

Minister for Regulation

Information Release

Future Regulatory Reviews

May 2026

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Documents in this information release

#	Reference	Type	Title	Date
1	nil	Cabinet paper	Future Regulatory Reviews	Undated
2	CAB-25-MIN-0098	Cabinet minute	Cabinet minute of decision	31/03/2025

Information withheld

Some parts of this information release would not be appropriate to release and, if requested, would be withheld under the Official Information Act 1982 (the Act). Where this is the case, the relevant sections of the Act that would apply have been identified. Where information has been withheld, no public interest has been identified that would outweigh the reasons for withholding it.

Sections of the Act under which information has been withheld:

- 9(2)(ba)(i) – to protect information which is subject to an obligation of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information would be likely to prejudice the supply of similar information, or information from the same source, and it is in the public interest that such information should continue to be supplied
- 9(2)(f)(iv) – to protect the constitutional conventions for the time being which protect the confidentiality of advice tendered to Ministers of the Crown and officials.

Accessibility

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Office of the Minister for Regulation

Cabinet

Future Regulatory Reviews

Proposal

- 1 This paper asks Cabinet to note the Ministry for Regulation planned regulatory reviews in the:
 - 1.1 Telecommunications sector, with its terms of reference (ToR) being developed in consultation with the sector and being presented to Cabinet for approval at its meeting on 12 May 2025; and
 - 1.2 s 9(2)(f)(iv)

Relation to Government priorities

- 2 The Coalition Government's Q1 Action Plan for New Zealand noted that the fourth regulation sector review will begin by 31 March 2025. s 9(2)(f)(iv)

What are Regulatory Reviews?

- 3 A core function of the Ministry for Regulation is to conduct regulatory reviews (Reviews). The Reviews provide a rare opportunity to hear from regulated parties and others to identify how existing regulation could or should be improved, and undertake an independent review of existing regulatory systems and evaluate their impact on a sector. The Reviews complement and supplement existing work underway.
- 4 Each Review has its own ToR, which are informed by discussions with agencies and regulators, and engagement with regulated parties and other relevant stakeholders. Once the Cabinet has agreed to a Review, the Ministry for Regulation works with relevant agencies and regulators to:
 - 4.1 define the scope of each Review;
 - 4.2 set out how the Review will be governed, which will be bespoke to the needs of the Review;
 - 4.3 set out how the Review will complement work already underway; and
 - 4.4 set out when the Review will be completed by.
- 5 All the Reviews will have a senior officials' group which oversees the Review. A significant part of their role is to ensure there is alignment between the Review and related work programmes.

- 6 For all proposed Reviews, the approach is to identify:
 - 6.1 Regulations that are justified;
 - 6.2 Regulations that are not justified but are being addressed by other government workstreams; and
 - 6.3 Regulations that are not justified nor being addressed.
- 7 To address whether regulations are justified or not, a first principles framework is used. The main components of this framework include consideration of the following questions:
 - 7.1 What is the rationale for government intervention (i.e., what is the market failure)?
 - 7.2 If there is a market failure, what is the proportionate regulatory response, including if it needs to come from government (e.g., co-regulation)?
 - 7.3 What are the costs and benefits of regulation, and the distribution of those across different parties?
 - 7.4 How are the regulations working, including compared to equivalent regimes in other countries?
- 8 The Ministry for Regulation provides an implementation-focused approach to its Reviews. Reviews are independent but findings and recommendations are socialised with the regulator(s) as part of the Review. This approach enables implementation to begin immediately following approval of the Review's reports. Some operational enhancements can be initiated prior to approval.
- 9 While the Ministry for Regulation will deliver recommendations for change, it is expected that Ministers responsible for the regulatory systems will oversee the implementation and prioritisation of any Cabinet decisions.
- 10 To deliver timely change, I expect that any proposed legislative changes be introduced within six months of the Review being completed.
- 11 The Ministry for Regulation has completed two Reviews to date, with a third about to be completed. In completing these Reviews, the Ministry worked collaboratively with the respective policy ministries and regulators.
- 12 Reviews into the Early Childhood Education sector and Agricultural and Horticultural Products have been well received by the sectors, and implementation is already underway on the recommendations from both Reviews.

