One NZ submission on the Commerce Commission's Improving Retail Service Quality: Switching Issues Paper

15 May 2025

Introduction

1. We welcome the opportunity to comment on the Commerce Commission's (**the Commission**) Issues Paper on Improving Retail Service Quality: Switching (**Issues Paper**). Switching plays an important role in a competitive market. It is encouraging to see that the large majority of mobile and broadband consumers are satisfied with the switching process, with only 4% of mobile and 5% of broadband consumers dissatisfied with their switching experience.[1] This suggests that there are no major issues with the switching process that are impacting a significant proportion of telecommunications consumers.
2. Switching is an operationally complex process due to the nature of different services that consumers can purchase from telecommunications providers, the range of technologies used in providing services, the fact that services can be bought standalone or in combination as a

[1] Switching Telecoms Providers, Consumer Research Report, June 2024, https://comcom.govt.nz/__data/assets/pdf_file/0017/365012/Switching-Telecoms-Providers-Consumer-Research-Report-GravitasOPG-June-2024.pdf

bundle, and that devices may be purchased with a service, including under an interest-free payment agreement. We acknowledge that a small minority of consumers may experience issues when switching providers and there may be some targeted measures that could help improve outcomes for this group. We welcome the Commission's proposed approach to work collaboratively with industry on "cost-effective" solutions.

3. Our submission focuses on the switching issues identified in the Issues Paper and provides comments on some of the proposed potential solutions.

Summary of key points

4. The large majority of consumers are satisfied with their overall telecommunications switching experience, suggesting that the current processes are largely robust. We already have several well-established industry processes around switching and switching rates in the telecommunications market are largely comparable with electricity.

5. In this context, it is important that the size of the 'switching problem' is defined accurately to ensure that any solutions are proportionate and practical. We accept that a small minority of consumers can experience issues when switching providers and there may be opportunities to improve switching processes to deliver better outcomes for this group of consumers. We are open to working with the TCF to review existing industry switching processes to identify any improvements that can reasonably be made to enhance switching.

6. Absent any evidence of market failure, all operators have strong incentives to compete for and win customers from each other. We want consumers to switch. Equally, there are no wholesale issues with the switching process. If there are incremental measures to be taken to enhance switching, then this should be through carefully targeted and practical measures. Whether a measure is reasonable needs to be considered with reference to the nature and size of the issue identified, and confidence that the measure would support the resolution of that issue without creating additional complexities. In contrast, some of the Commission's proposed options would be disproportionate, impractical, and risk impacting innovation and efficiency of telecommunications operators.

7. The Issues Paper includes many issues that relate to other aspects of pre and post switching service delivery, including communication, transparency or customer support, not the technical or procedural aspects of switching. It is unclear how these issues operate to deter or complicate switching for consumers, and the Issues Paper does not support any conclusions on the point. The Commission should narrow down the issues directly linked to the switching process that it seeks to address.

8. The Commission states that a 'key objective for a competitive market is to ensure that consumers face no or very low barriers to change between products and services. This can

lead to increased competition.'[2] The Commission needs to be mindful of striking the right balance between i) promoting competition through the ease of switching and imposing costs through regulation; and ii) removing barriers to switching and protecting consumers against scams and fraud.

Research on 'switching issues'

9. To ensure that any intervention is properly targeted and proportionate, the underlying drivers and the size of the problem must be defined accurately.

10. The Commission has relied on a number of data sources to identify the issues set out in the Issues Paper, including focused research conducted by Gravitas, consumer satisfaction monitoring surveys, consumer complaints received by the Telecommunications Dispute Resolution (TDR) and the Commission, and qualitative interviews with nine consumers who had recently switched providers. The Issues Paper also appears to place significant weight on the findings of the monthly consumer satisfaction survey. We note that this research report covers service quality more generally and provides limited insight into switching issues. As such, this research should be used to compliment rather than substitute the more detailed Gravitas research on switching issues.

