



# TCF Annual Report 2018

**TELECOMMUNICATIONS**  
ENABLING NEW ZEALAND'S FUTURE





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## A MESSAGE FROM OUR CEO



The 2017/2018 year has seen some shake ups at the TCF. Quite literally, in the case of the Wellington office needing to move premises after being displaced by the Kaikoura quake, and figuratively, in response to growth, as the country's appetite for digital services continues to grow, and we adjust to a changing regulatory landscape.

We're now safely re-housed on Lambton Quay, and focused on an ongoing compliance and code review project; preparing for the new retail regulatory regime that is expected to be implemented later in 2018 when the Telecommunications Act is amended. The new environment will mean an increased focus on consumer matters and oversight of the industry by the Commerce Commission.

We've been busy developing new codes which will establish customer service standards, such as the Fibre Installation Code which establishes industry-wide processes to improve consumer experience with fibre installs.

Our ongoing commitment to consumer protection has now been formalised in a range of codes. The Scam Calling Prevention Code establishes information sharing processes to help identify and prevent scam calls. While the Disconnection Code helps to protect consumer rights, and the Vulnerable End Users Code ensures consumers with a dependency on communications services are prioritised. Updates to the International Mobile Roaming Code give consumers greater visibility of potential costs when roaming overseas.

A handwritten signature in black ink, appearing to read 'G. Thorn', followed by a horizontal line.

Geoff Thorn  
CEO

New Zealand Telecommunications Forum (TCF)

The Broadband Product Disclosure Code establishes a standard for presenting broadband service descriptions, so consumers can make more informed choices between service providers.

All these workstreams contribute to a better consumer experience with telecommunications providers.

We support increased transparency in the industry and have encouraged the publication of complaints and enquiries data by the Telecommunications Dispute Resolution (TDR) scheme. The resulting information allows a comparison with other industries and jurisdictions and this comparison shows that the New Zealand telecommunications industry compares very well against other industries and jurisdictions (see page 11).

Overall, I'm proud to say the TCF has played a vital role in the ongoing development of New Zealand's telecommunications industry. Our members have been tirelessly lending us their technical expertise, so we can work collaboratively to develop key industry standards and codes of practice that underpin the industry's contribution to New Zealand's digital economy.

I would like to thank all the individuals across the industry, who have contributed to the TCF's work over the last year. Without that contribution and commitment, the TCF would not have been able to achieve as much progress as has been made this year.

# SNAPSHOT: NEW ZEALAND'S TELECOMMUNICATIONS INDUSTRY

**\$1.58b**

Invested in  
2016/2017,  
29% of total  
revenue



Over 1.3 million  
end users are  
currently able to  
connect to UFB,  
with 42.3% uptake



UFB will be  
available to 87%  
of New Zealanders  
by the end  
of 2022



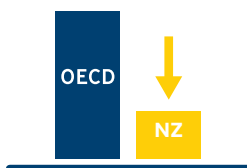
Fixed line  
data usage  
increased 500%  
between 2012 – 2017



New Zealand's  
average fixed  
broadband download  
speed increased  
by 40% from 2016



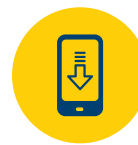
The cost of New  
Zealand's broadband  
plans are 5% – 15%  
cheaper than  
OECD average



The cost of New  
Zealand's mobile  
calling plans are  
27% – 47% cheaper  
than OECD average



