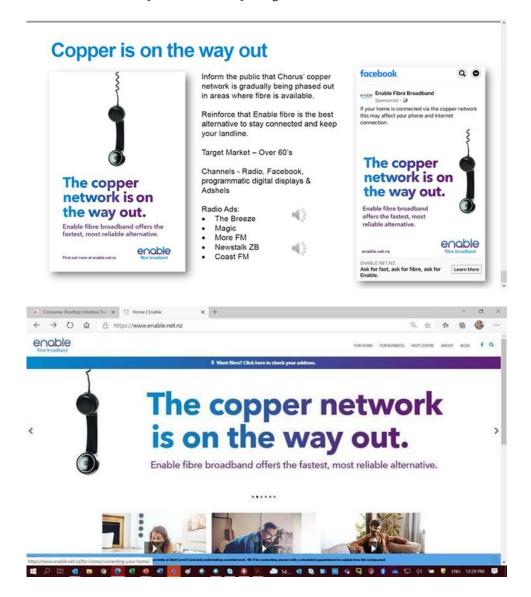
e: tom.thursby@vodafone.com e: kamile.stankute@vodafone.com



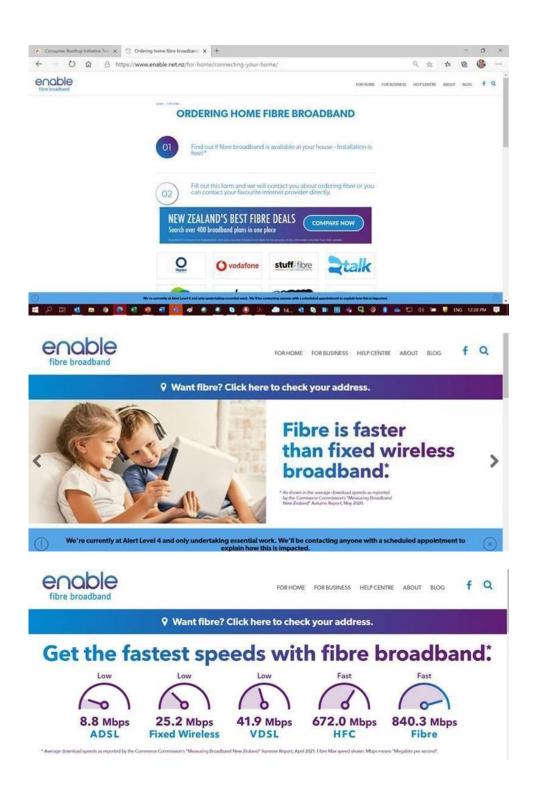
Annex 1: Examples of wholesaler direct to consumer marketing

Enable governance pack, August 2021

A particular concern with this marketing campaign by Enable is that it makes claims that 'all' fibre is universally faster than anything else.



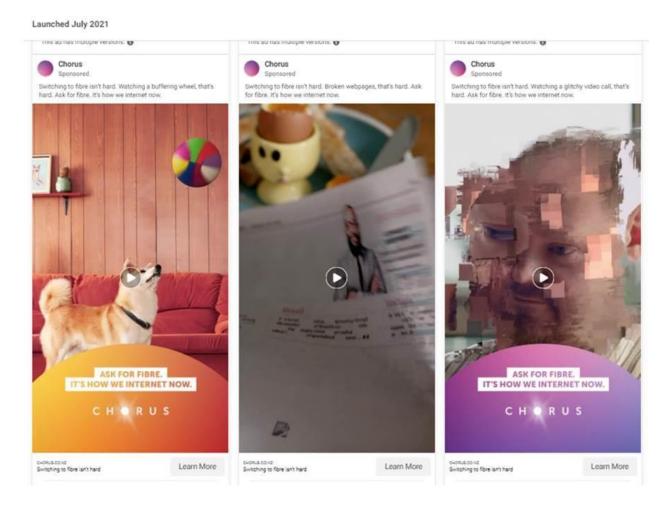






Chorus advertising on Facebook, July 2021

This example is particularly concerning because all of three adverts imply that a customer will experience buffering and glitches with broadband if they are not using fibre technology. This is simply not true and defamatory to other access options, such as FWA and HFC. Importantly, activities such as streaming video and TV can be done with no issues on speeds as low as 10Mbps — Chorus' narrative in these adverts is therefore overselling and scaremongering.