11. Additional conclusion that can be drawn from the research findings is that the large majority of consumers are satisfied with the switching process (85% for mobile and 84% for broadband). These figures are above the 80% "satisfaction benchmark" that the Commission deems acceptable.

12. The 80% benchmark that the Commission has set to measure an appropriate level of consumer satisfaction with telecommunications service quality is an arbitrary figure. The Issues Paper does not explain how this benchmark has been arrived at. It does not identify

[2] The Commerce Commission, Improving Retail Service Quality: Switching Issues Paper, 20 March 2025, p. 6, https://comcom.govt.nz/__data/assets/pdf_file/0016/365011/Switching-Issues-Paper-20-March-2025.pdf

other sectors that are comparable to the New Zealand telecommunications sector or the prevailing levels of consumer satisfaction in those sectors. As such, the 80% figure is not a benchmark in any genuine sense. It does not provide a standard or reference point against which performance of the New Zealand telecommunications sector can be compared – because no comparative analysis has been performed. As far as we can see, the 80% benchmark figure has simply been selected at random based on feeling for what a good number should be.

13. One NZ has not had the opportunity to complete a comparative sectoral analysis that would support a genuine benchmark figure. However, we note that in other contexts organisations with satisfaction in the order of c.60% have been judged to be performing well. We also observe that those consumers who have had a service experience issue with a telecommunications service provider in any area are unlikely to rate its performance highly in terms of the switching process, regardless of how well the process is performing in reality.
14. Moreover, the Commission's earlier research used to identify 'RSQ pain points' found that only '3% of internet users and 2% of mobile users had an issue with the disconnection of a service (including switching to a new company)', while only '10% of internet users and 5% of mobile users had an issue with a new connection/installation.'[3] The Issues Paper appears to be focused on a figure suggesting that 29% of mobile consumers are 'less likely to consider switching again in the future because of their switching experience.' However, 27% said that they would be more likely to consider switching in the future.[4] This leaves the promoter score for the switching process at a net negative of 2%. While we accept that there will be some consumers who experience issues when switching providers, these figures suggest that the current process is largely robust.

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[3] The Commerce Commission Improving Retail Service Quality – Draft Baseline Report, 14 September 2021, p. 34
[4] Switching Telecoms Providers, Consumer Research Report, June 2024, p. 15
https://comcom.govt.nz/__data/assets/pdf_file/0017/365012/Switching-Telecoms-Providers-Consumer-Research-Report-GravitasOPG-June-2024.pdf

15. The Issues Paper also appears to place significant weight to the consumer satisfaction research which indicates that around a third of consumers haven't switched their mobile or broadband provider because 'it is too much effort to switch providers.'[5] This response has been interpreted as 'perceived hassle of switching' and as evidence that the current switching processes have too much friction. However, this conclusion is not necessarily accurate. For example, just because consumers say switching providers is 'too much effort' doesn't always mean that the process itself is hard. This response could be equally driven by how consumers feel than what the process is really like. Psychological inertia means consumers tend to stick with what they know, even if switching might be easy. It's a natural human tendency to avoid change unless there is a strong reason. Someone might think "I could switch, but I don't want to deal with it right now", even if switching is easy. This is different from process friction. So when consumers say it's 'too much effort' to switch, they might just be expressing a general reluctance to change, not pointing to actual barriers in the switching process. In addition, consumers may also not see enough value in switching, especially if price or service differences between providers are marginal, which is often the case in our market. In this case, 'too much effort;' could mean 'not worth the hassle', rather than 'the process is difficult'.

16. Indeed, the switching quantitative research data that the Issues Paper strongly relies on to make the case for intervention seems to cast doubt on the extent of switching problems in New Zealand. In that research, survey participants provided open text responses to the question "What could have been improved with the switching process?" that included:[6]

    a. "Need fast networking."

    b. "Nothing really. Aside from courier leaving the router at the door in plain view of the street."