Mobile minutes  
increased 83%  
between  
2012 – 2017



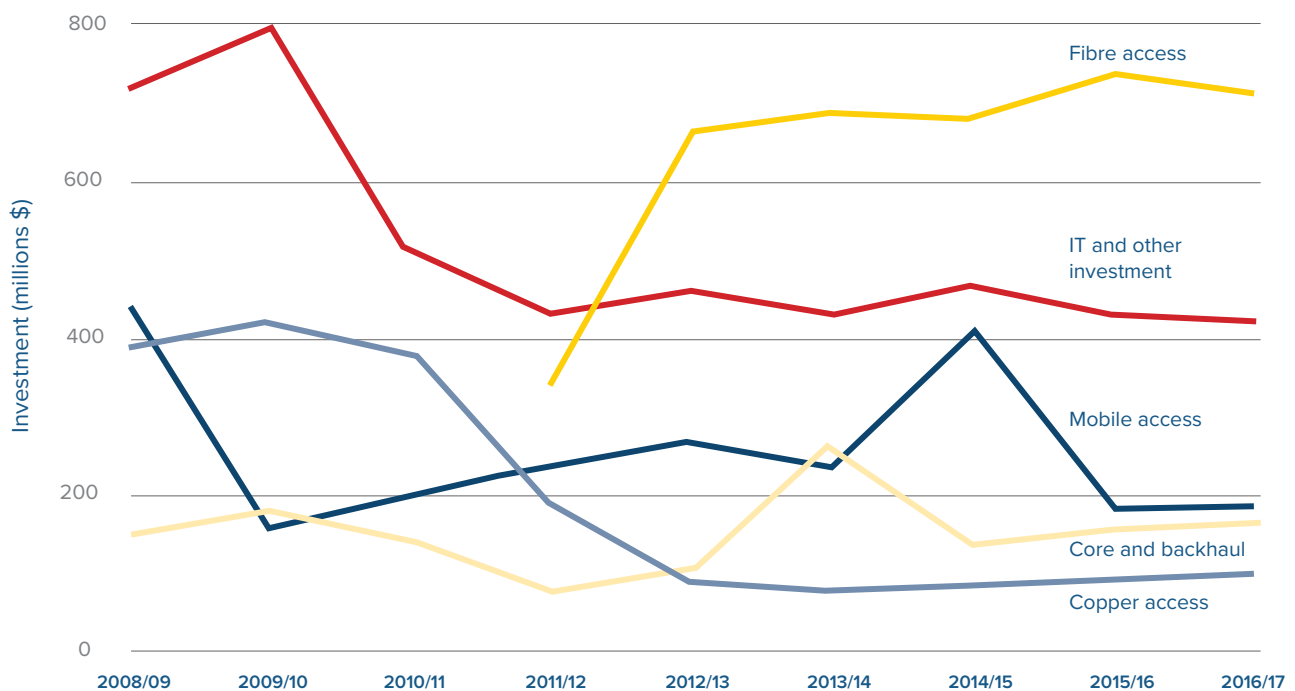
Mobile data  
usage increased  
1,600% between  
2012 – 2017

# TELECOMMUNICATIONS: ENABLING NEW ZEALAND'S FUTURE

## INDUSTRY INVESTMENT

In 2017, the industry invested \$1.58 billion in infrastructure, which was 29 percent of the industry's total revenue. Investment in the fibre roll-out continues to dominate all the other industry investment, totalling 45 percent of all investment by type.