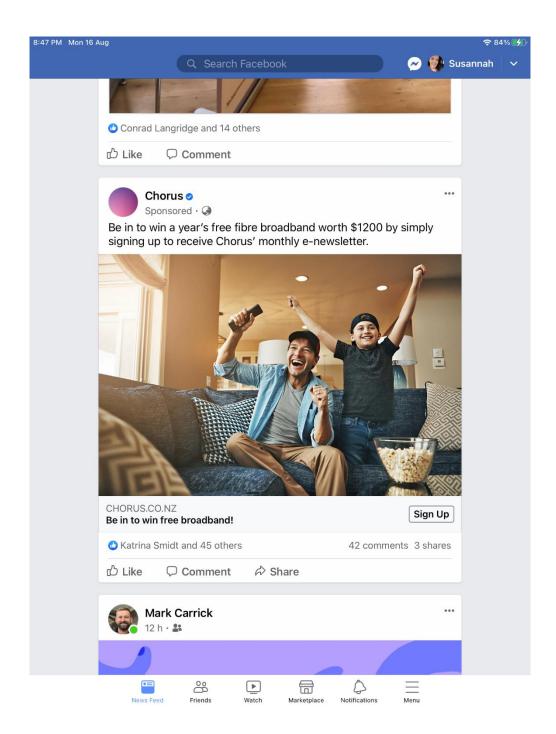


Chorus advertising on Facebook, August 2021





Chorus advertising on Facebook, August 2021



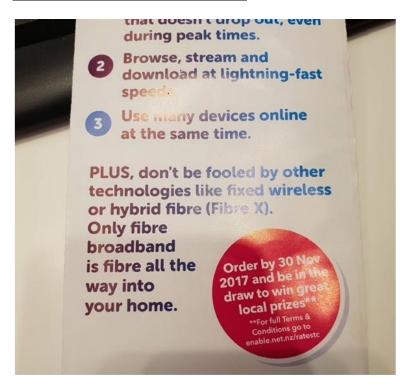


Chorus marketing in HFC areas





Enable flyer distributed in Christchurch





A collection of adverts from Enable



Appendix SF-1

Fibre broadband is available at your place.

Ditch your old slow internet connection. Switch to fibre and enjoy a much faster, better quality online experience.

So what are you waiting for? Have you switched yet?

Order your fibre today, visit enable.net.nz









Fibre broadband is available at your place.

With phone and internet fibre plans starting from just \$75/month it means you get a whole lot more for your money. Plus, enjoy a free installation from Enable.

So what are you waiting for? Have you switched yet?

Order your fibre today, visit enable.net.nz















Don't get left behind... order your fibre today.

It's cheap and easy to switch, simply call one of the below retailers and they'll get you connected!





0800 444 123

0800 123 45





0800 JOIN US (564687)

0800 BROADBAN

Fibre packages start from just \$75 per month for your phone and internet!

enable.net.nz



Supercharge your broadband!

Ditch your old, slow connection and switch to fibre broadband.





Lots of people in your area have already switched, what are you waiting for?



And much more...

- Better quality online experience Free installation with Enable fibre
 - More value for money
 Faster upload and download
 More people online at one time
- With fibre broadband you can enjoy...

моп, ке списыцу рауіпд...

Don't put up with slow, stop-start internet when you can have a much better online experience for around the same price as

Fibre broadband is now available at your place!



Why choose fibre?







Fibre broadband will change your online experience, order your fibre today...

Do what you want online - and faster!