[5] NZ Telecommunications Customer Satisfaction Tracking, 6 monthly report, July – December 2024, https://comcom.govt.nz/__data/assets/pdf_file/0031/364648/Telecommunications-Consumer-Satisfaction-Monitoring-Report-JulyDecember-2024.pdf

[6] Column [EV], Switching-quantitative-research-data.xlsx

c. "Would like a local customer service to support the NZ workforce and economy too."

d. "[Telco]' could have been quicker to send a prepaid bag so we could return their modem. It took more than a month."

e. "A better deal for loyal customers."

f. "Being advised of where to place the modem in the house for better service right at the beginning of the set up."

17. These verbatim responses provide helpful insight into what respondents consider to be a switching issue – and demonstrate that in many cases the issues that have caused frustration or disappointment to the respondent **do not relate to the switching process or the extent of switching.** We expand on this concern regarding the quality of evidence relied on in the Issues Paper at paragraph [31] below.

18. In determining the extent of switching between providers, it is unfortunate that the Commission has not sought information from operators regarding the actual level of switching between them. Instead, it has extrapolated results from a small sample research response[7] to reach the conclusion that 6% of mobile and 10% of broadband consumers have provider in the last 12 months. For reasons given at paragraph [28] below, we do not think this short-cut methodology has delivered an accurate estimate of inter-operator switching. In addition, the Commission has ignored the extent of intra-operator switching within service providers. When this is included, we see a pattern of consumers regularly taking steps to determine the value of their current service and to change to services that they think will deliver greater value or meet their needs. If, as the Commission says, '[a] key objective for a competitive market is to ensure that consumers face no or very low barriers to change between products and services'[8] then the extent of intra-operator switching and the role it

[7] To the Telecommunications Customer Satisfaction Monitoring report (July- December 2024).
[8] The Commerce Commission, Improving Retail Service Quality: Switching Issues Paper, 20 March 2025, p. 6, https://comcom.govt.nz/__data/assets/pdf_file/0016/365011/Switching-Issues-Paper-20-March-2025.pdf

plays in matching consumers to the right products and services should be included in scope. As research from other jurisdictions indicates, consumers can benefit regardless of whether they swich mobile provider or simply change plan with an existing provider.

19. As noted, the Commission has looked at switching processes and regulatory interventions in overseas jurisdictions. This analysis has been used to inform the potential solutions listed in the Issues Paper. In particular, the Commission cites with approval selected rates of switching in other jurisdictions which it then contrasts with what it considers unfavourable levels of switching in New Zealand.

20. However, it is important that the overseas examples are understood within their context. It is unhelpful to simply produce a 'laundry list' of features and rules relating to switching drawn from overseas markets and to suggest that the New Zealand sector is deficient or has failed because it does not have these features or rules. For example, a "One Touch" switch process was introduced in the UK to address specific and widespread issues with broadband and landline switching dating back for decades and arising within a different context, problem history and mix of causes. Introduction of the One Touch process occurred as part of Ofcom's '...work to implement the European Electronic Communications Code ... [and]...put in place new General Conditions for providers of fixed voice and broadband, and mobile services.'[9] One of the main reasons this regulation was introduced by Ofcom was to address the complexity associated with fixed service switching between a growing number of separate fibre networks. The attributes of the One Touch switch process are set by Article 106 of the European Electronic Communications Code, which envisages switching and porting as a "one-stop shop". In implementing these requirements, Ofcom was following mandatory European law rules and did not have to assess the necessity, proportionality or cost of doing

[9] Statement on changes to General Conditions, [2.3] at https://www.ofcom.org.uk/siteassets/resources/documents/consultations/category-2-6-weeks/211987-simpler-broadband-switching/associated-documents/statement-quick-easy-and-reliable-switching?v=327450

so – in transposing these European rules into UK law it was required to give ‘maximum effect’ to them without balancing considerations.

21. In contrast to Ofcom’s position, if the Commission wishes to have a “One Touch” switch process introduced in New Zealand, it must follow recognised principles of good regulatory practice, including that regulatory interventions should be based on evidence of a market failure, evaluated on the basis of a cost-benefit assessment and proportionate to the problem identified, and designed to have the least adverse impact on market competition. The Issues Paper gives no indication that these matters have been considered.