Annual Telecommunications Investment by Type



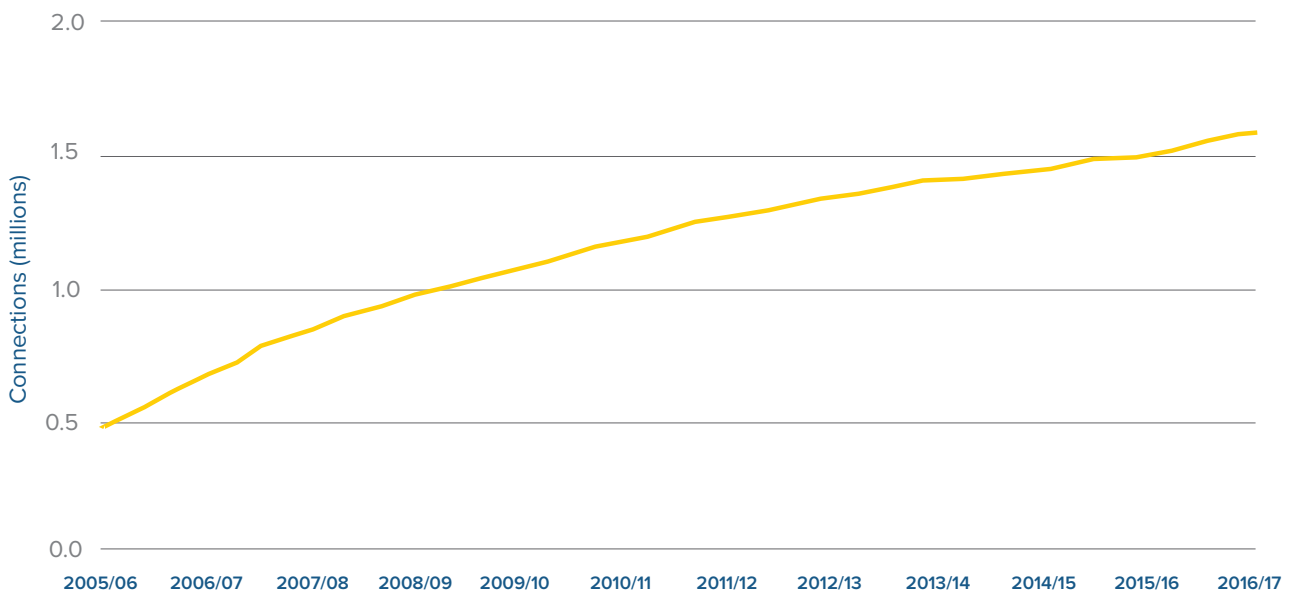
## COVERAGE AND CONNECTIVITY

New Zealand is well served for international capacity. Cables connecting New Zealand to the rest of the world include the Southern Cross cable, Tasman Global Access (TGA) cable, and the recently completed Hawaiki cable.

The number of domestic fibre connections continues to increase rapidly, with the Ultrafast Broadband stage 1 (UFB1) rollout nearing completion. As of March 2018 there were over 550,000 established fibre connections, with over 1.3 million households and businesses able to connect to UFB. In total, UFB will be available to 87 percent of New Zealanders, in over 390 towns and cities by the end of 2022.

The new schedule for the Rural Broadband Initiative Phase Two (RBI2) and the Mobile Black Spot Fund (MBSF) aims to have both projects substantially completed by the end of 2021 – a year earlier than previously planned. Once completed, RBI2 will allow improved rural broadband to be extended to more than 70,000 rural households and businesses. Geographic mobile coverage is expected to increase from 50 percent of the country to 70-80 percent with MBSF infrastructure in place.

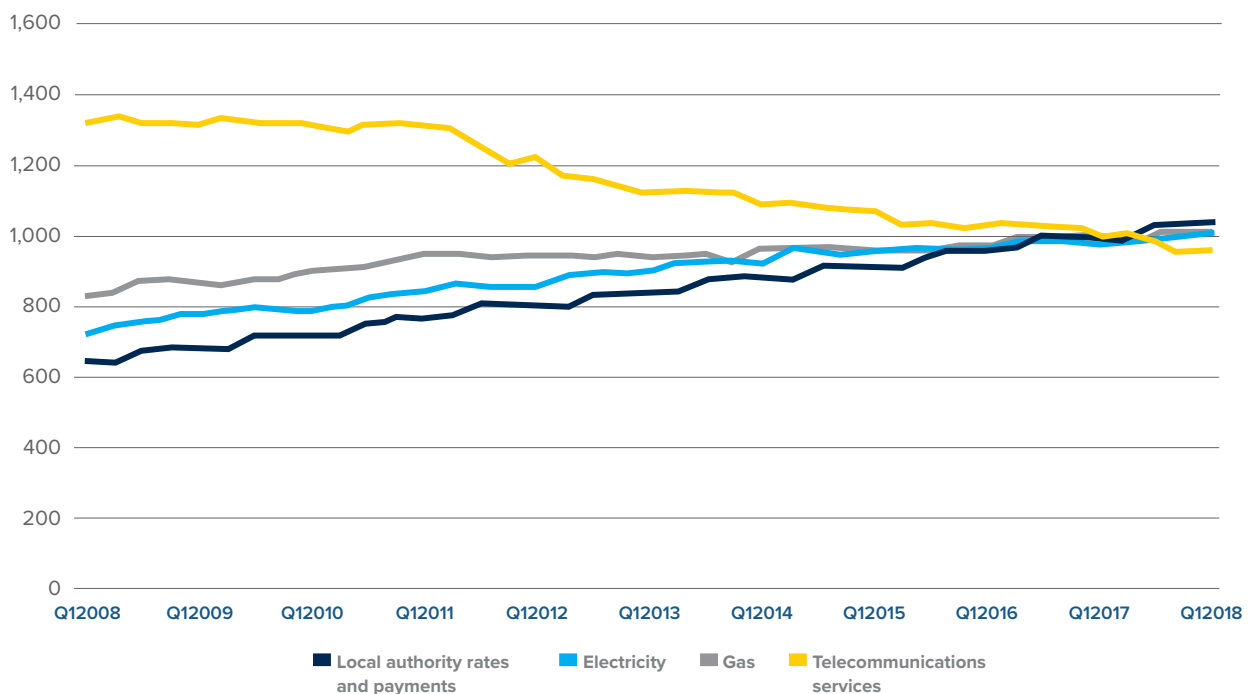
### Growth in Fixed Broadband Connections



