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By email to: Mobile Stakeholder Group
Broadband Stakeholder Group
Consumer Stakeholder Group

Tēnā koutou

Improving Retail Service Quality - Switching Issues Update

Background

1. On 20 March 2025, we published our *Improving Retail Service Quality – Switching Issues Paper* for consultation. Our paper set out to identify issues with the mobile and broadband switching process based on direct engagement with consumers and using switching practices in other jurisdictions and industries as points of comparison.

2. In our paper we highlighted several key areas of concern with the switching process, including:

   2.1 16% of consumers in the UK switch their mobile Retail Service Provider (**RSP**) annually but only 6% in NZ;

   2.2 50% of mobile switchers and 45% of broadband switchers experienced at least one issue while switching, including service interruptions, billing issues and setup delays; and

   2.3 29% of mobile switchers and 27% of broadband switchers said that, due to the experience, they are unlikely to switch again in the future.

3. We signalled our concern that high inertia levels in New Zealand are being reinforced by frictions in the switching process that risk dampening competition.

Review of submissions

4. We received 11 submissions from stakeholders including from RSPs, industry participants and consumer groups.

5. The feedback we received largely reflected existing market share positions and commercial interests. The largest providers generally considered that the current process works well and only minor changes might be needed. Conversely, smaller providers tended to consider that more substantive changes are necessary.

5.1 Major RSPs and the New Zealand Telecommunications Forum (**TCF**) highlighted already established processes which enable switching, such as number portability and two industry codes. They recommended an industry-led approach to first investigate and size issues and then implement improvements by reviewing current codes and processes.

5.2 Smaller RSPs and consumer groups viewed the issues identified in our work with consumers as important areas of concern. They supported direct intervention, with Technology Users Association of New Zealand (**TUANZ**) suggesting Commission-issued guidelines to help industry develop a comprehensive Switching Code. Consumer NZ called for a consistent, enforceable, industry-wide Retail Service Quality (**RSQ**) Code.

6. Although views differed on the scale of changes needed, there was near unanimous support from submitters for improving certain aspects of the switching process, which provides an obvious starting point for further engagement. We therefore propose to move forward on the basis that industry has made good progress on switching to date, including through existing codes and mechanisms, but that there are opportunities to improve this further.

Proposed Next Steps

7. We would like to thank everyone who submitted for taking the time to consider the Switching Issues Paper and provide feedback. Having considered submissions, we remain of the view that action is required to address the level of concern identified by consumers but consider this should happen in a targeted and pragmatic way with industry taking the lead.

8. As noted above, our intention is to focus on areas where there was the most consensus for change and filter out other areas. The key items to proceed and the key items to be filtered out are as follows (with a more detailed breakdown in Appendix 1):

9.

Items to Proceed	Reason
Billing issues (Notice Periods/Switching date)	Submitters generally agreed that addressing billing issues around "double billing" by the new and old service providers would likely have the greatest consumer impact. We agree that this is the single biggest issue for consumers. However, views were divided on whether the best way to address this issue is by removing notice periods or switching on a designated switching date (at the end of a notice period). The relative costs and benefits of these options need to be further considered by industry in the next stage of the process.

New codes (Manual Switching/ Switching BB technology)	Extending industry codes to cover more scenarios and providing better experiences for consumers was generally supported by submitters. We agree and have discussed with the TCF the possibility of whether moving to a single technology neutral code would now be preferable for both industry and consumers.
SIM activation	A review of the porting process to reduce barriers for consumers was supported by most submitters. We agree that improving this aspect of the mobile switching process, to the extent possible, would be useful given consumer feedback and the shift to e-SIMs.
Aligning activation with delivery	Addressing issues with service interruptions due to switching happening before the consumer has their new device was generally supported for review. We agree that switching when consumers have their new device would avoid loss of service problems and would be consistent with switching requirements in other areas (such as the requirement under the Copper Withdrawal Code that Chorus not switch off copper until the replacement fibre service is operational).

Items to Filter Out	Reason
One Touch Process	This was seen by some submitters as the ultimate goal but, due to the expected significant cost, industry generally considered that other improvements should be tried first. We agree that the likely cost and complexity of such a model mean that other improvements should be tried first.
Customer porting portal	Consumer groups generally supported but industry questioned this from a cost-benefit perspective. We agree that the likely cost means that other improvements should be tried first. It is also possible that switching on a date agreed with consumers may reduce the need for them to “look into” the status of their switch through a portal.
Dedicated customer support teams	Industry considered that this was a commercial-competitive decision and some RSPs already have them. We tend to agree that this is an area for commercial differentiation – as with other dimensions of customer service.

10. We welcome the support from industry for a co-regulatory approach on switching and, as a next step, will look at the best way of progressing switching issues through the TCF. We are open to suggestions from industry on this question.

11. Our aim is to identify an agreed way forward (on process and approach) by the end of September 2025. A project plan can then be developed by the TCF for the framing and delivery of improvements. We are mindful that the industry is currently focused on various other consumer-facing issues (such as the 3G shutdown) and that the timeframe for the TCF process will need to have regard to these other priorities.

12. Finally, we intend to continue to monitor the switching process through our Consumer Satisfaction Monitoring Programme. We plan to ask consumers who have been through the switching process to share their views on the experience. We propose to share the results of this further engagement with individual providers. This is intended to provide further insights as the TCF process moves forward and to further develop our evidence base. We do not intend to publish these results to consumers.

13. If you have any questions on this letter, or the Commission's work in this area, please contact Andrew Young via email to market.regulation@comcom.govt.nz with "Improving RSQ" in the subject line.