22. Instead, as it stands, the Commission has included the a “One Touch” switch process as a solution it thinks is required without any evidence to show that it is necessary in New Zealand, how it would operate in a local context, and without engaging with all relevant considerations regarding its implementation in the New Zealand market. The Commission supports the “One Touch” switch process because ‘...consumers only need to contact their gaining RSP to switch regardless of the type of switch they are undertaking. This will make it quicker and easier for consumers to switch between RSPs.’[10] In addition to any fundamental analysis, what is also missing from this statement change is any examination of local context – including, for example, of the extent to which switching and porting processes in New Zealand are already led by a consumer contacting their gaining RSP or any reference to the fact that we already have a TCF Fibre Transfer Code which ensures a smooth switching process between separate wholesale fibre networks. Without any proper analysis of existing local context, it is tempting to suggest that the Commission has simply conducted a desk-based survey of ‘worthy ideas’ from across the globe and concluded that these must inevitably be replicated in New Zealand.

23. To our knowledge, the Commission has not reviewed the existing industry switching processes. For example, it has not engaged with the detail of existing regulation in the form

[10] Issues Paper, [33]

of the TCF Fibre Transfer Code or Local and Mobile Number Portability rules. Equally, it has not sought information from telecommunications providers prior to publishing the Issues Paper. Its failure to do so, and its calls for additional regulation without first examining local conditions and existing regulation, constitutes a gap in the Commission's approach to developing the Issues Paper and a defect in the actions it suggests.

Low barriers to switching

24. There are low barriers to switching in the New Zealand telecommunications market. We have well-established industry processes to enable switching in both mobile and broadband markets. Mobile switching processes include number portability process, supported by the number portability determination and operations manual, and the IPMS centralised platform to enable mobile providers to interact on porting requests. We also have two industry codes which determine the process that must be followed by operators for the transfer of copper and fibre services.
25. Ease of switching needs to be balanced with the need to protect consumers against fraud and scams. This is particularly relevant for mobile switching processes, as scammers often attempt to carry out unauthorised number porting to gain access to consumers' bank account and/or other personal information with the use of their phone number. Some friction in the switching process may arise through measures that are objectively necessary to protect consumers.

Telecommunications switching rates are broadly comparable with other industries and overseas

26. The Commission's Telecommunications Customer Satisfaction Monitoring report (July – December 2024) states that 6% of mobile and 10% of broadband consumers have switched RSP in the last 12 months.[11] While the Commission states that '[t]here is no fixed proportion of

[11] https://comcom.govt.nz/__data/assets/pdf_file/0031/364648/Telecommunications-Consumer-Satisfaction-Monitoring-Report-JulyDecember-2024.pdf

the market that should be expected to switch. Consumers not switching RSP is not necessarily a concern if those consumers are satisfied with their RSP and do not face significant barriers to switching,'[12] it appears to have reached a conclusion that telecommunications switching rates compare poorly with other jurisdictions and sectors, and therefore something must be done. This is an odd conclusion given the Commission's acknowledgement that there is no fixed proportion of the market that should be expected to switch. It also ignores New Zealand market context where mobile and fixed operators compete hard to win business from each other through switching, and where consumers regularly change to services and plans that best meet there needs. In a competitive market, there is no set amount of switching that must inevitably occur.

27. The Issues Paper also states: 'Switching rate for electricity in New Zealand is just under 19% a year. This rate includes two categories; 6% "in-trader" switches (where consumers switch providers at the same address), and 12% "move-in" switches (where consumers are motivated by a change in address).'[13] We'd argue that the switching rate for mobile is more closely comparable with the "in-trader" switching in electricity because mobile services are not provided to a fixed address, meaning that a change in address does not act as a prompt for switching a mobile provider in the same way that it does for changing broadband (for which a 10% switching rate applies) or electricity provider. This logic would suggest that telecommunications switching rates are largely comparable with the electricity market.