## COSTS FOR CONSUMERS

The cost of telecommunications services continues to decrease for consumers, even as the cost of comparable utilities such as electricity and rates increases over time. The latest Stats NZ Consumer Price Index shows the cost of telecommunications services dropped five percent between Q12017 and Q12018.

### Consumer Price Index: Telecommunications vs. Utilities



The Commerce Commission reports New Zealand's mobile and broadband plans range between five percent to 47 percent below OECD average; and IDC reporting certain telecommunications services have decreased in price by as much as 26 percent in 2017 due to the highly competitive retail side of telecommunications.

In 2017 the Commerce Commission announced that 90 percent of the reductions in regulated wholesale broadband prices had flowed through to consumers rather than being retained as profits by the industry.



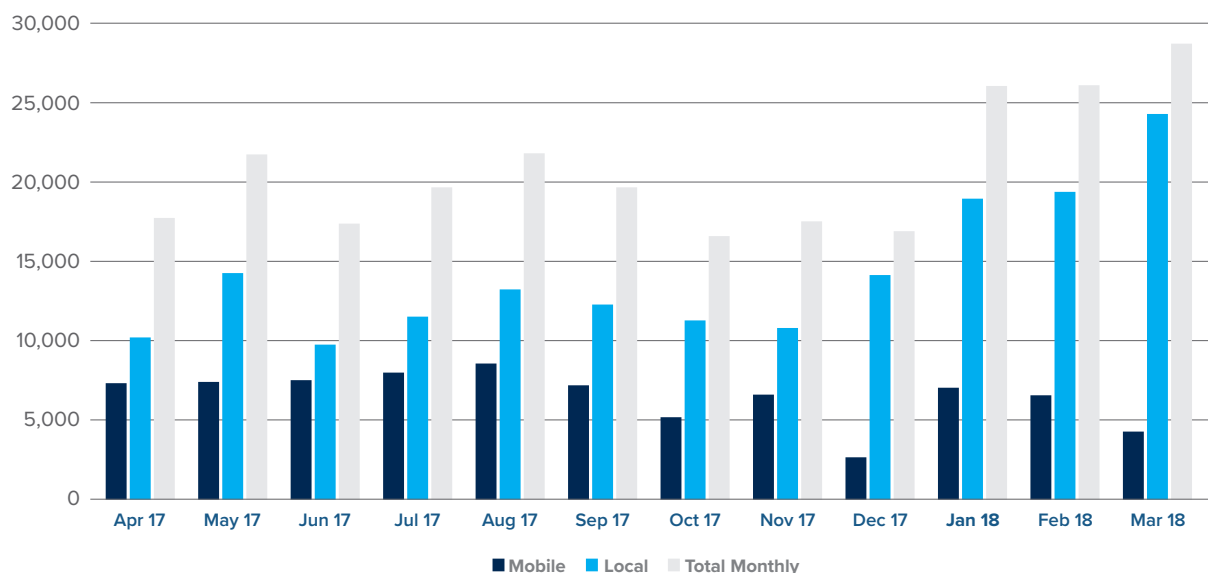
## ENABLING CHOICE

2017 marked the 10th anniversary of LMNP (Local and Mobile Number Portability), which gives New Zealand consumers and businesses the ability to keep their existing local or mobile phone number if they change telecommunications providers. Since the inception of LMNP, over 3.4 million fixed and mobile numbers have been ported.