Proposed Future Reviews

- 13 I have received a considerable amount of feedback from those within the telecommunications and ^{s 9(2)(f)(iv)} that, from their perspective, there is a strong need to improve regulatory quality in these areas.

- 14 Scoping of the telecommunications sector review is more advanced s 9(2)(f)(iv) e. Engagement with regulated parties is underway.

Regulatory issues within the telecommunications sector

Regulated Parties

- 15 In this context, the telecommunications sector includes operators of telecommunication services, and includes broadband, mobile and voice services. The New Zealand industry is characterised by several companies who operate their own telecommunications networks and many other operators providing services over those networks. There are more than 90 companies selling retail broadband services.
- 16 Some of the network operators are vertically integrated and the fibre network providers are wholesale-only. The fibre operators are mainly participants in the Ultra-fast Broadband programme which provides fibre-to-the-home broadband to 87% of New Zealanders.

Regulatory Framework

- 17 The telecommunications sector is subject to a range of both sector-specific and general competition regulation, with origins in the separation of Telecom and monopoly risks given many existing network connectivity technologies, such as the copper-based phone network, have inherent natural monopoly characteristics.
- 18 The responsibilities of the Ministry for Business, Innovation and Employment (MBIE) include providing policy advice on the telecommunications sector while the Commerce Commission's functions include regulating and monitoring telecommunications markets, resolving disputes, and maintaining oversight to prevent anti-competitive practice.


Work already underway

- 19 Minister Goldsmith undertook a review of key aspects of the Telecommunications regulatory system in early 2024. Proposed changes following this review were confirmed by Cabinet in December 2024 [CAB-24-MIN-0472 refers]. The extensive changes underway include:
- 19.1 Commerce Commission work to consider the de-regulation of Chorus' copper network and some fibre services;
 - 19.2 Permanently reinstating the rights that allow fibre providers to access shared property to install fibre in certain circumstances and make minor adjustments to the rights to improve their effectiveness;
 - 19.3 Expanding applicability of the telecommunications regulatory regime to offshore providers (e.g. Starlink) where relevant to the services they offer;
 - 19.4 Shifting the setting of the Telecommunications Development Levy (TDL) amount from the Telecommunications Act to regulations to provide greater flexibility of the levy to adjust to market developments e.g. to enable the TDL

to be reduced in the event that artificial intelligence renders the deaf and hearing impaired relay service technologically obsolete;

- 19.5 Amending the company constitutions of Enable Networks, Tuatahi First Fibre and Northpower Fibre to expand the range of permitted activities they can undertake; and
 - 19.6 Reviewing the Telecommunications Service Obligations (TSO) that require, amongst other things, Chorus and Spark to supply a local residential telephone service.
- 20 **Appendix A** details the legislative landscape and proposed changes in more detail.
- 21 The Ministry for Regulation will work closely with MBIE, the Commerce Commission and Minister Goldsmith to map out existing and future work to inform the ToR.

Concerns raised by Telecommunication Peak Bodies and Providers

- 22 Following a letter that both Hon Goldsmith and I received from the New Zealand Telecommunications Forum (TCF) following Minister Goldsmith's announcement on 13 March 2025 which included changes outlined in paragraphs 19.2-19.5, the Ministry for Regulation engaged with TCF, TUANZ¹, and telecommunications providers to further understand any additional pain points. The letter from the TCF noted that the TDL and the obligations enabling specific telecommunications services to be available and affordable, may not appropriately reflect technology developments, with the introduction of low earth orbit satellites, and the trade-off between providing universal telephone service and the significant costs of maintaining a legacy network.
- 23 We do not propose to revisit Cabinet decisions on the TDL.
- 24 s 9(2)(ba)(i) 
- 25 I have also heard concerns regarding how the Commerce Commission is fulfilling its regulatory functions, including its:
- 25.1 information requests² to businesses being excessive resulting in high administrative and transaction costs which are being passed onto consumers; and

¹ TUANZ (Technology Users Association of New Zealand) represents the interests of technology users, including businesses, consumers, and other stakeholders.

² For example, pricing information, market share and competition data, service quality metrics, contract terms and conditions, consumer complaints and dispute resolution, compliance with regulatory requirements and investment in infrastructure.

