

7 December 2022

Commerce Commission

Wellington

By email: market.regulation@comcom.govt.nz

SUBMISSION on Improving Retail Service Quality: Product Disclosure Emerging Views Paper

1. Introduction

Thank you for the opportunity to make a submission on the Improving Retail Service Quality Product Disclosure Emerging Views Paper (Paper). This submission is from Consumer NZ, an independent, non-profit organisation dedicated to championing and empowering consumers in Aotearoa. Consumer NZ has a reputation for being fair, impartial and providing comprehensive consumer information and advice.

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2. General comments on the Paper

We agree with the issues identified in the Baseline Report and support action being taken to address these issues. In particular, we agree consumers should be able to more easily compare plans and providers. Our latest research¹ shows that only 51% of internet customers and 58% of mobile customers think that it's easy to compare plans.

However, we are not convinced the Commission issuing guidelines (which would then be incorporated into an industry RSQ code by the

¹ Our data is from a nationally representative survey of 1962 New Zealanders aged 18 years and over, which took place in between 17 August and 21 September 2022.

Telecommunications Forum (TCF)) is the best way to implement the proposed solutions.

In our view, the Paper does not justify this approach so we would have liked to have seen further discussion of this. Consumer NZ does not support the use of industry codes and considers a higher level of intervention (i.e. Commission RSQ codes) is required.

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 change.

We are also concerned that an industry code will only apply to providers that belong to the TCF. Providers that aren't members will not be covered.

If the Commission decides to issue guidelines under section 234 and wait for the industry to formulate its own RSQ code, 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 should be required.

3. Answers to specific questions in the Paper

Our answers to specific questions in the Paper are set out below.

Q1: What are your views on the option set out above for addressing this issue?

We support providers prominently displaying the average monthly cost of their services in all marketing where the advertised price is discounted or otherwise different from the average monthly cost.

Q2: What are your views on the proposed 24-month period for calculating the average monthly cost?

In our view, a period of 24-months or 36-months should be used to calculate the average monthly cost. Our research shows that a large majority of consumers (84% of mobile customers and 80% of internet customers) are likely to be with their provider for more than 2 years. Given this, it doesn't make sense to use a 12-month period for calculating the average monthly cost.

Q3: Do you support the implementation approach set out above?

No, as noted above, we would have liked to have seen further discussion as to why an industry RSQ code is preferable to a Commission RSQ code. We do not support the use of industry codes for the reasons outlined above.

Q4: How should we prioritise this issue relative to the other issues considered in this paper, if they are not addressed simultaneously?

We consider any issues relating to pricing (i.e. comparing prices, comparing total costs, comparing bundle pricing) should be given equal first priority given the cost-of-living crisis currently being faced by consumers in Aotearoa.

Q5: What are your views on the option set out above for addressing this issue?

We agree steps should be taken to improve transparency (at the point of sale) of the total minimum cost consumers can expect to pay over the offer period.

Q6: Do you support the implementation approach set out above?

No, see question 3.

Q7: How should we prioritise this issue relative to the other issues addressed in this paper, if they are not addressed simultaneously?

See question 4.

Q8: What are your views on the option set out above for addressing this issue?

We agree that consumers should be able to compare the core elements of plans more easily. As stated in the paper, this has been done in other jurisdictions so there is no reason why it shouldn't be available to consumers here.

Q9: What views do you have on the key fields of information that should be included in a broadband and mobile offer summary?

We support the inclusion of the key fields of information set out in paragraph 57 of the Paper. Roaming charges should be included in 'fees and charges'.

We also consider it should include information about what to do if a consumer has a complaint.

Q10 and 11: Ignored as they repeat question 9 above.

Q12: What views do you have on the prescribed standard template format and length that should be included in a broadband and mobile offer product summary?

We support the information being in a standardised form and format to allow comparisons to be made more easily. We suggest there is also a minimum size 10 font specified.

We also agree there should be a maximum length. In our view, the summary should be kept to one or two A4 pages (depending on the product offered).

We also support the information being designed and tested in conjunction with consumers.

Finally, we think this information should be available both in store (in hard copy), and online and should be provided to the consumer prior to the formation of the contract.

Q13: Do you support the implementation approach set out above?

No, we are not convinced this approach (i.e., leaving the industry to do this, without further specific guidance) will be sufficient.

Also, what is a 'reasonable timeframe' is open to interpretation. A timeframe should be specified.

Q14: How should we prioritise this issue relative to other issues considered in this paper, if they are not addressed simultaneously?

We think this information should be equal first priority with pricing information.

Q15: What are your views on the options set out above for addressing this issue?

We agree the best way to help consumers compare bundled products would be to require greater transparency at the point of sale, by showing the bundled price of each service against the best available unbundled price for the same service. This would highlight the true discount offered and allow consumers to compare the offerings of other providers.

Q16: Do you support the implementation approach set out above?

See question 3.

Q17: How should we prioritise this issue relative to the other issues considered in this paper, if they are not addressed simultaneously?

See question 4.

Q18: What are your views on the options set out above for addressing this issue?

We agree that Retail Service Providers (RSPs) should be required to report on customer numbers using a consistent methodology. Without such a requirement, RSPs will continue to provide inconsistent information to consumers. This makes it difficult for consumers to make informed choices based on customer numbers.

Q19: Are there other globally accepted measures for defining mobile or broadband customer numbers that would be more appropriate than the ITU definition?

No comment.

Q20: Do you support the implementation approach set out above?

See question 3.

Q21: How should we prioritise this issue relative to the other issues considered in this paper, if they are not addressed simultaneously?

Although it is important that RSPs report customer numbers consistently, we consider this to be of lower priority than the other issues considered in the paper.

Q22: What are your views on the option set out above for addressing this issue?

We agree coverage information needs to be improved for consumers and support the three-step process set out in the Paper. This includes agreeing consistent calculation methodology and terminology, enhancing mobile coverage address checker functionality, and creating a single integrated coverage map where consumers can check all mobile providers.

Q23: How long do you consider we should allow for delivering each of the three stages of improvements contemplated in the option set out above?

Obviously, the sooner this is implemented, the better for consumers but we have no specific timeframes in mind.

As stated above, if industry codes are to be used, specific timeframes should be set out to avoid unreasonable delay.

In the meantime, we support voluntary implementation by industry ahead of the codes being finalised.

Q24: Do you support the implementation approach set out above?

See question 3.

Q25: How should we prioritise this issue relative to the other issues considered in this paper, if they are not addressed simultaneously?

We consider this should be second priority, after pricing and plan inclusions, but before customer numbers.

Thank you for the opportunity to provide comment.

ENDS