Another initiative by the TCF, providing increased transparency across the industry, requires all Broadband providers to publish information about the costs and delivery of services they provide in a standard format, so consumers are able to make more informed decisions when it comes to their choice of service provider.

Consumers have benefited significantly from these initiatives, as they can now more easily compare rates and services offered by various telecommunications retailers, and avoid the cost and administration associated with changing their numbers if they choose to switch providers.

### Local and Mobile Number Porting Yr Ending March 2018



## CRIME PREVENTION

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Crime prevention is a key area of focus for the telecommunications industry. Members of the TCF work collaboratively with the New Zealand Police, Netsafe, CERTNZ and other industry bodies to reduce the impact of crime on the community.

The industry's blacklisting service prevents criminals profiting from phone theft. Devices that have been lost, stolen or obtained through fraud are blacklisted and will no longer work on any New Zealand mobile network. The TCF runs a free look-up service, so consumers can check the IMEI number of a handset to see whether it has been blacklisted, before purchasing it. Most lost or stolen phones are blacklisted almost immediately (94 percent), and listed on the lookup service.

The TCF has formalised a range of processes already in place for the industry to deal with instances of scam callers, in the form of a Scam Calling Prevention Code. The code creates a consistent approach to identifying, verifying and blocking scam calls. It's anticipated to reduce the number of instances of scam calls received by consumers, while minimising the impact of traffic monitoring on legitimate calls.

## EMERGENCY SERVICES

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Consumers require access to emergency services at any time, so the Emergency Services Calling Code ensures all operators allow access to emergency calls, even when other services are restricted on a device.

Each year, there are more than 2,000,000 calls to emergency services. In 2017, more than 80 percent of calls to 111 were made from a mobile phone, and NZ Police recorded over 1,800 incidents where they had to make a special information request to a mobile network provider for a caller's location.

To help emergency services reach people in need more quickly, the industry assisted with the development of a caller location system for 111 mobile phone calls, aiming to improve public safety and save lives. The system automatically provides emergency services with a more precise location of a 111 caller than was previously available.

The Civil Defence Emergency Mobile Alert system was also launched in 2017. Facilitated by the telecommunications industry, this system uses cell broadcast technology to send alerts of potential natural disasters to people within range of the emergency's location.



## CUSTOMER SERVICE

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The TCF has been facilitating a range of initiatives to improve customer service across the telecommunications industry since 2006. Work undertaken by the TCF includes the development of industry-wide codes to improve customer service, and the development of a consumer education channel with helpful consumer information and advice.

Installation of fibre for residential customers has been an area of focus for the TCF; in particular, improving customer service during the UFB installation process. An initiative underway is the development of a UFB Installation Code, which is intended to set clear expectations on delivering a good customer experience when communicating, installing and connecting fibre telecommunications services for a customer.

Another important piece of customer service work has been the Disconnection Code; setting minimum industry requirements for disconnection policies, and fostering better industry practice. The code encourages service providers to take all appropriate measures before disconnecting a service due to missed bill payments. The creation of a Vulnerable End Users Code helps to ensure service providers identify and prioritise the needs of consumers who rely on access to fixed-line communications services.

The TCF has also recently updated its International Mobile Roaming guidelines, to improve consumer awareness about the cost of using data services while connected to overseas networks, and set standards for network providers to communicate with customers using services while overseas.



## ENVIRONMENTAL RESPONSIBILITY

Sustainability and product stewardship are key areas of development across the telecommunications industry. The TCF's product stewardship scheme, RE:MOBILE, is accredited by the Ministry for the Environment. The scheme collects and recycles unwanted mobile devices in partnership with mobile network operators 2degrees, Spark and Vodafone; and recycling partner SwapKit. Proceeds are donated to award-winning New Zealand charity Sustainable Coastlines.