25.2 level of retail service quality regulation, including guidelines aimed at ensuring consumers receive high quality services that are overly prescriptive.

Nature of the Review

- 26 The ToR will be developed in consultation with regulated parties and other relevant stakeholders, and MBIE and the Commerce Commission.
- 27 I am proposing that collectively this Review have oversight and decision making by myself and the Minister for Media and Communications. I will therefore work with the Minister for Media and Communications to finalise the ToR.
- 28 The Ministry for Regulation will work closely with MBIE and the Commerce Commission to ensure that this work aligns and complements existing work underway.

Benefits of the Review

- 29 Telecommunications services are used by almost every New Zealander in one form or another, and telecommunications services are available throughout most populated areas. There are coverage gaps for certain services, including in rural communities. Satellite connections are growing rapidly, reaching 37,000 and making up 14 percent of rural connections.
- 30 In FY2022 /23, total telecommunications retail revenue was approximately \$5.54 billion. In that period, telecommunications investment increased to \$1.61 billion, an 8% rise from 2022, driven by wireless technology and 5G mobile deployment. Telecommunications revenue contributed 2.5 percent of New Zealand’s total GDP during FY2022/23.

s 9(2)(f)(iv)

31 s 9(2)(f)(iv)

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34 s 9(2)(f)(iv)

Implementation

35 The Ministry for Regulation will undertake targeted engagement with sector representatives within the telecommunications and s 9(2)(f)(iv) sectors and other key stakeholders.

36 In respect of the proposed telecommunications sector Review, I will develop the ToR with the Minister for Media and Communications. The ToR will be presented to Cabinet for approval at its meeting on 12 May 2025.

37 s 9(2)(f)(iv)

38 Further advice on the implementation of these reviews will be provided to Cabinet when the outcome of each of the respective Reviews are presented in due course.

Cost-of-living Implications

39 These Reviews are expected to identify opportunities to enhance competition within these two sectors, which may motivate businesses to lower prices, improve their quality of services that consumers receive or offer additional benefits.

Financial Implications

40 The activities undertaken by the Ministry for Regulation as part of the proposed Reviews will be funded through baseline funding. Activities undertaken as part of the proposed Reviews by other agencies will be funded from their own baseline.

Legislative Implications

41 This proposal has no direct legislative implications. However, the Reviews could recommend changes to primary or secondary legislation. Any recommended changes will be considered by Cabinet as part of the response to the respective Reviews and would be expected to be introduced within six months of the Reviews concluding.

Impact Analysis

Regulatory Impact Statement

42 This paper does not seek agreement to regulatory proposals at this stage, and therefore Cabinet's impact analysis requirements do not apply. I expect the Reviews to identify opportunities to improve the quality of regulation, ensuring that regulatory decisions are based on principles of good law-making and economic efficiency.

Climate Implications of Policy Assessment

43 There are no climate implications with the proposals.

Population Implications

44 These proposals do not have any impacts on specific population groups at this time. It is possible that the outcomes of the respective Reviews may have impacts on particular groups, and, if so, any impacts will be considered as part of the Review process.

Human Rights

45 I consider the proposals in this paper are consistent with the New Zealand Bill of Rights Act 1990 and the Human Rights Act 1993.

Use of external Resources

46 No contractors or consultants were involved in the preparation of the policy advice in the development of this paper.

Consultation

47 The Treasury, MBIE, and the Ministry for Primary Industries have been consulted on the paper. The Department of the Prime Minister and Cabinet has been informed.

48 The Treasury and MBIE recommend that the paper should not commit to carrying out reviews into telecommunications or ^{s 9(2)(f)(iv)} regulation until further scoping work has been carried out and a ToR has been developed. This is to ensure that the scope of the reviews complements existing work programmes and avoids duplication, and that there is no unnecessary confusion or uncertainty for the sectors as to what is being considered.