28. In addition, the switching rate figures that the Commission refers to in the Issues Paper are based on a consumer survey, rather than actual switching data from industry. [*CI*]

[12] The Commerce Commission, Improving Retail Service Quality: Switching Issues Paper, 20 March 2025, p. 11, https://comcom.govt.nz/__data/assets/pdf_file/0016/365011/Switching-Issues-Paper-20-March-2025.pdf
[13] Ibid, p. 15

Issues and root causes

Misidentified 'switching issues'

29. As noted earlier in this submission, it is important that the size of the 'switching problem' is defined accurately to ensure that any interventions that follow are proportionate, justified and targeted.

30. A number of the issues identified in the Issues Paper are not directly related to the switching process. For example, the Issues Paper includes the following 'switching issues' which have been identified in the TDR complaints data[14]:

    a. 'Unauthorised transfers of mobile or broadband services'. This is not an issue with friction in the switching process, but rather relates to consumers alleging they have not authorised a specific service transfer.

    b. 'Installation delays'. While we appreciate that this can cause friction in the switching process, this is an installation process issue rather than a switching issue. Installation delays can be caused by issues like technician scheduling and equipment availability. These are service delivery issues that may or may not arise – they are not an inherent function of the switching process in New Zealand.

    c. 'Problems setting up modems due to unclear instructions'. This is a customer onboarding or product support issue, not a switching barrier. The switch may be complete, but 'unclear instructions' may impact the experience after the switch.

31. In addition, the Issues Paper notes that the Commission 'received 29 complaints relating to switching for the period July 2023 to June 2024.'[15] The Commission should share the details of these complaints to enable confirmation that they do in fact relate directly to and are inherent in the switching process. As it stands, we have some doubt that this is the case. based

[14] Ibid p. 18,
[15] Ibid., p. 18

on Commission data regarding complaints made about One NZ for the same July 2023 to June 2024 period. That data reports that the Commission received only [*CI*] switching-related complaints about One NZ in the period. Examination of the detail of these complaints indicates that they include matters that do not relate directly and are not inherent in the switching process, such as:

a. 'Customer alleges that One NZ is requesting a credit check to switch plans despite them already being a customer of One NZ.'[16] This is not a switching issue, but rather an internal account management policy that One NZ applies responsibility to determine affordability and the ability to pay for services. Credit checks may be required when a customer moves to a different plan type (e.g. from prepaid to postpaid, or to a plan with a higher credit risk), even if they are an existing customer. This is a standard risk management practice, not a flaw in the switching process.

b. 'Customer is experiencing some issues with reconnecting after initially planning to switch to another provider. Customer alleges that One NZ told them that [they] would get reconnected on a specific day, but this didn't happen.'[17] This issue relates to service restoration after a cancelled switch, not the switching process itself.

32. In addition, the Issues Paper includes the following 'switching issues' drawn from the findings from consumer research commissioned by the Commission[18]:

a. 'Higher than expected final bills from the losing RSP'. This issue is noted for both mobile and broadband. While we accept that a higher than expected bill can create frustration for consumers when switching providers, the cause of this is an issue with

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[16] Trader Complaints report Q2 FY23_24 – One NZ
[17] Ibid.
[18] The Commerce Commission, Improving Retail Service Quality: Switching Issues Paper, 20 March 2025, p. 19, https://comcom.govt.nz/__data/assets/pdf_file/0016/365011/Switching-Issues-Paper-20-March-2025.pdf

communication of final charges by the losing RSP and/or consumers' engagement with that information provided to them, not a switching process flaw.

b. 'Higher than expected first bills from the gaining RSP which may have included unexpected cost or fees'. This issue is noted for both mobile and broadband. Similarly to the above, this issue is linked to pricing clarity and communication, not switching mechanics. The Commission is already addressing cost information disclosure through the product disclosure workstream – yet the Commission is 'double counting' this item as a switching issue as well and using it to support calls for another stream of interventions in the switching process.

c. 'Problems setting up their service due to unclear instructions'. At most, this a support and documentation issue. It's not made clear whether the issue arises from genuine problems with the quality of instructions or whether this impression is simply from the perspective of the customer. This matters when it comes to deciding whether any weight can be given to this item as evidence of intervention.

d. 'Customer service and support problems when requiring assistance'. Where it exists, poor customer service is a generic issue that may arise from a wide range of aspects of an operator's performance. But it is not a switching process flaw. The Commission is already addressing 'customer service' under a separate RSQ workstream.