In the 2017 financial year, RE:MOBILE collected 101,630 unwanted devices; saving over 11,000 tonnes of hazardous waste from going to landfill. These phones are either on-sold to emerging markets; or recycled, with over 96 percent of components re-used in the circular economy. Over \$50,000 generated by the scheme was donated to charity partner Sustainable Coastlines.

### 2017 RE:MOBILE key achievements and benefits



**101,630**  
phones collected



**11+ tonnes**  
of e-waste diverted from landfill



**\$50,000+**  
donated to charity partner Sustainable Coastlines



**6.3M**  
Audience reach through promotional activities  
25% increase on previous year



**3,325+**  
Page views remobile.org.nz  
66% increase on previous year

## CONSUMER COMPLAINTS

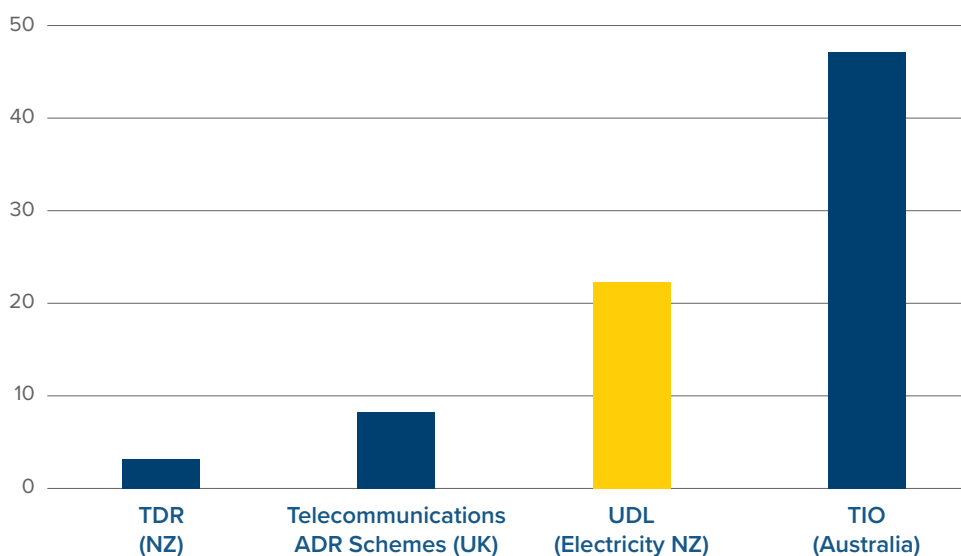
Customer complaints are managed by the industry's independent disputes service, Telecommunications Dispute Resolution (TDR), which celebrated its 10th anniversary in 2017. TDR has helped over 16,000 consumers solve disputes since 2007, with a current Net Promoter Score of +67.

In 2016/2017 the TDR received 2,252 complaints and enquiries from consumers. Of those, 94 percent of the enquiries (2,117) were resolved promptly, with telecommunications providers working directly with consumers, and did not result in formal complaints.

As part of the process of identifying customer service metrics, the TCF has compared complaints and enquiries received by the TDR, with those received by dispute resolution bodies in other sectors and jurisdictions, per 10,000 connections. The figure below shows a comparison of the number of complaints and enquiries reported per 10,000 connections received by the TDR, Utility Disputes Ltd, the Telecommunications Industry Ombudsman (Australia) and the combined contacts of two UK telecommunications alternative dispute resolution bodies.

Analysis shows the New Zealand telecommunications industry compares favourably against other countries, and industries, with a significantly lower number of complaints and enquiries per 10,000 connections made to disputes bodies.

**Complaints and enquiries per 10,000 connections**



# ABOUT THE TCF

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## THE TCF AT A GLANCE

The TCF actively fosters co-operation and collaboration amongst participants in the telecommunications industry; efficiently resolving regulatory, technical and policy issues.