Communications

49 I intend to announce the topic of the telecommunications sector Review shortly after Cabinet. ^{s 9(2)(f)(iv)}

Proactive Release

50 This will not be released until after the ToR for both Reviews have been approved by Cabinet.

Recommendation

The Minister for Regulation recommends that the Cabinet:

1. **note** the Coalition Government's Q1 Action Plan for New Zealand notes that the fourth regulation sector review will begin by 31 March 2025;
2. **note** Reviews provide an opportunity to hear from regulated parties and others to identify how existing regulation is justified or not, and whether existing and planned work underway will address this;

Regulatory Review 4 – Telecommunications sector

3. **note** that the Ministry for Regulation will undertake a review of the telecommunications regulatory system in consultation with MBIE;
4. **note** that the Minister for Regulation and the Minister for Media and Communications intend to announce the topic of this Review shortly after Cabinet;
5. **note** that the Minister for Regulation and the Minister for Media and Communications intend to present the Terms of Reference (ToR) for the Review to Cabinet for approval at its meeting on 12 May 2025;

Proactive release note: Final Review Recommendations were developed by the Ministry for Regulation

s 9(2)(f)(iv)

6. s 9(2)(f)(iv)

7.

8.

Authorised for lodgement.

Hon Seymour

Minister for Regulation

Appendix A - Telecommunications Sector Regulatory Landscape

Roles and Responsibilities	
<p>The Ministry for Business, Innovation and Employment is responsible for:</p> <ul style="list-style-type: none"> • providing advice to the Government on telecommunications policy and regulation; • administering the Telecommunications Service Obligations (TSO); • overseeing the Government’s initiatives in developing digital the Ultra-Fast Broadband, Rural Broadband Initiative and other connectivity programmes; and • monitoring the functions of the Commerce Commission. 	<p>The Commerce Commission is responsible for:</p> <ul style="list-style-type: none"> • setting the prices for regulated services (e.g., wholesale access to fibre networks); • monitoring the quality of service provided by Chorus; • carrying out market monitoring and studies; • administering the Telecommunications Development Levy (TDL) • enforcing the TSO; • addressing competition concerns, ensuring that Chorus and other regulated parties do not unfairly disadvantage competitors or prevent other companies from accessing their networks.
Legislation and proposed changes	
<p>Key components of the regulatory framework include:</p> <ul style="list-style-type: none"> • Telecommunications Act 2001, including the TDL and the TSO. <ul style="list-style-type: none"> ○ Telecommunications Service Obligations Deed for Network Service (Chorus) ○ Telecommunications Service Obligations Deed for Retail Service (Spark); • Telecommunications (Telecommunications (Interception Capability and Security) Act 2013; and • Commerce Act 1986. 	<p>The key changes recently announced by Hon Goldsmith include:</p> <ul style="list-style-type: none"> • Amending the local fibre companies’ constitutions to align with Chorus; • Shifting the setting of the TDL amount from the Telecommunications Act into regulations; and • Expanding the applicability of the telecommunication’s regulatory regime to offshore providers. <p>The Commerce Commission announced on 18 March that it is planning to review deregulation of the Chorus copper network where competition has developed.</p>



Cabinet

Minute of Decision

This document contains information for the New Zealand Cabinet. It must be treated in confidence and handled in accordance with any security classification, or other endorsement. The information can only be released, including under the Official Information Act 1982, by persons with the appropriate authority.

Future Regulatory Reviews

Portfolio **Regulation**

On 31 March 2025, Cabinet:

Background

- 1 **noted** that the Government's Q1 Action Plan notes that the fourth regulatory review (review) will begin by 31 March 2025;
- 2 **noted** that reviews provide an opportunity to hear from regulated parties and others to identify how existing regulation is justified or not, and whether existing and planned work underway will address this;

Regulatory Review 4 – Telecommunications Sector

- 3 **noted** that the Ministry for Regulation, in consultation with the Ministry of Business, Innovation and Employment (MBIE), will undertake a review of the telecommunications regulatory system;
- 4 **noted** that the Minister for Regulation and the Minister for Media and Communications intend to announce the topic of this review shortly after Cabinet's consideration;
- 5 **noted** that the Minister for Regulation and the Minister for Media and Communications intend to present the Terms of Reference (ToR) for the telecommunications sector review to Cabinet for approval on 12 May 2025;

Proactive release note: Final Review Recommendations were developed by the Ministry for Regulation

Future reviews

- 6 **invited** the Minister for Regulation to submit to Cabinet options for the fifth sector review.

Rachel Hayward
Secretary of the Cabinet