33. Misidentification of 'switching issues' is also apparent in the commentary on the root causes in the Issues Paper. For example:

a. The following reasons are listed for 'the issues consumers have experienced when electing to take interest free phones: Consumers are not receiving clear information on the monthly charges associated with paying off their phone as part of the sign-up process or are unaware of early payment penalties that may apply... Consumers may not receive clear instructions on how to set up the new phone.'[19] The first part of this extract suggests information disclosure issues, which the Commission is already addressing through its product disclosure workstream. The second part suggests an issue with the nature of information supplied about a device or a customer's understanding of this. As set out above, it's unclear whether instances where consumers believe they have not received clear instructions on how to set up the new phone indicate a) genuine problems with the quality of instructions given; or b) a perspective of the customer as to satisfaction with these instructions, the time and effort required to set up, and whether expectations (however these have been conditioned) are met. Regardless of which scenario applies, these issues are not related to how well the switch is carried out.

b. Many of the reasons for why consumers experience issues when they include a change in technology with their broadband switch are issues with information disclosure, consumers' engagement with this information, and technical support. These factors – including the following instances referenced by the Commission - affect the user experience after switching, not the switch itself: 'Where consumers need to set up a new modem on their new technology, they are not receiving clear instructions and support when they need it', 'An initial bill that is higher than expected may in part be related to some confusion concerning the costs associated with modems (including rental or pay off amounts) which the consumer was not aware of.'[20]

34. It is concerning that the Commission is placing weight on this material to support calls for intervention to change the existing switching process without properly examining the nature and quality of this evidence. There is significant doubt as to whether this material supports the case for intervention set out in the Issues Paper. Indeed, as explained above, much of the evidence is simply not relevant to the operation of the switching process, which the

[19] Ibid, p. 25
[20] Ibid, p. 32

Commission is seeking changes to. To properly support any case for change would require the Commission to more carefully assess the quality of evidence, to discard irrelevant evidence (including the instances outlined above) and to then consider what interventions, if any, are necessary, justified and proportionate based on evidence relating to issues that are directly related to and inherent in the switching process.

Consumers' expectations and understanding

35. As touched on in the commentary on the specific examples of issues above, the research indicates that consumers' recollections and understanding of the information provided to them play a significant role in their perception of the switching process. For example, 20%-30% of mobile switchers and 12%-23% of broadband switchers felt they had not been adequately informed about potential considerations such as service interruptions, early termination fees, and notice periods.

36. The research highlights that consumer dissatisfaction often stems from unmet expectations regarding service performance and customer support rather than the switching process itself. For example, 9% of mobile switchers and 10% of broadband switchers reported that their new plan did not meet their needs or that they expected better customer service. These issues are related to the overall quality of service provided by operators and not specifically to the switching process.

37. While it would be tempting for the Commission to conclude that the information that is currently provided to consumers is inadequate and that providing consumers with more information is the way to fix many of the above issues, this approach would ignore two key issues at play here:

