

27 August 2021

Commerce Commission
PO Box 2351
Wellington 6140

By email

SUBMISSION on “Marketing of alternative services to consumers during copper/PSTN withdrawal” open letter

1. Introduction

Thank you for the opportunity to make a submission on the open letter on “Marketing of alternative services to consumers during copper/PSTN withdrawal”. This submission is from Consumer NZ, an independent, non-profit organisation dedicated to advocating on behalf of New Zealand consumers. Consumer NZ has a reputation for being fair, impartial and providing comprehensive consumer information and advice.

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2. Comments

Consumer NZ supports the need for urgent action on the marketing of telecommunication services to consumers on copper lines. We receive regular complaints about the marketing of telco services and share concerns that consumers risk being misled about their options or pressured into switching.

We agree action is required, and we support the outcomes and principles in the open letter. Our comments on specific principles and their implementation are set out below.

Outcomes 1 to 4

We support outcomes 1 to 4, and the related conduct principles. In our view, consumers are not being provided with sufficient information about their options or given enough time to make an informed decision about if and when they may want to switch to an alternative service.

For example, we recently received a complaint about an email sent by a telco retailer advising copper-based customers that they would shortly be moved to wireless broadband. The email provided little information about the change and gave no alternatives for customers to consider. The email stated:

There's nothing you need to do right now, we'll send you a new modem and be in touch soon with next steps.

We note the requirement in Outcome 2(b) for telcos to encourage customers to use independent sources of information (such as Internet NZ's broadband map). We consider there will need to be information available via multiple channels, including online, print and freephone, to meet the needs of all consumers.

As the commission notes, affected consumers may be more likely to be vulnerable, elderly or less technologically aware. Some consumers who have contacted us about the withdrawal of copper services only use a landline. Online-only information sources will therefore not meet their needs.

We suggest the commission consider additional options, such as funding for a freephone service and for printed materials, to ensure customers without internet access can find independent information and are able to use this information to make a decision about the telco services that best meet their needs.

In relation to Outcome 2(c), we recommend this be worded as follows:

*RSPs should ensure that consumers have **accurate and up-to-date** information on their usage and spend so that they can meaningfully compare different services and service providers.*

Outcome 5

We support outcome 5 and the conduct principle. We recently received a complaint from a telco customer who was offered a broadband service at no extra cost. However, when the customer's first invoice arrived, he found the new plan was an additional \$20 per month.

Implementation

Our preference would be for the commission to issue a retail service quality (RSQ) code under section 236, incorporating the principles and outcomes. Given the problems in the market, we consider this would be the best option to protect consumers' interests and ensure a uniform set of enforceable rules.

The industry's performance to date gives us little confidence an industry-led code will result in satisfactory behaviour change. We are also concerned that an industry code will only apply to telcos that belong to the Telecommunications Forum. Telcos that aren't members will not be covered.

If the commission does decide to issue guidelines under section 234 and wait for the industry to formulate its own RSQ code, we agree a short timeframe for industry action should be specified. If the industry fails to meet this timeframe, or the code fails to achieve required improvements, a mandatory code will be required.

Thank you for the opportunity to make a submission. If you require any further information, please do not hesitate to contact me.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'Jon Duffy', with a stylized, cursive script.

Jon Duffy
Chief executive