Whether you're a gamer, a Facebook addict, online shopper or just a web surfer — don't be left waiting online. Your time is precious, why wait for your browser or movie to load when you don't have to? Switch to fibre and spend your time on the stuff that matters and with the ones you love.

More value for money

With fibre plans starting from just \$75 per month for your phone and internet, why stick with the old when you can have the new and enjoy much more bang for your buck!

More people can connect at once

Fibre broadband allows multiple people in your house to all be online at the same time – without the internet slowing down. This means you can have laptops, desktops, ipads and iphones all steaming at once without unpleasant disruptions to your internet speed.

Keep in touch with loved ones

Catch up with family and friends from afar through reliable, smooth streaming, high quality Skype calls.

To find out more, visit enable.net.nz

Hear from locals enjoying fibre broadband right now!

You can read their full stories online at enable.net.nz/casestudies





"Fibre broadband is the best connection we have ever had and changing to it was a breeze."

EJ Esterhuizen -Bishopdale



"Choosing 30/10Mbps UFB plan with 30GBs of data, plus calling made our internet and phone service cheaper than what we were paying."

Bill Fergusson –



"We tell our friends to get fibre as soon as they can – and they are hanging out for it."

Rachel Filipov – Bishondale



"My flat is on a 100Mbps/50Mbps fibre broadband service and we could never go back to copper."

Michael Whiteside -



"We used fibre broadband in Malaysia and have been waiting for it to arrive in Christchurch."