Ngā mihi nui

Tristan Gilbertson
Telecommunications Commissioner

APPENDIX 1

Following the consultation, we matched the root causes with the improvement options consumers suggested and the submitter comments. We considered the concerns raised by industry and used these to determine the areas we think could most usefully be progressed through the TCF. The main factors we considered were:

- Stakeholder Support: Level of industry and TCF backing.
- Cost-Benefit Balance: Value of the option versus implementation cost for RSPs.
- Existing Implementation: Whether the option is already in place or partially implemented.

Root Causes from our Paper	Improvement Options from our paper	Submitter comments	Proposed areas for TCF to progress response
Manual switching: • No industry process for switching between some technologies so consumers have to juggle the process and timings themselves.	• ***One Touch*** automated gaining provider led process.	Industry felt that a new automated "one touch" process is cost prohibitive. However, they did suggest reviewing existing Codes and potentially developing new codes to cover scenarios like fibre to wireless.	**New Industry Codes**: Consider developing new industry codes that cover more scenarios.
Contacting the losing RSP when porting: • Consumers feel they need to contact losing provider due to notice periods and final bills. • Receive differing information from RSPs leading to confusion or losing RSP takes action causing timing to become 'out of sync'.	• ***Remove notice periods*** or ***switch on a designated date***. • ***One Touch*** automated gaining led provider process.	Larger providers stated that notice periods have a role to play (One NZ) - but may be able to consider aligning switching with notice period (Spark). Challenger RSPs and consumer groups keen to see them removed.	**Billing Issues (Notice Periods/Switching date):** Consider removing notice periods or switching on an agreed date.

Root Causes from our Paper	Improvement Options from our paper	Submitter comments	Proposed areas for TCF to progress response
Taking an interest free phone: • Not receiving clear information on costs at sign up. • Delays receiving phones, with phones arriving after service has gone live • Not receiving clear phone set up instructions.	• ***Aligning activation with delivery*** so that porting doesn't happen until customer has the device. • ***Improving communications*** to ensure they set clear expectations with consumers.	Overlap with product disclosure issues – but support for looking at aligning activation with delivery (noting this could delay switching).	**Aligning activation with delivery:** Investigate possible process.
Changing Plan type: • Current process isn't set up to handle a switch of this type • Lack of clarity on roles • No processes for refunding prepaid credits.	• ***One Touch*** automated gaining led provider process.	Industry felt that a new automated "one touch" process is cost prohibitive. However, they did suggest they could review existing Codes and potentially develop new codes.	**New Industry Codes**: Consider as part of new code development.
SIM card activation: • Current process requires repeated inserting and removing of old and new SIMs. • Unclear instructions on RSP websites. • Not receiving new SIM card before their number is ported.	• ***Improving SIM activation process*** to avoid repeated inserting and removing SIMs. • ***Improving communications*** to ensure they set clear expectations with consumers. • ***Aligning activation with delivery*** so that porting doesn't happen until customer has the device.	Consumer Groups supported updating the process. Industry noted some overlap with product disclosure issues (and the link to scam avoidance) but were open to further discussion and review.	**Improving SIM activation:** Look into reducing actions for consumers while maintaining security. **Aligning activation with delivery:** Investigate possible process.

Root Causes from our Paper	Improvement Options from our paper	Submitter comments	Proposed areas for TCF to progress response
Lack of comms on porting process: • RSPs aren't proactively providing updates / consumers unclear who to contact. • Customer service agents appear unable to view porting status. • Consumers waiting for porting without service.	• ***Developing a porting portal*** for consumers to track porting process online. • ***Dedicated RSP switching customer support teams***	Consumer groups were supportive of these improvements. However, industry felt the cost of a porting portal would outweigh the benefit and that dedicated teams are a commercial decision. TCF said portal access could be looked at for customer service agents.	**Billing Issues (Notice Periods/Switching date):** Reducing the uncertainty around the switching date reduces the need for a consumer portal. **New Industry Codes**: Consider refining industry codes so that customer service agents can better view porting status.
Notice periods: • Consumers either unsuccessfully trying to juggle end and start dates or ending up with "double billing".	• ***Remove notice periods*** or **switch on an agreed date**	Larger providers stated that notice periods have a role to play (One NZ) – but may be able to consider aligning switching with notice period (Spark). Challenger RSPs and consumer groups keen to see them removed.	**Billing Issues (Notice Periods/Switching date):** Consider removing notice periods or switching on an agreed date.
Switching broadband technology: • No industry code for switching if changing broadband technology. • Service can go live before modems arrive • Unclear modem instructions and support. • Initial bill higher due to modem costs.	• ***Aligning activation with delivery*** so porting happens when customer has device. • ***Improving communications*** to ensure they set clear expectations with consumers.	Some overlap with product disclosure issues – but support for looking at aligning activation with delivery (noting this could delay switching). Industry asserted that they already test comms material thoroughly and dedicated teams are a commercial decision.	**New Industry Codes**: Consider as part of new code development. **Aligning activation with delivery:** Investigate possible process.

Root Causes from our Paper	Improvement Options from our paper	Submitter comments	Proposed areas for TCF to progress response
Transferring a landline: • Communications can be more complex. • Instructions on the setup unclear and initial bill higher due to landline cost.	• ***Improving communications*** to ensure they set clear expectations with consumers • ***Dedicated RSPs switching customer support teams***	Some overlap with product disclosure issues. Industry said that they already test comms material thoroughly and dedicated teams are a commercial decision.	