



15 March 2024

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Commerce Commission
By email to: market.regulation@comcom.govt.nz

Tēnā koe

Response to draft product disclosure guidelines

Thank you for the opportunity to respond to the draft product disclosure guidelines. This submission responds to both the Draft Product Disclosure – Retail Service Price and Cost Guidelines and the Coverage Map Guidelines.

We support the intent of these guidelines to increase transparency of retail service pricing, and to aid comparability of offers between RSPs. As a relatively new entrant into telecommunications services it is important to us that consumers can make informed decisions and have clear offers in market that they can trust.

However, we are concerned that the proposed guidelines impose unnecessary costs, and may in some cases increase rather than reduce confusion. As a relatively small player in the telecommunications market, these costs hit us harder, and put at risk a thriving competitive market.

The draft guidelines will result in consumers being faced with up to three different prices for the same product – one standard advertised price, one ‘monthly average price’ and one ‘total minimum cost’. This appears unnecessarily complex. The ‘total minimum cost’ requirements in particular look unnecessary. It will require substantial changes to our online check-out, and we are unsure what additional information this imparts for a consumer already presented with a monthly average price when they choose a plan.

In principle, standardised offer summaries may help with plan comparisons. However, we have a number of concerns with this requirement as proposed:

- The offer summaries should have enough flexibility to incorporate options within a plan into the same summary. For example, we have several options for a modem, including BYO, a monthly payment, or a one-off fee. It would only add to confusion to create a separate offer summary for each of these options.
- The guidelines ask the TCF to develop standardised offer summary templates, cutting non-TCF members out of the process. The final guidelines should require the TCF to consult with affected parties who are not TCF members before finalising the offer summary templates.
- Clause 21.2.5 should allow for the provision of information on alternative dispute resolution providers if one is available.
- Clause 23.1 is overly prescriptive. It asks for offer summaries to be presented as part of the online check-out process. This is a part of the journey that we keep tight control over to reduce errors, so it is costly to change. We recommend the guidelines only require offer summaries to be accessible from the plan choice page (where consumers are more likely to want to compare plans).

- Clause 23.3 requires us to provide customers with a paper copy of the offer summaries on request. We do not have a paper process for any aspect of our sale journey. Setting up that functionality for these summaries alone is onerous and hits smaller online-based providers hardest.
- Clause 25 asks retailers to provide a copy of the offer summary following the point of sale. We are unsure why this is required given that the purpose of the offer summaries is to aid plan comparison. Building this functionality will be expensive for no identifiable benefit.

Contact Energy has also recently begun offering an MVNO service, so will also be covered by the Mobile Coverage Map Guidelines. We do not have the capability to develop our own maps, so we rely on the maps developed by our MNO provider. We recommend that the guidelines make it clear that compliance with clause 10 will be assessed against the party producing the maps, rather than MVNOs simply reproducing the map on their website.

We also consider that clause 12 of the Coverage Map Guidelines would create perverse incentives. This clause allows customers to exit their service at any time if they experience a material coverage issue. Clause 13 then requires retailers to refund customers for the price of the plan since the material coverage issue began.

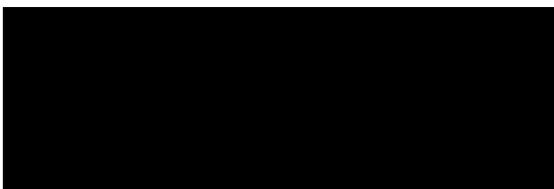
We consider that these clauses are open to gaming. Mobile coverage maps are inherently imprecise, and service can be affected by factors well outside of our control, including weather, traffic accidents etc. To exit a service a customer simply has to find a gap in a coverage map and claim they would have been unlikely to purchase the service had they known.

This means it could be difficult to ever enforce contract terms, and may dissuade the use of free trial periods, or other inducements, harming competition. Furthermore, a customer can back-date their claim of a material coverage issue as far as they like, potentially leading to large reimbursements. This could disproportionately affect newer entrants trying to build a customer base.

We recommend that a more precise and testable definition of 'material coverage issue' is developed. For example, we will always support a customer who finds that there is insufficient mobile coverage at the primary residence, or places of work or play.

Please contact me  if you wish to discuss further.

Ngā Mihi



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