Alice Tan - Papanui



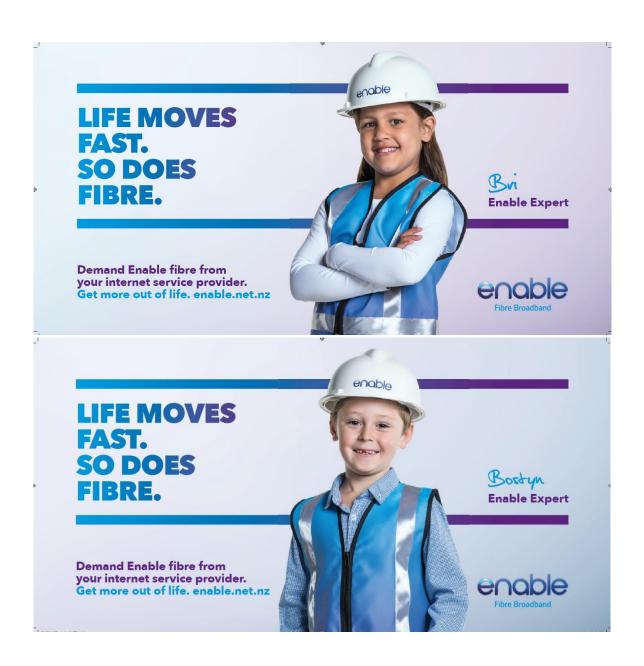




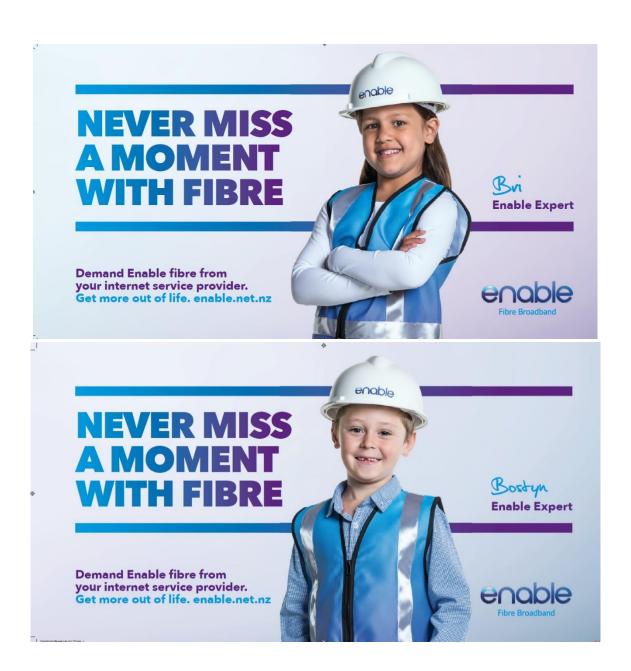
















An email from Vodafone customer regarding Enable marketing

Customer: Warren Birnie

Address: 71 Burke Street, Addington Christchurch

Detail: I was contacted by Paul Boyen (Enable) on 21st February 2021 advising me that Vodafone was "misleading a customer and telling him he had to pay to move to FTTH" (see attached email)

After our agents had contacted this customer, I chose to do a follow-up call to make sure that the customer was now happy and had the outcome that he wanted.

Warren told me that Enable had door knocked him and told him the service he was on was "old and going to be removed and that he needed to move to



FTTH". To quote Warren, "they kept contacting and pressuring me and I don't really know the difference, so thought that I had to move".

I explained to Warren what HFC was that he is currently on and explained to him that he could move to FTTH. I made sure that he was aware that his broadband price would go up by \$20 per month. His response when I clarified those impacts was "What?! I definitely don't want that! My current broadband works just fine, but they told me I had to move so I didn't think I had any choice. They just kept pressuring me".

Warren chose to stay on HFC and the FTTH order was cancelled.

Customer email from Enable

Hi Warren.

Thank you for speaking with me about switching to Enable fibre broadband at **4/71 BURKE STREET ADDINGTON**, Enable Networks and myself are well aware of the current situation with COVID-19 and we would love to provide you with the best internet connection prior to the possibility our circumstances changing.

We're excited about getting you connected on our locally owned, world-class fibre network, therefore I'd like to confirm that **Vodafone has been in contact with you** to discuss their plans and pricing options best suit to your needs.

It's important for me to know if they haven't as I'd like to follow up with them on your behalf, alternatively you're more than welcome to contact yourself and place your fibre order.

It is imperative that you place your order for fibre with your chosen internet provider, this will in turn begin the connection process. Once we have received your order, we'll be in contact with you to organize the onsite visit with one of our technicians.

Also, to aid you getting your fibre connection under way with any other internet company please see a list of all the internet providers here.



If you have any questions or queries, please do not hesitate to contact me or if you no long wish have Enable fibre for any reason please let me know.

Kind regards,

Prem Shamakanth

Fibre Ambassador | Enable Networks Limited M +64 27 247 2947 enable.net.nz

<Get Fast Email Signature 480x160px a7bb09e2-fa3d-452b-a651-a0beb80024a8.jpg>

The information contained in this message and/or attachments is intended only for the person or entity to which it is addressed and may contain confidential and/or privileged material. Any review, re-transmission, dissemination or other use of, or taking of any action in reliance upon, this information by persons or entities other than the intended recipient is prohibited. If you received this in error, please contact the sender and delete the material from any system and destroy any copies.

Save a tree. Please think before printing this email.

Commerce Commission email to Enable

From: Zeb Walker [Zeb.Walker@comcom.govt.nz]

Sent: 24/11/2017 9:22:44 a.m.
To: Alexia Khan (Alexia Khan@enable net r

To: Alexia Khan (Alexia.Khan@enable.net.nz) [Alexia.Khan@enable.net.nz]

Subject: Commerce Commission - Notification of report [CCNZ-iManage.FID225530]

Hi Alexia

The Commission has received a report (our term for a complaint) alleging that a door to door salesperson representing Enable has made the statement to a consumer that the Commission is taking Vodafone to court regarding its FibreX

We are not sure whether Enable engages in door to door sales, promoting its fibre services. We understand that Enable does not retail directly to consumers, but from the report, it appears Enable may promote the benefits of fibre directly to consumers.