It provides a forum in which industry experts can create practical, efficient solutions to technical industry problems, and develop self-regulated codes of compliance. The TCF operates on the basis of consensus decision making.


- Represents the industry's consensus views on a range of important issues;
- 17 members, structured in a tier system, which recognises size;
- Membership represents over 95 percent of the industry by customer numbers (higher by revenue);
- Comprises: fixed network operators, retailer service providers and mobile operators;
- Operates via working groups of experts to develop self-regulatory codes that govern how the industry co-operates for the benefit of consumers; and
- Manages the number portability process which facilitates customer switching.

## OUR WORK

The TCF works to improve and standardise the systems and practices used across the telecommunications industry. Representatives from telecommunications providers form working parties, administered by the TCF, which advise on industry best practice. A series of formalised codes, standards and schemes are then created, for the rest of the industry to follow.

An important area of the TCF's work is offering support services and education about the industry to consumers. The TCF website provides information about telecommunications services across the industry, and important consumer updates are promoted on the Facebook page Let's Talk Telecommunications.

The TCF also liaises with government and regulators, to advise and support regulatory development within the sector.



# TCF CODES, STANDARDS, SCHEMES AND CURRENT PROJECTS AT A GLANCE - 2018

Document	Purpose	Supporting Sector		
	CODES	CONSUMERS	GOVERNMENT	INDUSTRY
<b>Broadband Product Disclosure Code</b>	Defines the minimum standards of information for how fixed line, mass market broadband services are described to consumers, to allow consumers to easily compare broadband plans between service providers.	◆		◆
<b>Code Compliance Framework Code</b>	Describes the framework to enable the industry to self-regulate. Promotes compliance with TCF codes and aids consumer confidence in the provision of telecommunications services.	◆		◆
<b>Co-siting Code</b>	Enables a cooperative approach to co-siting radio and mobile communications equipment. Applies where the property owner requires the consent of the original party before granting rights to the co-siting party.			◆
<b>Customer Complaints Code (TDRS)</b>	Enables the prompt, effective and independent resolution of customer complaints and helps to identify systemic issues arising from disputes and determinations.	◆		◆
<b>Customer Transfer Code – Regulated (Copper)</b>	Defines the process for transferring a customer's regulated telecommunications services between Retail Service Providers (RSPs) that is consistent with the purpose and provisions of the Telecommunications Act.	◆		◆
<b>Customer Transfer Code – Non-regulated (Fibre)</b>	Defines the process for transferring a customer's fibre telecommunications services between RSPs, ensuring a seamless process for the customer.	◆		◆
<b>Disconnection Code</b>	Provides disconnection standards to enable RSPs to develop and implement fair and consistent disconnection policies for their residential customers.	◆		◆
<b>Emergency Services Calling Code</b>	Specifies call quality and customer information standards for voice calls to emergency services to improve the delivery of emergency calls and promote user confidence in emergency services calling.	◆	◆	◆
<b>Fibre Installation Code</b>	Agrees the activities and processes between the RSP, LFC and customer when installing fibre and defines the requirements during the end-to-end customer journey to deliver the agreed customer experience.	◆		◆
<b>IMEI Blacklisting Code</b>	Discourages the theft and fraudulent acquisition of mobile handsets by disconnecting blacklisted handsets from all mobile networks in New Zealand and overseas jurisdictions where available. Applicable to only mobile network operators.	◆		◆
<b>International Mobile Roaming Code</b>	Helps raise awareness for consumers of International Mobile Roaming (IMR) services through consistent communication about tariffs and likely costs for mobile roaming.	◆		
<b>Mobile Messaging Services Code</b>	Encourages the responsible delivery of messaging services that are compliant with legal and regulatory obligations.	◆		
<b>Scam Calling Prevention Code</b>	Defines an agreement between RSPs to share information, enabling the policing of phone scammers to reduce the number of phone scams operating in New Zealand.	◆		◆
<b>Product Stewardship Scheme</b>	Provides an avenue to donate unwanted mobile phones for re-use or recycling in New Zealand.	◆		
<b>Unauthorised Use of Mobile Phones in Prisons Code</b>	Provides a basis upon which the unauthorised use of mobile phones in prisons can be controlled using interference generating transmitters or "jammers".		◆	
<b>Vulnerable End Users Code</b>	Ensures that the telecommunications industry acts in a responsible manner when dealing with customers who have an identified vulnerability, and a dependency on a fixed line telecommunications service at their property.	◆		◆



