

ISPANZ Press Release 2<sup>nd</sup> December 2022 – for immediate release

## **Telecommunications Disputes Resolution**

### **ISPANZ Rejects the Commerce Commission’s Approach**

The Internet Service Providers Association of New Zealand (ISPANZ) is the industry body representing internet service providers. Our members are primarily small to medium sized service providers. They are very focused on providing superior levels of service to their customers. That is one of their key competitive advantages. Our members are affronted at the Commerce Commission’s headline in their latest press release.

We have been discussing the Telecommunications Disputes Resolution Scheme with the Commerce Commission in good faith. Our submission on their proposals can be found on their web site:

<https://comcom.govt.nz/regulated-industries/telecommunications/projects/retail-service-quality?target=documents>

We take issue with the Commerce Commission’s approach for a number of reasons, which include:

- ‘Increasing consumer awareness of TDRS non-membership’ has nothing to do with what the Commerce Commission wants to achieve; the protection of consumers’ interests. Despite what the Commerce Commission’s press release implies, TDRS membership does not correlate with superior customer service. If it did, then TDRS would not receive any complaints.

- Should they have an issue with their service provider, consumers have many avenues available to them. They are not limited to the TDRS. Their interests are protected by the Consumer Guarantees Act and the Disputes Tribunal is available to hear any dispute.
- To resolve “the ongoing high level of complaints and disputes in the telecommunications sector” means improving the behaviour of telecommunications service providers. This cannot be achieved through membership of the TDRS. The TDRS is a mechanism for resolving complaints and disputes – it does not stop them occurring. Fresh thinking and a different approach are needed.
- The purpose of the Commerce Act 1986 is to “promote competition in markets for the long-term benefit of consumers within New Zealand”. For the Commerce Commission to publish lists of members and non-members of the TDRS is anti-competitive – especially when non-members have high levels of customer service and satisfaction. For example, of **the five finalists in the 2022 NZ Compare People’s Choice Broadband Awards only two are members of TDRS. The people have spoken, and they prefer providers which are not TDRS members.** Publishing lists of TDRS members and non-members leads consumers to believe that members must be best, and to give their custom to members. This is anti-competitive as it favours the self-selected group of TDRS members over non-members who may provide much better service. Steve Ritchie of DTS (an ISPANZ member) says *“DTS was a member of the TDRS for a number of years. In all that time we never had a single dispute go to TDRS. Our customers know that we provide superior service. They don’t need us to be a TDRS member.”* Voyager,

one of the finalists mentioned above and an ISPANZ member, was singled out by the Telecommunications Commissioner in the recent press release. The Commissioner said “most providers are committed to doing the right thing . . .but we’re disappointed that (companies including Voyager) don’t appear to feel the same responsibility.” Seeby Woodhouse, Voyager’s MD and founder, says *“Voyager takes pride in customer service and in resolving customer issues quickly and efficiently. It was deeply hurtful to me personally that the Commissioner should state that Voyager does not feel a high level of responsibility to its customers, customers who put us forward for the People’s Choice Award.”*

- TDRS costs are unfairly biased in favour of large service providers. Small ISPs are effectively penalised for the number of complaints that large ones generate. ISPANZ calculates that, on a per customer basis, the TDRS membership fee is between six and twenty-six times more for a small ISP than it is for a large one. James Watts of Inspire Net, an ISPANZ member ‘named and shamed’ by the Commissioner, says *“As a small, high-quality service provider that prides itself on good service, and at a time of high inflation and people struggling, it seems bizarre that the Commerce Commission would try to enforce a levy of over \$20,000 per annum on us to join a scheme that in our opinion we do not need. . . . In 25 years of business we have always believed in looking at our customers as our top priority, and yet we now seem to be being named and shamed by the Commerce Commission for not joining their overpriced scheme, which has to deal with complaints from companies that do not do such a good job of looking after their customers.”* TDRS fees are linked to

revenue, but for many ISPs only a small amount of revenue comes from consumers. Dan Faulknor of Prodigy Technology Services (an ISPANZ member) says *"If we joined, the fees would easily exceed a significant chunk of our consumer revenue, while being shamed on the Commerce Commission list may have a material impact on whether or not businesses (our primary target market) use our services - an impossible battle and unfair playing field for boutique providers."*

ISPANZ strongly recommends that, to replace their anti-competitive list of TDRS members and non-members, the Commerce Commission publish a list of all ISPs showing complaints per thousand customers per year. That would give consumers a clear picture of which service providers provided quality service. ISPANZ President Shaun Fisher of Vetta Online (an ISPANZ member, but not a TDRS member) says: *"Customers need information on the quality of service provided by ISPs. The TDRS does not do that, it is the ambulance at the bottom of the cliff. A list of all ISPs showing their rate of complaints per customer would give consumers useful information. I believe that ISPANZ members would compare well against TDRS members on any such list."*

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