    a. Consumers' recollections of the information that they had been provided with may not necessarily be accurate at the point when research was conducted. To our knowledge, the Commission has not requested or analysed information that operators actually provide in their communications to customers. By way of an example, One NZ already provides new customers with information to help avoid bill shock. One NZ's welcome emails that are sent to all new customers on fixed-term plans include information on the length of the contract and the early termination fees that would apply if the plan were cancelled early. Our bills also include details on the early termination charge that would apply if the customer cancelled their plan at that point in time. Each standard welcome email also includes the following information: '*As per our chat, your first bill will be more than your others. That's because it includes part-month charges which cover everything you use from the date you're connected until the end of your first billing month, along with one month in advance.*' In addition, all new customers are also sent a dedicated email after joining One NZ on what to expect from their first bill (refer to Appendix A). Meanwhile, when customers cancel their One NZ service, they are sent comms with information on what will happen next, including details on the notice period and that the final bill will include costs for the service until the end of the notice period as well as any outstanding amounts owing, such as those relating to interest-free payments.

b. The Commission's research indicates that consumers' engagement with the information they are provided with is part of the problem. While there are multiple factors that may influence how consumers engage with information provided to them by their operator, a key contributor is the sheer volume and complexity of disclosures that providers are required to present at the point of sale. The abundance of information, while well-intentioned, can lead to information overload, where consumers struggle to process and retain key details. When faced with too much information, consumers tend to skim, ignore or defer decision-making, which increases the risk that they will miss important terms or misunderstand key aspects of their service, such as notice terms and billing information.

Possible improvements

38. The Issues Paper includes a list of potential solutions. We welcome the Commission's willingness to work collaboratively with industry on potential solutions. Our view is that it is too early to consider specific solutions at this stage in the process and without a more robust evaluation of evidence to determine what actions (if any) might be justified and what problems are to be targeted. As noted above, the Issues Paper contains a long list of issues, many of which are not related to the switching process itself. As the next step, the Commission should redefine the issues that it seeks to address through this process. It should then work with industry on specific and practical solutions to address these issues.

39. While inconclusive in many respects, the Commission's research clearly does show that there are no fundamental issues with the switching process that are clear and obvious candidates for change. As such, material and costly interventions like the creation of a new "One Touch" switching process or development of a "Porting Portal" are unlikely to be justified. Subject to the Commission providing better definition of actual problems with the switching process, there may be opportunities to improve outcomes for consumers and there is likely to be support for reviewing existing industry codes and processes to address genuine issues. One NZ is likely to support an industry-led initiative to review existing codes and processes to determine whether genuine issues exist and, if so, to work through opportunities for improvement. However, until this industry-led exercise is completed, it is not possible to conclude on the case for changes to the switching process and what any change might look

like (i.e. there can be no expectation that these would resemble the measures suggested in the Issues Paper).

40. Any solutions implemented by industry to address a genuine problem with the switching process will need to be practical, targeted and avoid undermining incentives to compete and innovate. We do not support the suggestion for notice periods to be removed. Notice periods are a standard and well-established feature of service contracts across many industries, including telecommunications. They serve several important and legitimate purposes, including supporting operational planning and continuity, and business sustainability by helping operators manage churn and revenue forecasting which are critical for maintaining investment into service quality and infrastructure. Mandating the removal of notice periods or enforcing switching on a fixed date would be a disproportionate regulatory response to what is, in many cases, a manageable consumer expectation issue. The Commission can use existing regulation to address notice periods where it considers that these constitute an unfair contract term. These existing provisions set the statutory bar for when the Commission can and should interfere in private agreements between parties. It is not appropriate to use alternative means to subvert this statutory intent and pursue the wholesale setting aside of private contracts through use of Part 7 of the Telecommunications Act.

41. In addition, the suggestion to mandate operators to have 'dedicated switching teams accessible via a separate direct number or direct email to support consumers while they are switching' is not a practical solution and is not an appropriate use of Part 7 powers. The Commission offers no evidence that the substantial redesign of contact centre operations that this would require reflects the specific demand of end users of telecommunications services. As such, this change can't be said to be consistent with the purpose of a retail service quality code (or activities preceding this). Again, it is tempting to conclude that the Commission has been drawn to a very specific intervention measure without identifying the specific problem that intervention is required to solve or how the measure it is suggesting will address that problem in a proportionate, effective and targeted way. We have not examined the Commission's suggestion in any detail, but our very preliminary observations include:

    a. Any team, number or email 'dedicated' to switching is highly likely to attract a large and growing volume of non-switching issues if consumers perceive that using this channel will attract priority treatment etc.