# TCF CODES, STANDARDS, SCHEMES AND CURRENT PROJECTS AT A GLANCE - 2018

Document	Purpose	Supporting Sector		
	INDUSTRY GUIDELINES AND STANDARDS	CONSUMERS	GOVERNMENT	INDUSTRY
<b>Community Engagement for New Wireless Telecommunications Facilities Guidelines</b>	Industry guidelines to assist wireless Network Operators with their community engagement obligations in relation to new or upgraded wireless facilities.	◆		◆
<b>International Revenue Share Fraud Guidelines</b>	Guidelines to enable a best practice collaborative approach by New Zealand telecommunications service providers for the mitigation of International Revenue Share Fraud (IRSF).	◆	◆	◆
<b>Interception Guidelines</b>	Assists Network Operators and RSPs in complying with the Telecommunications Interception Capability Act in an efficient, timely and cost-effective manner.		◆	◆
<b>Interconnection of Voice over Internet Protocol (VoIP) Technical Standards</b>	Provides a baseline Network-to-Network interconnection standard that enables New Zealand Network Operators to interconnect IP networks, primarily for the carriage of Voice over Internet Protocol (VoIP) calls.			◆
<b>Premises Wiring Guidelines for installers and consumers</b>	Guidelines for the sector when installing generic or structured cabling for telecommunications services in residential/business and multi-dwelling unit premises. Includes consumer information on best-practice residential premises wiring.	◆		
<b>Principles for Telecommunications Infrastructure for new Subdivisions</b>	Provides Local Government Authorities with guidelines for minimum standards for developers when telecommunications infrastructure is being installed in new sub-divisions.		◆	
<b>UFB Ethernet Access Standards</b>	Provides a minimum set of requirements for the industry to deliver UFB Layer 2 services across the UFB network, and defines the supporting service level terms key principals.	◆		◆
<b>UFB OSS BSS Business Interaction Framework</b>	Defines minimum requirements to deliver UFB operational and business processes in a consistent manner. These specifications are drafted into the 'UFB Business Interaction Framework' document.			◆

Working Groups	Purpose	Supporting Sector		
	ONGOING FORUMS AND WORKING PARTIES	CONSUMERS	GOVERNMENT	INDUSTRY
<b>Communications Working Party</b>	Assists with developing public understanding of the economic, environmental and social contribution of the New Zealand telecommunications industry. Identifies and implements initiatives to support and educate consumers on industry-wide topics.	◆	◆	◆
<b>Fraud and Revenue Assurance Working Party</b>	Works collaboratively to reduce the significant losses experienced in the telecommunications industry due to fraud and bad debt.			◆
<b>Local and Central Government Infrastructure Standards Working Group</b>	Facilitates collaboration with councils and government on matters relating to the telecommunications sector (planning, infrastructure build, and processes with Local and Central Government New Zealand).	◆	◆	◆
<b>Number Portability: User Group – LMNP Regulatory &amp; Policy Technical</b>	Monitors the Industry Portability Management System (IPMS) and identifies any changes required to the IPMS by the Local and Mobile Number Portability (LMNP) or Network Terms.	◆		◆
<b>Regulatory Committee</b>	Assesses what the telecommunications industry regulatory environment will be in the future (2020) and considers a regulatory strategy to achieve the industry's agreed path.	◆	◆	◆
<b>TDR Council</b>	Oversees the Telecommunication Dispute Resolution scheme, enabling the prompt, effective resolution of customer complaints, and identifies systemic issues arising from disputes and determinations.	◆	◆	◆
<b>UFB Product Forum</b>	Provides a platform for the industry to discuss fibre-related matters, products and services and facilitates stakeholder engagement between RSPs and Network Operators.	◆	◆	◆



# OUR MEMBERS





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