We have no issue with Enable promoting the benefits of fibre to consumers, but wanted to inform Enable that we had received this report, so Enable can take appropriate steps to inform any door to door sales staff of what it is, and is not, appropriate to represent to consumers during those interactions.

The Commission has not made a decision about how to resolve its FibreX investigation (but we hope to do so soon). Until such a decision has been made, and the decision is public information, we consider that any representation about the outcome of the Commission's investigation is likely to constitute a misleading representation to consumers.

If you have any questions or would like to discuss this further, please contact me using the details below.

Kind regards,

Zeb Walker

Senior Investigator | Competition Branch
Commerce Commission | *Te Komihana Tauhokohoko*44 The Terrace | PO Box 2351 | Wellington 6140 | New Zealand
DDI +64 (0)4 924 3635 | <u>zeb.walker@comcom.govt.nz</u>

This email may contain information that is confidential or legally privileged. If you have received this email in error please immediately notify the sender and delete the email, without using it in any way. The views presented in this email may not be those of the Commission.



Annex 2: Edits to the proposed outcomes and principles

No.	Outcome	Conduct Principle	Vodafone Comments
1.	. Consumers are given appropriate notice of any change to their copperbased telecommunications services and should not have to make decisions under pressure of time.	(a) RSPs should provide consumers with as much notice as possible, and not less than four months' notice, of any change to their copper service.	We suggest it should be 'not less than six months' notice'. Chorus and Spark should also provide RSPs a list of all copper services being withdrawn with six months' notice.
		(b) RSPs should explain clearly to consumers the reasons why they need to move off their copper service and onto an alternative service.	This principle should also include the need for the entire closure roadmap to be shared by Chorus and Spark, so when a customer asks 'am I affected by this closure' we can, for example, say 'yes, but not for 12 months'.
		(c) RSPs should not give copper withdrawal as a reason for moving unless they can point to a formal notification from Chorus relating to that consumer's premises.	Disagree. This lets Chorus stage and control their exit for their own internal benefit and not for customers' best interest. We should be allowed to be fully transparent with our customers.
		(d) RSPs should not give PSTN withdrawal as a reason for moving unless they can point to a formal notification from Spark relating to that consumer's premises.	Disagree. This lets Spark stage and control their exit for their own internal benefit and not for customers' best interest. We should be allowed to be fully transparent with our customers.
		(e) RSPs should be open with consumers about any commercial decisions they make to cease supplying copper services ahead of formal copper withdrawal by Chorus or PSTN withdrawal by Spark.	RSPs should not be required to label commercial decisions.
		(f) RSPs should avoid creating the impression that copper services (including re-sold PSTN services) are not available to consumers just because that RSP has decided to cease supplying them ahead of formal withdrawal by Chorus or Spark.	Disagree. If an RSP is ceasing one service ahead of a Carrier's timeline, it should be allowed to align both exits (i.e. copper withdrawal and PTSN shutdown) in the best interest of the customer, so they only have to move once. The lack of transparency or roadmap is driving this necessity. The lack of roadmap is also driving current customer confusion and poor experience (as outlined in the above submission).
		(g) RSPs should respond in a timely and accurate manner to all requests for clarification or further information from consumers.	Agree.
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2.	Consumers are given sufficient information to decide what alternative telecommunications	(a) RSPs should remind consumers that they are likely to have the choice of several competing options depending on their	RSPs should not be required to advertise competitors' services. Therefore, 'service providers' should be removed from this principle.



