

22 November 2023

By email to:

Mobile Stakeholder Group
Broadband Stakeholder Group
Consumer Stakeholder Group

Tēnā koutou

Product Disclosure – Retail Service Bundling Guidelines

1. Today we are issuing our final Product Disclosure – Retail Service Bundling Guidelines for energy and telecommunications bundles (**Guidelines**).
2. In September, we published draft Guidelines for consultation.¹ We received 16 submissions from stakeholders including from consumer groups, Retail Service Providers (**RSPs**), and industry participants.²
3. We would like to thank everyone who submitted for the time taken to consider the draft Guidelines and provide feedback. This has helped to inform the final Guidelines and to contribute to our product disclosure work in general.
4. Overall, there was broad support for the draft Guidelines, however, several areas were highlighted as needing clarification, including the scope of the Guidelines and the impact on marketing communications.
5. **Scope**
 - 5.1 Some submitters considered that the Guidelines would benefit from more clarity on their intended scope. In particular:
 - 5.1.1 There was some uncertainty as to what bundled services were intended to be included beyond energy and telecommunications service bundles; and
 - 5.1.2 Views differed on the merits of including other types of bundles – such as mobile service and handset bundles – in the Guidelines.

¹ Draft Guidelines: https://comcom.govt.nz/_data/assets/pdf_file/0031/328963/Improving-RSQ-Draft-Product-Disclosure-Retail-Service-Bundling-Guidelines-21-September-2023.pdf

² Submissions were published on 17/11/23 : <https://comcom.govt.nz/regulated-industries/telecommunications/projects/retail-service-quality?target=documents&root=334374>

- 5.2 At this stage, given the diversity of views on what other bundles of services may need to be subject to guidance from the Commission, we have focused these Guidelines specifically on the original issue identified: bundles of energy and telecommunications services.
- 5.3 We will consider issues related to other types of service bundling in our upcoming retail service quality work and will provide further updates in due course.

6. Marketing Communications

- 6.1 RSPs raised concerns that the Guidelines appeared to suggest that disclosure requirements would apply equally to all types of marketing media with no allowance for different communication types and this could lead to information overload for consumers and limit innovation. However, other submitters considered that this information was required for consumers to make an informed choice.
- 6.2 The final Guidelines have been redrafted to provide more clarity around when and how information should be disclosed to consumers, to ensure that consumers are fully informed before making a decision without overloading them or limiting marketing innovation.

7. Additional changes and considerations

- 7.1 Several submitters noted that the Guidelines did not include information around implementation timeframes. We have added clarification that we expect RSPs to align with the Guidelines within three months of publication.
- 7.2 There were concerns raised by some submitters that the requirement to display GST inclusive prices by default could increase complexity and impact competition. However, there was widespread support for this aspect of the Guidelines and, given its importance to enabling consumers to make meaningful comparisons, we have decided to retain this requirement.
- 7.3 Several submitters mentioned that the RRP might not always reflect the commonly available market price. We have clarified that, where a good is sold by an RSP, then the RSP should specify the lower of its regular sale price or the RRP, and that if the good is not available from the RSP separately, then it should otherwise use the RRP.
- 7.4 Some submitters included suggestions for additional RSQ matters that we could cover as part of these Guidelines, such as termination of subscription services at the end of free or discounted periods. However, as these suggestions include measures that have not been previously consulted on, they have not been included. These suggestions will be considered as part of our ongoing work on product disclosure and contract terms.

8. Given that these Guidelines implement an approach that was first signalled in our Emerging Views Paper published in 2022, and confirmed in our Q3 Update, we expect that RSPs will bring their practice in this area into alignment with these guidelines as soon as possible and no later than three months after publication.^{3, 4}
9. Please contact Andrew Young (Andrew.Young@comcom.govt.nz) if you have any questions in relation to this letter.

Ngā mihi nui

Andrew Young

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³ Emerging Views Paper: https://comcom.govt.nz/_data/assets/pdf_file/0035/294659/Improving-retail-service-quality-Product-Disclosure-Emerging-Views-paper-12-October-2022.pdf

⁴ Q3 Update Paper: https://comcom.govt.nz/_data/assets/pdf_file/0023/320693/Improving-RSQ-Product-Disclosure-Q3-Update-and-Submission-Response-30-June-2023.pdf