

6 June 2013

NZ Telecommunications Forum
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Attention: Jackie Clark

By email: jackie.clark@tcf.org.nz

**SUBMISSION on
TCF Broadband Product Disclosure Code**

Thank you for the opportunity to make a submission. This submission is from Consumer NZ, New Zealand's leading consumer organisation. It has an acknowledged and respected reputation for independence and fairness as a provider of impartial, and comprehensive consumer information and advice.

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1. General comments on the draft code

1.1 Consumer NZ welcomes the development of the broadband product disclosure code and the requirement for "offer summaries" to be provided for broadband plans. We would like to see offer summaries developed for all telecommunications services, not only for broadband.

1.2 While we support the intent of the code, the requirements for the offer summary need to be strengthened to ensure consumers are provided with appropriate and timely information they can use to compare services. Our main concerns about the code are summarised below.

2. Timing of disclosure

2.1 The stated purpose of the offer summary is to assist consumers compare services and make an informed choice about which broadband plan is best for them. In order to achieve this, we believe the offer summary must be provided to the consumer **before** s/he enters into a contract for a new service or plan.

2.2 We do not support the draft provisions in clause 8 of the code that would permit providers to only inform consumers that the summary is available or to make it available if requested. In our view, these provisions are not consistent with the stated purpose of the code.

2.3 We note that the Australian TCP code, which took effect from 1 March 2013, requires telcos to provide an offer summary (referred to as a "critical information summary") to the consumer before a contract is signed. We see no practical difficulty in introducing the same requirement here.

3. Pricing information

3.1 To enable meaningful comparisons between plans, the offer summary needs to contain critical information about pricing, including any special conditions. Clause 7.1.1(c) currently proposes the latter would be optional. Our view is that special conditions should be disclosed upfront.

3.2 Where the plan is sold as part of a bundle, pricing information relating to the other services in the bundle should also be included in the summary. Using the example provided on pages 17-18, this would mean key pricing information relevant to the home phone line (e.g., the cost of national, international and mobile calls) should be shown. Bundles of services are increasingly common and the omission of pricing information on some elements in a bundle risks misleading consumers.

3.3 To assist comparisons between plans, we recommend the TCF consider standard pricing measures that could be used in the offer summary. For example, the summary could show the cost of 1MB of data. Standard measures should also be considered for other services.

4. Special promotions

4.1 Special promotions are used frequently in the industry and we believe offer summaries containing critical information should accompany these promotions. We therefore do not support clause 6.2 which states the summary does not need to be updated to reflect limited time offers.

5. Dispute resolution

5.1 To provide useful information for consumers, the offer summary should contain additional information about dispute resolution and not be restricted simply to a statement about whether the company is a member of the TDR. We recommend further information should be included about how to make a complaint.

5.2 If the company is a member of the TDR, we recommend the following statement be included: "If you are not satisfied with the resolution offered by the company, you are entitled to make a complaint to the Telecommunications Disputes Resolution (TDR) scheme. The service is free. You can contact the TDR by phone on 0508 98 98 98 or by visiting www.tdr.org.nz."

6. Unfair contract terms

6.1 The TCF will be aware that amendments to the Fair Trading Act banning unfair contract terms are currently before parliament. We draw this to the Forum's attention as we consider at least one of the terms included in the example summary risks breaching these provisions.

6.2 In our view, the early termination fee of \$190 given in the example constitutes an unfair term. The fee remains the same regardless of when the consumer terminates the plan and we do not consider this "reasonably necessary" to protect the legitimate interests of the provider. At a minimum, the fee should decrease progressively over the term of the plan.

7. Information about speed

7.1 We are aware there are concerns about the proposed speed measurement information to be included in the offer summary. Any measure must be designed to provide consumers with meaningful information about the performance they can expect from a service. We understand a separate TCF group is working on the options for broadband testing. We look forward to seeing further details of the testing methodology.

Yours sincerely



Sue Chetwin
Chief Executive