



**TCF Submission to
Commerce Commission
Improving Retail Service Quality Draft Baseline Report**

15 October 2021

A. Introduction

1. Thank you for the opportunity to comment on the Commerce Commission's (the Commission) Improving Retail Service Quality Draft Baseline Report (the Report).
2. As telecommunications services are used across nearly every aspect of our lives it is important to hear feedback from consumers and industry stakeholders. The TCF supports the Commission's commitment to consumer engagement in the telecommunications space.
3. The industry has been going through a period of significant regulatory change, underpinned by amendments to the Telecommunications Act in 2018. At the same time substantial technological and commercial developments are taking place, resulting in ongoing investment in infrastructure to deliver further network reach and choice to consumers. New Zealand is ranked 12th in the world for overall digital connectivity in the Global Connectivity Index for 2020¹. UFB now reaches over 84% of New Zealanders with 64% connected and growing². Meanwhile, competition across industry and government funding has led to mobile coverage being delivered to 98.5% of where people live and work, soon to grow to 99.8%.
4. The TCF is aware that as an industry we must do better to communicate clearly and transparently with customers. The TCF sees Retail Service Quality (RSQ) as a key step on that journey.
5. The Report identifies a number of issues which the industry will need to consider. The TCF supports an approach whereby the Commission and the industry work together to improve the outcomes for consumers and ensure that the prioritisation of work is set out in a manner that the industry (both retailers and network operators) can support.
6. The Report does include some encouraging statistics that the industry can continue to build on:
 - 78% of consumers are happy with their telecommunications provider and that fewer than 10% of consumers are overtly dissatisfied with any specific aspect of their provider's service³.
 - 90% of internet and 95% of mobile users had no issue with a new connection or installation⁴.
 - 94% of internet and mobile users reported no issue with their contract over the past two years⁵.
 - 97% of internet and 98% of mobile users had no issue with the disconnection of a service, including during the switching process⁶.
 - 90% of consumers not having an issue with their mobile bill (an Improvement of 9% from 2019 to 2021)⁷.
7. In this submission, the TCF has set out some initial observations on the Report and the RSQ categories. We have also described our current priorities and how they align to the RSQ issues

¹ <https://www.huawei.com/minisite/gci/en/index.html>

² Crown Infrastructure Partners, *Quarterly Broadband updates*, <https://www.crowninfrastructure.govt.nz/about/publications/>

³ The Report pg. 7

⁴ The Report cl. 11.2

⁵ The Report cl. 123

⁶ The Report cl. 111.1

⁷ The Report cl. 60.2 & 61

highlighted in the Report. Hopefully, this will provide guidance to the Commission in the next phase of their work programme.

8. The TCF has also set out the RSQ priorities against its 2021 / 2022 programme of work, which should assist the Commission as it considers solutions. A gap analysis against this programme identifies where certain RSQ matters are already incorporated or about to be included in the existing TCF Industry RSQ codes, and the priorities for its future work programme.
9. The Report notes that the Commission has received considerable feedback from consumers and consumer groups as part of its consultation process. With additional input from the industry the TCF believes we can build a work plan that ensures the key RSQ concerns are addressed. Without a cohesive interlinking of the activities across the Commission and the TCF work programme, solutions may not achieve intended change and improvements, to the outcomes of the users of telecommunications services.
10. This submission is supported by TCF members, who may also provide individual submissions setting out their company's views on particular points in the Report.

B. The TCF

11. This submission is provided by the TCF, the telecommunications sector's industry body which plays a vital role in bringing together the telecommunications industry and key stakeholders to collaboratively work through regulatory, technical and policy issues for the benefit of the sector and consumers. TCF member companies are fixed-line network operators, mobile network operators and retail service providers (RSPs), and represent over 95% of New Zealand's telecommunications customers.
12. The TCF facilitates the development of consensus-based, self-regulatory codes, that set standards and specifications for the way members follow procedures internally, and for the way industry interconnects on industry-wide issues. The TCF enables the industry to work together, to discuss issues and topics collaboratively, and to reach acceptable solutions that can be developed and implemented successfully.
13. The New Zealand telecommunications sector makes a significant contribution to people's wellbeing and the economy. Every year providers invest approximately \$1.6b⁸ in new infrastructure and services, and Statistics NZ estimates the telecommunications and information media services sector contributes approximately \$7b annually⁹ to the economy. Over the past decade, the cost of telecommunications has fallen by 3.5% at a time when other CPI indicators such as housing, insurance and rates etc have all risen sharply¹⁰.
14. The telecommunications services that are relied on by New Zealanders and the economy are provided via a number of different types of infrastructure and technologies. Significant investment has been made to upgrade the fixed-line network and mobile infrastructure to ensure that New Zealand consumers can enjoy the benefits of, and have the opportunity to, participate in a digital society.