    b. There is no evidence that dedicated service support performs any better than general service support in terms of timeliness, problem resolution, quality of engagement etc.

    c. Creating dedicated service support models to support each specific topic/issue (e.g. switching) is not efficient or workable in terms of contact centre resourcing, queue management, fail over approaches etc. Creating and maintaining separate teams for switching would require duplicating staff, training and infrastructure, which is highly inefficient. The substantial majority of switching-related queries can already be handled by existing customer service teams, who are trained to deal with a range of customer needs, including switching. As with any topic, there can be more complex queries and these are dealt with today through escalation or expert input as required.

d. This 'dedicated' model would also materially add to costs of service provision, which will ultimately be passed on to end users. Mandating dedicated teams would drive up costs for providers without delivering proportionate benefits to consumers.

e. The proposal would impose a one-size-fits-all model on providers, limiting their ability to design customer service systems that reflect the services they offer and the support model that aligns most closely with the demand of their customers. It would undermine operational flexibility, which is essential in a competitive market where providers should be free to innovate and differentiate their service offerings.

42. It is not credible for the Commission to suggest that industry should stand up 'dedicated switching teams accessible via a separate direct number or direct email to support consumers while they are switching' without engaging to any extent with these issues and others.

43. Lastly, the Issues Paper includes a suggestion that 'RSPs could also make sure they test their modem setup material with older consumers and consumers who identify as being less tech savvy, to ensure that they can be used by these groups'. This statement assumes – without any basis that operators don't already design communications material to ensure it is understood by and accessible to as many customers as possible. To the extent that there is a group of 'less tech savvy' consumers (and the Commission does not specify how large this is), there are preliminary questions that need to be asked including a) whether 'modem setup material' can in fact be further simplified while still fulfilling its core function (noting that the activity of modem setup is unavoidably 'technical' to some extent; and b) whether, if this can be done, the amended material would be more acceptable to the group of 'less tech savvy' consumers. While it is undoubtedly desirable that all consumers readily understand material supplied to them and are able to use it, reality is more complex than this. As technology continues to change and evolve, industry will need to find innovative and creative ways to serve the diversity of consumers. This innovation and creativity are stifled – rather than enabled – by the Commission proposing very specific measures without properly engaging with evidence and context.

Confidentiality

44. Confidentiality is sought in respect of the information in this submission that is contained within square brackets and is highlighted (**Confidential Information**). Confidentiality is sought for the purposes of section 9(2)(b) of the Official Information Act 1982 on the following grounds:

    a. the Confidential Information is commercially sensitive and valuable information which is confidential to One NZ; and

    b. disclosure of the Confidential Information would be likely to prejudice unreasonably the commercial position of One NZ.

45. We ask that the Commission notify us if it receives any request under the Official Information Act 1982 for the release of any part of the Confidential Information, and that the Commission seek and consider its views as to whether the Confidential Information remains confidential and commercially sensitive before it responds to such requests.

46. Please contact the following regarding any aspect of this submission.

[redacted]

[redacted]

Appendix A

Screenshot of an email that is sent to all new One NZ customers after they join

Kia ora

We hope you're enjoying your new One NZ plan and everything it offers. Your next bill will be on its way soon and the charges will be a little different from usual, so here's some information to help you prepare.

Changes on your next bill

Your next bill will be the first with your new plan included. Because you added it partway through the month, this bill will include a part-month charge for the current month (from the connection date to the end of the month) plus the usual full month in advance. This is a one-off, and there will only be one charge for the new plan from next month onwards. Other existing plans and any extras on your account remain the same.

For a detailed breakdown of the charges, refer to the bill statement accompanying your bill.

Ngā mihi
Your team at One New Zealand

If you're waiting to hear about another new plan you've requested, keep an eye out for further updates.