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Tēnā koutou

Addressing transparency and inertia issues in the residential mobile market

Introduction

1. In September 2020, we wrote to you, and the other mobile network operators (**operators**), asking that you confirm your plans for addressing transparency and inertia issues to improve consumer outcomes.
2. We also asked the industry to take steps, through the New Zealand Telecommunications Forum (**TCF**), towards the introduction of a consumer data right (**CDR**) for telecommunications consumers.
3. We received responses from operators and the TCF in November 2020 and, in the period since, have been in discussions on an appropriate cross-industry response.
4. We appreciate the engagement we have received from all parties in this process and welcome the constructive approach taken to addressing these issues in the interests of consumers.
5. As a result of our discussions, and to close the current phase of our work on this matter, this letter records the measures you have each agreed to take to address transparency and inertia issues, and our expectations around the minimum requirements and timing of those measures.

Way forward on transparency and inertia issues

6. Following submissions, and subsequent discussions, you have each made a set of commitments on transparency and inertia issues.
7. In summary, you have each committed to implementing the following measures:
 - 7.1 **Providing at least 12 months' usage and spend information to customers:** This will give customers a clear view of their consumption and spend profile (allowing for seasonal variations and differences) over a meaningful period;
 - 7.2 **Providing customers with an annual summary of their usage and spend along with a prompt to consider alternative options:**¹ This will encourage customers to consider whether there is another plan that could better meet their individual requirements; and
 - 7.3 **Promoting the development of tools to enable more effective comparison and choice for telecommunications consumers through the TCF:**² The development of comparison tools, including a prospective CDR, will make it easier for consumers to compare and choose the best plan for them.
8. We consider that, when implemented by all three operators, these measures will significantly improve outcomes for mobile customers. In particular:
 - 8.1 The provision of better information will enable consumers to make more meaningful comparisons and choices; and
 - 8.2 Facilitating the introduction of comparison tools that fairly and accurately compare mobile plans for consumers will enhance competition and choice in the market.

Our expectations on minimum requirements and timing

9. At this stage, we are content to leave the specific design and implementation of these measures to individual operators, who should be competing and differentiating based on how well they address transparency and inertia issues for their customers.
10. However, our expectation is that, in order to be effective, these measures must meet the following minimum requirements:
 - 10.1 Increased usage and spend information must be provided in simple, readily understandable form that enables customers to see, at a glance, their usage and spend against their plan each month;
 - 10.2 The annual summary must show whether, and to what extent, there is a gap between the data, call and text allowances consumers have paid for and the amount

¹ Our expectation is that this summary will be provided on the 12-month anniversary of customers joining or moving to a new plan. However, annual summaries should not be necessary for customers on fixed-term plans shorter than 12 months. Enhanced monthly information should be sufficient for customers in this category.

² We recognise the complexity of this task and anticipate that it will need to proceed in two broad stages: (1) ensuring that usage and spend data is available in a consistent format to facilitate a comparison tool; and (2) working through issues of data portability for a possible CDR.

of each of these services consumers have actually used. Identifying this gap is critical to addressing transparency and inertia issues;

- 10.3 The prompt in the annual summary to consider other options must be prominent and encourage comparison and choice by each customer; and
 - 10.4 The comparison tools initiative must be supported by appropriate resources and a detailed project plan that includes timelines, deliverables, monitoring and reporting requirements, escalation mechanisms and other relevant requirements.³
11. In terms of timeframes, our expectation is that operators will work to deliver these requirements as quickly as possible, but not later than the following:
- 11.1 Increased usage and spend information should be provided to all customers by the end of October 2021;
 - 11.2 Annual summaries should be provided to all customers by the end of December 2021;
 - 11.3 An initial project plan for the comparison tools initiative should be provided by 22 April 2021 and should cover:⁴
 - 11.3.1 Standardising formats for usage and spend information by the end of October 2021 to support the introduction of comparison tools;
 - 11.3.2 Engaging with providers of comparison services who could use the standardised information by October 2021 to deliver a mobile comparison tool; and
 - 11.3.3 Preliminary views on a prospective pathway to a CDR by the end of December 2021.
12. We note that this set of initiatives builds on and improves current practices, procedures and capabilities within the industry. In particular:
- 12.1 All operators currently provide a degree of usage and spend information to their customers, and this will now be extended (along with any necessary changes to format and presentation) to a minimum period of 12 months for all consumers;
 - 12.2 The annual summary, currently provided by one operator, is being adopted by all operators and improved with the addition of “actual usage versus spend”

³ For completeness, we note that operators will also need to ensure that the design of any mobile comparison tool is consistent with their competition and fair trading obligations, including under Part 2 of the Commerce Act.

⁴ Our expectation is that operators will use their best efforts to support the development of comparison tools, rather than necessarily implementing those tools themselves. We see this best efforts requirement as including: (a) developing a comparison framework that could be used in a comparison tool; and (b) working with prospective providers of comparison services to support the release of a mobile comparison tool as far as reasonably possible. We do not expect operators to guarantee the success of any third party engagement but note that, if mobile customers remain without access to tools that are readily available to consumers in other sectors, it will be necessary at that point for us to consider what further steps might need to be taken.

information and a prompt to use this information to ensure customers remain on the best plan for their needs; and

- 12.3 The TCF has previously facilitated solutions on complex industry issues – such as number portability – which should provide a solid foundation for the design and implementation of tools for more effective comparison and choice for telecommunications consumers.
13. We therefore consider that operators should be able to deliver on their commitments within the specified timeframes and that these measures will make a significant difference for consumers on transparency and inertia issues.
14. We will monitor your delivery of these commitments during the coming months. If our expectations on minimum requirements or timing are not met, then, in order to protect consumer interests, it will be necessary for us to consider more formal action.⁵
15. Finally, for completeness, we note that some operators are considering introducing additional measures to address transparency and inertia issues, beyond the set of three common measures set out above.
16. We welcome and encourage further innovation, differentiation and competition in this and all other areas of retail service quality.

Conclusion

17. Thank you again for the constructive engagement we have received on this important issue for competition and consumers.
18. We look forward to seeing the successful implementation of your commitments as set out above.
19. We remain ready to assist in this process as necessary, including by providing any further clarification or guidance on specific issues, should that be required.
20. We have published this letter on the Commission's website, in order to provide stakeholders with visibility on your commitments and our expectations, and to publicise the Commission's appreciation for your engagement on these issues to date.

Yours sincerely



Tristan Gilbertson
Telecommunications Commissioner

⁵ Such action, under Part 7 of the Telecommunications Act, could include issuing guidelines under s 234 or commencing the preparation of a Commission retail service quality code under s 236.