⁸ Commerce Commission, *2020 Annual Telecommunications Monitoring Report*, March 2021, pg. 23.

⁹ <https://www.stats.govt.nz/tools/which-industries-contributed-to-new-zealands-gdp> 2019

¹⁰ <https://www.stats.govt.nz/information-releases/consumers-price-index-september-2020-quarter>

C. Key RSQ Matters

15. The TCF has reviewed the list of key RSQ matters that the Commission considers need improving and also the published evidence set out in Chapter 5 of the Report.
16. The TCF has made some general observations based on the evidence published, as well as key points for further consideration or clarification.
17. The gathering of the consumer evidence is insightful. To understand the specifics of some of the issues raised in the Report, as well as the size and true impact of those issues, the TCF suggests that the Commission should continue to drill down into the information obtained from consumer engagement to be able to provide more detail to industry. This could help tailor the solutions on some, not all, of the matters which may need to be addressed through better consumer information and education, or improved operational processes.
18. Below we make some comments under each of the RSQ matters followed by an assessment against work currently underway or about to commence by the TCF.

Billing

19. We agree that this is an area for improvement, however identifying any systematic billing issues can be challenging. Further assessment of the evidence should put a spotlight on the specific issue and help develop solutions. Significant investment made by RSPs into billing systems has improved consumer billing experience since 2019, particularly around roaming charges and accuracy, which is reflected by the fact that only 10% of consumers experienced an issue with their bills according to the Commission's Report.
20. Work is currently underway by RSPs to improve mobile usage and spend information presented to customers and introduce annual summaries from the end of 2021. These changes will improve billing transparency, consequently addressing the issue of bill shock, which has been raised by the Commission.
21. It is expected that its members will share their views on this category with the Commission in their own submissions.

Customer Service

22. This RSQ category is very broad, but we agree that improvements can be made and suggest that further consumer engagement and assessment of the information gathered to date could help steer solutions. The TCF's current work to update and improve our Broadband Product Disclosure Code will likely have positive improvements on customer service as a result of more consistent and transparent information being provided to consumers when they need it.
23. The retail and wholesale structure of the industry naturally requires communication between a customer and their retailer and, in the case of fibre, the (wholesaler) network operator installing the fibre connection. As a customer-led industry, we are very aware of the changing nature of our engagements with customers. As new technologies come on-line, we are encouraging our customers on that journey away from simple telephone calls to websites, chat bots, social media support and much more.

Product Disclosure

24. We agree this is an RSQ issue and an area for industry to lead improvement in. We consider this of high priority because improvements will likely have the greatest positive impact for consumers – if done successfully, it will have positive impacts on other RSQ areas such as customer service and switching (via better and easily accessible information). To this end, the TCF has started work to make changes to the TCF Broadband Product Disclosure Code. This review includes expanding the scope of the Code to be technology neutral and fit for purpose for all broadband technologies (including Fixed Wireless and HFC services). The Code’s purpose is to reduce complexity for consumers when choosing a broadband plan, and to ensure Broadband Service Providers describe their plans (including such factors as access speed, traffic shaping, price etc.) in a comparable way. The timeframes to complete this review are set out in Diagram 1.
25. The TCF has started a gap analysis against the RSQ matters raised in the Report and the Code, including:
 - i. How speeds are advertised and described, including peak time speed;
 - ii. Whether expanding the Commission’s MBNZ programme would be useful for performance reporting;
 - iii. Minimum requirements to ensure better accessibility and consistency of information presented to consumers about plans and services;
 - iv. Updating mandatory baseline of information that industry presents to consumers to help them navigate through the different types of technologies available;
 - v. Ensuring all technology is included; and
 - vi. Improving monitoring and enforcement under the TCF Code Compliance Framework.
26. It is worth noting that these plans, add-ons and bundles are predominantly used by the industry to differentiate their retail products and services – something that is vital to an industry based on a set of largely regulated wholesale inputs (both mobile and fixed-line). To preserve competition, it is important we don’t stifle innovation and while complexity is one consideration, so too is enabling customers to access plans and services that best meet their individual needs.
27. Work on product disclosure for mobile services has also been supported by mobile operators developing a framework for sharing mobile plan information with comparison tool providers which will help consumers compare plans more easily. Consumers will also be able to draw on the mobile usage and spend information to be provided to them from the end of this year to help them choose a plan that is fit for their needs.
28. However, for the comparison websites to be effective and act in the best interests of consumers, a set of standards need to be put in place. For example, some industry participants have concerns about how some comparison websites currently rank the plans, with some using the practice of taking payments from RSPs to have their plans promoted. The Commission should consider introducing an accreditation scheme for comparison websites – similar to the one run by regulator