	service is best for them as they transition off copper-	location — including different technologies and services.	
	based services.	(b) RSPs should encourage consumers to use independent information, such as Internet New Zealand's www.broadbandmap.nz, to see what alternative services are available at their location.	Broadbandmap is out of date as it does not take into consideration copper withdrawal. The Commission should take responsibility for making sure it's updated to avoid further confusion among customers.
		(c) RSPs should ensure that consumers have information on their usage and spend profile so that they can meaningfully compare different services and service providers.	Given that all broadband products include unlimited broadband, providing usage information would be meaningless.
		(d) RSPs should prompt consumers to use the information available to them to decide what technology, service and service provider is best for meeting their requirements.	
		(e) When promoting a particular service to a consumer RSPs must not create the impression that this is the only option available to that consumer.	
		(f) When promoting a particular service to a consumer RSPs must not create the impression that the consumer will lose their telecommunications service unless they move to the promoted service.	This principle ignores the fact that migration off copper as a result of Chorus copper withdrawal and Spark PTSN switch off is an operational necessity (i.e. customers will lose their telecommunications service once copper is withdrawn unless they move to an alternative service).
3.	Consumers are given clear and accurate information about the technical and performance characteristics of alternative telecommunications services.	(a) RSPs should set appropriate expectations about what their alternative telecommunications services are likely to deliver for consumers.	It is unclear what this principle adds to the outcome. If we do the other stuff, then this follows.
		(b) RSPs should ensure consumers are given upfront information about the factors known to affect the service performance of alternative telecommunications services.	It is important to note that there is a very broad range of things that can affect services that RSPs can't individualise or necessarily cover everything.
		(c) RSPs should avoid making "up to" speed claims or using maximum theoretical speeds in advertising.	Refer to section 35 for the alternative proposal in the submission.
		(d) RSPs should use likely actual peak time download speeds when advertising alternative telecommunications services so that	Refer to section 35 for the alternative proposal in the submission.



		consumers understand what they can expect before making their purchasing decision.	
		(e) Likely actual speed indications should be objectively justifiable, and independently verifiable, such as by reference to the Measuring Broadband New Zealand programme.	Refer to section 34 in the submission.
		(f) RSPs should allow consumers to move to a different service, or walk away from their service, without penalty, if the selected service does not meet expected requirements.	
		(g) Any comparisons that RSPs make to other telecommunications services should be made on a "like for like" basis and claims should be objectively justifiable and independently verifiable.	
		(h) Conditions, qualifications and disclaimers in advertising should not alter the nature of the service the consumer is otherwise led to expect.	
4	Company and the second	(a) DCDa shared areas in discourse on that in the	DCDs do this shoot has a set of the 1111 Contest
4.	Consumers are given information on how moving from copper telecommunications services to alternative telecommunications services could impact the operation of their home equipment.	(a) RSPs should remind consumers that in the transition to an alternative telecommunications service: (i) They may not be able to make emergency calls in a power cut without a suitable back-up; ii) They may need to work with their medical or home alarm provider to ensure continuity of services; and (ii) They may need to make changes to their jack points to keep a home phone in the same location in their house.	RSPs do this already as part of the 111 Contact Code.
		(b) RSPs must comply in all other respects with their obligations under the 111 Contact Code including those vulnerable consumers are made aware of their rights under the 111 Contact Code.	RSPs do this already as part of the 111 Contact Code.
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5.	Consumers are given clear information about the costs or fees associated with moving from copperbased telecommunications services to alternative telecommunications services.	(a) RSPs should clearly communicate any costs or fees, such as termination fees, equipment fees or changes in contract price at the point of sale to allow consumers to make informed decisions.	RSPs do this today as BAU.



6.	Consumers understand their rights to their landline number.	(a) RSPs should remind consumers that they can "port" or take their number with them to a new service or another RSP.	RSPs do this already as part of wider porting requirements.
		(b) RSPs should not create the impression that consumers will lose their number unless they stay with that RSP.	RSPs do this already as part of wider porting requirements.
		(c) RSPs should direct consumers to the Commission website's number portability page, or to the Number Administration 7 Deed's page on landline numbers, for more detailed information.	RSPs do this already as part of wider porting requirements.
7.	Consumers should know where to go to resolve any issues associated with the marketing or performance of alternative services as	(a) RSPs should endeavour to resolve any issues associated with the sales, marketing or performance of their alternative services promptly with consumers.	RSPs do this today as BAU and through operation of the TDR