Ofcom in the UK¹¹ – to ensure comparison tool providers are held to set standards. This would add a layer of consumer protection.

29. Finally, the TCF has committed to researching what a telecommunications consumer data right could look like in New Zealand and what benefits this could deliver to consumers. This will include product disclosure and accessibility of consumer's data. This will be considered within a broader context of work commenced by the Ministry of Business, Innovation and Employment and the TCF looks forward to engaging with the Commission as it develops this year.

Coverage Maps

30. The Report describes issues with coverage maps being inconsistent and difficult to interpret. The TCF suggests that this is an area that could be further investigated, particularly in relation to the Broadband Map which combines data from network operators and RSPs.

Switching

31. The TCF introduced its Customer Transfer Code in 2007 and since then more than 5.917 million numbers have been ported across mobile and fixed. Barriers to switching remain low, and the industry has a strong track record in empowering customer agency in this regard.
32. The industry adheres to the transfer process set out in the TCF Customer Transfer Codes for fibre and copper services, as well as the Commission's Number Portability Determination. The process that supports the ability for a consumer to transfer their services from one RSP to another RSP is operationally complex and requires commitment between all parties to the process.
33. Many consumers voluntarily take the opportunity to move their broadband and landline services off the copper network onto these newer forms of technology, such as fibre and wireless, and in doing so some are also taking the opportunity to switch providers. In the 12-month period between 1 March 2020 – 28 February 2021, 257,780 fixed line numbers were ported. Average mobile ports for past 12 months were approximately 20,472 per month¹².
34. The Report states that 97% of internet and mobile users did not have an issue with switching or disconnection of a service¹³. This data suggests that the current process is robust and is contrary to the view expressed in the Report that consumers view switching as difficult, unreliable and a process that takes too long¹⁴. It is likely that other RSQ issues are being reflected here such as contract arrangements, customer service and product disclosure as part of the end-to-end customer journey. The TCF is currently reviewing its Customer Transfer Code for fibre and will consult with key stakeholders and consumer groups on the changes to the Code with the aim to address these issues reflected in the consumer evidence.
35. Finally, there are some minor points noted in the Report which require clarification. Firstly, it is not clear what the statement means '*sometimes technologies where RSP and wholesale switching*

¹¹ https://www.ofcom.org.uk/data/assets/pdf_file/0025/204982/statement-digital-comparison-tools.pdf

¹² TCF Number Portability Data from the IPMS

¹³ The Report cl.111.1

¹⁴ The switching process takes between 2 – 7 days, the variation is dependent on whether a customer is keeping their landline number or not.

*processes do not align*¹⁵, we welcome the Commission discussing this further with the TCF if it sees this as something requiring further investigation.

36. Secondly, as noted above, there are a number of the points made in the Report under the switching category which are not what the industry defines as 'switching', nor covered by the TCF codes. For example, the UDL feedback states they received 31 complaints relating to the switching process; looking at this information 24 of the 31 complaints received relate to the installation process not switching. The Commission has not highlighted in the Report that installation is an RSQ matter requiring improvement currently.
37. The TCF will consider the research findings covered under the category of switching further. .

Contract Issues

38. There are a number of regulatory consumer protections already established particularly relating to contracts, including the Fair Trading Act, the Consumer Guarantees Act and the Credit Contracts and Consumer Finance Act. The case for adding to these protections to prohibit or mandate any particular approach to contracting in the telecommunication sectors isn't clear. We note that the Commission undertook an extensive Unfair Contract Terms review a few years ago and did not identify any widespread or systemic problems with our sector. Ability to unilaterally amend terms to introduce detrimental changes was considered as part of that review.
39. It is expected that its members will share their views on this category with the Commission in their own submissions.

Debt practices and affordability

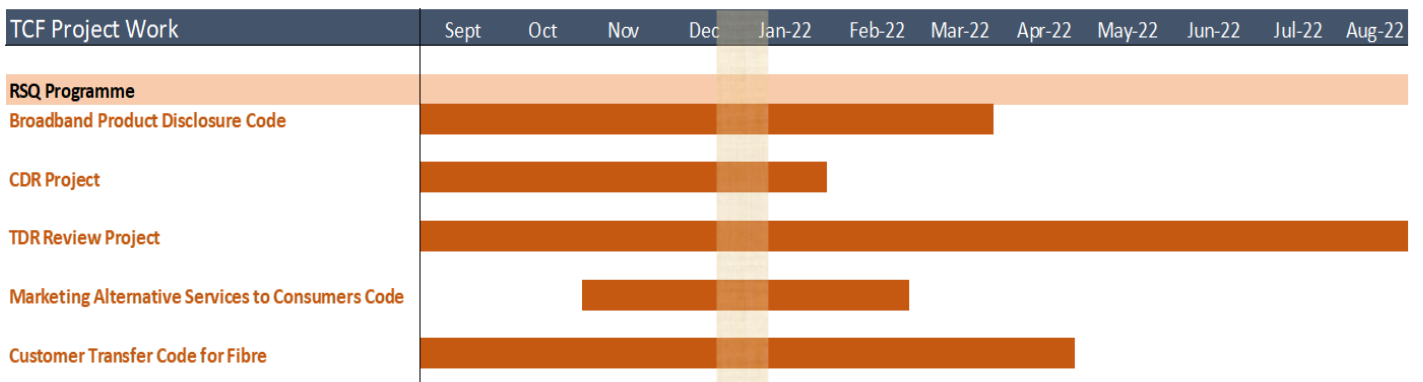
40. The Commission has asked if debt and affordability practices should be included in the scope of RSQ. At this stage, the TCF does not believe that these matters should be posited in the RSQ programme.
41. RSPs are bound by credit obligations and policies, outside of the remit of the Telecommunications Act. It is in their best interests to ensure there is adequate support for the most vulnerable consumers and keep customers connected. RSPs have consumer care teams to support customers in times of financial hardship and carry out the appropriate credit checks based on the information provided by the customer.
42. During COVID 19 lockdowns most RSPs implemented a financial hardship policy to ensure customers remained connected to continue with work and education and support for vulnerable customers. Many RSPs implemented measures such as removing of data caps to ensure that New Zealand could remain connected to one another.
43. In addition, the Commission's summary of the sources it used to compile its list of RSQ matters makes it clear that the industry was not asked about the existence of debt practices or affordability policies. For most customers, debt recovery processes would be invisible as the vast majority never need to engage with their telcos around overdue payments. We can provide more detail around how each telco manages debt practice if required.

¹⁵ Report cl. 107

D. Proposed Prioritisation of RSQ Work

- 44. The TCF has set out its work programme for the remainder of 2021 – August 2022. By combining current work streams and re-prioritising this work based on the Report, we believe we can meet the Commission's objectives in a structured and coordinated way. Alongside the TCF RSQ programme of activity our members have and will be developing their own initiatives to deliver improved services to their customers.
- 45. Prioritisation is important. There can be flow-on effects from making changes to Codes or developing new ones that set out new requirements and obligations for RSPs. In addition, these changes interact with internal business and operational processes and the timing of such changes must be carefully managed. Organisations are also constantly making changes to their own products to ensure a competitive advantage over other providers and bring improved services to consumers.
- 46. The TCF prioritisation of work in the short-term is focussed on delivering the following RSQ matters, how that sits within the wider BAU programme is set out in Appendix 2:
 - i. Amended TCF Broadband Product Disclosure Code;
 - ii. Delivering a new Marketing Alternative Service Code;
 - iii. Implementing the Commission’s recommendations for the Telecommunications Disputes Resolution Scheme; and
 - iv. Creating a framework for comparison sites to present mobile plan information and assessment of a consumer data right for telecommunications.

Diagram 1: TCF RSQ Project



- 47. We are aware that the Commission’s next step will be to finalise its list of RSQ matters which it considers needs improving. The TCF would like to contribute to the identification of solutions and their design and implementation. There are a number of Industry RSQ Codes in place (some of which are under review) that can be considered when designing solutions to improve RSQ, i.e., Product Disclosure, Switching.

48. The industry is very aware of the provisions of Part 7 and the levers available to the Commission. The TCF supports a self-regulatory regime and where that is not appropriate or does not deliver the intended consumer outcomes how the Part 7 may come into play.
49. The TCF agrees with the Commission that there are a range of potential solutions. The TCF submission sets out some solutions in the immediate short-term. The TCF again notes that this does not cover individual member's RSQ programmes of work (e.g., mobile transparency work RSPs are doing outside of the TCF), nor does it reflect the complete body of work currently in train under the TCF, refer to Appendix 2.
50. A summary of the TCF RSQ activities against the RSQ categories is included in the Appendix 1.

E. Conclusion

51. There are a number of TCF initiatives currently underway to improve RSQ matters by the industry. We are providing the Commission with guidance on the key RSQ matters and how they relate to what is included in the TCF current work programme. We see that a combined approach to developing solutions will ultimately deliver the intended outcomes the Commission is seeking.
52. The TCF is fully committed to making those improvements to deliver better outcomes for consumers whilst continuing to develop high-quality telecommunications services in New Zealand.
53. To be effective the TCF supports a cohesive framework for the industry to work together to ensure solutions are appropriate and the intended change allows users of telecommunications services to continue to benefit from competition, innovation and investment.
54. The TCF acknowledges that the Commission is yet to produce their final Report and encourage the Commission to consult with us and industry about next steps throughout the process of RSQ improvement. The TCF looks forward to participating in future consultation and workshops.
55. The TCF is available to discuss any views set out in this submission and looks forward to continuing our close working relationship with the Commission on this matter and its RSQ programme.
56. For any communication relating to this submission please contact:
Clare Dobson clare.dobson@tcf.org.nz

Yours sincerely



Paul Brislen
TCF CEO

APPENDIX 1: – Summary of TCF activities relating to RSQ programme.

RSQ Category	RSQ Matter	TCF Activities
Billing	<ul style="list-style-type: none"> • Billing errors • Understanding bills • Bill shock 	<ul style="list-style-type: none"> • TCF work currently underway by RSPs to improve mobile usage and spend information presented to customers and introduce annual summaries from the end of 2021. • TCF to look at improvements in processes to reduce double billing events through the transfer and intact / abandoned services order and provisioning process.
Customer Service	<ul style="list-style-type: none"> • Wait times and multiple transfers • Record customer interactions • Understanding customer service representatives • Difficulty resolving issues • Lack of information about the installation process 	<ul style="list-style-type: none"> • The TCF working on improving the transparency of plan information to consumers. • Improving the Product Disclosure Code will also help improve customer service through better info / more informed consumers. • TDR review will deliver an improved complaints process for consumers.
Product disclosure	<ul style="list-style-type: none"> • Marketing of new technologies inconsistent and confusing. • Alignment of product information and service quality • Advertising of service performance • Ability to compare plans including: <ul style="list-style-type: none"> ○ Add ons and bundled offers ○ Availability of usage information ○ Coverage maps of service and technology availability 	<p>Broadband</p> <ul style="list-style-type: none"> ○ TCF Broadband product disclosure code review - (scope expanded to be technology neutral and alignment with Commission’s Measuring Broadband programme, additional minimum requirements for information (i.e., peak speed) and accessibility / visibility of information) Refer to clause 24 – 30 TCF submission. <p>Mobile</p> <ul style="list-style-type: none"> ○ TCF CDR project / comparison of mobile plans for consumers
The switching process	<p>Double billing, long delays and unreliability Perception that it is difficult to switch providers</p>	<ul style="list-style-type: none"> • Fibre Transfer Code – under review to deliver improved end-to-end transfer process to reduce errors in transfers and billing. • Number Portability Determination – participation in the Commission’s current consultation.
Debt Management and affordability	<p>Credit checking</p>	<ul style="list-style-type: none"> • Industry has a number of credit processes in place to support vulnerable consumers but this will be considered further with engagement with FinCap and CAB, and Govt agencies. • The TCF does not see this as something to be included in the RSQ programme.

Appendix 2: TCF RSQ and BAU Programme - till August 2022

