

# Minister for Regulation

## Information Release

### Terms of Reference for the Telecommunications Sector Regulatory Review

**September 2025**

This information release is available on the Ministry for Regulation website at:

<https://www.regulation.govt.nz/about-us/our-publications/>

#### Documents in this information release

#	Reference	Type	Title	Date
1	MFR2025-116	Aide-mémoire	Aide-mémoire - Talking points for Cabinet paper and Terms of Reference – Telecommunications Regulatory Review	21 May 2025
2	CBC-25-SUB-0010	Cabinet paper	Cabinet paper - Terms of reference for the telecommunications sector regulatory review	26 May 2025
3	CBC-25-SUB-0010-A	Cabinet paper attachment	Terms of Reference for the telecommunications sector regulatory review	26 May 2025
4	CBC-25-MIN-0010	Minute	Cabinet Business Committee Minute of Decision	26 May 2025
5	CAB-25-MIN-0180	Minute	Cabinet Minute of Decision	3 June 2025

#### Information excluded from this release

Appendix 1 of the Cabinet paper is published separately on the Ministry for Regulation website:

<https://www.regulation.govt.nz/assets/Publication-Documents/Terms-of-Reference-for-the-regulatory-review-of-the-telecommunications-sector.pdf>

Appendix 2 of the Cabinet paper would not be appropriate to release and, if requested, would be withheld under the Official Information Act 1982 (the Act). Where information has been withheld, no public interest has been identified that would outweigh the reasons for withholding it. This has been

withheld under section 9(2)(ba)(i) of the OIA, 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.

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Minister and Portfolio	<b>Hon David Seymour, Minister for Regulation</b>		
Title	<b>Talking points for Cabinet paper and Terms of Reference – Telecommunications Regulatory Review</b>	Number	<b>MFR2025-116</b>
Date	<b>21 May 2025</b>	Security level	<b>IN CONFIDENCE</b>

**Purpose**

To provide talking points for the Cabinet paper and proposed Terms of Reference for the Telecommunications Sector Regulatory Review to support your attendance at the Cabinet Business Committee (CBC) on Monday, 26 May 2025.

**Background**

- At CBC's meeting on 26 May 2025, you and Minister Goldsmith are seeking agreement to the Terms of Reference (ToR) for the Telecommunications Sector Regulatory Review, prior to Cabinet endorsing CBC's decision on 3 June 2025.
- Consultation with targeted stakeholders was undertaken on the draft ToR from 16 - 28 April. Feedback from that consultation informed the development of the proposed scope of the review.
- Agency, ministerial and coalition consultation on the Cabinet paper and ToR was undertaken from 8 - 20 May. All feedback received has been addressed.

**Talking points**

- Telecommunications is a rapidly evolving industry driven by consumer demands for better and more reliable connectivity. The review will consider whether the current regulation remains fit for purpose in light of technology and market changes.
- This review provides an opportunity to review regulation that has no useful purpose and acts as a drag on innovation, productivity and growth in the telecommunications market.
- Stakeholders are supportive of the review and want the regime to be simplified to reduce disproportionate administrative burdens and barriers to competition, innovation, and investment.
- The Ministry for Regulation undertook targeted engagement with key stakeholders to develop the scope of the review to ensure it focuses on known issues and pain points.
- Although we previously indicated the Telecommunications Development Levy (TDL) would be out of scope, stakeholders told us the administration

**IN CONFIDENCE**



and collection method is expensive, inefficient and resource intensive. We are, therefore, proposing that the TDL methodology is in scope.

- The review will use a first principles framework to identify regulations that are justified; regulations that are not justified but are being addressed by other government workstreams; and regulations that are not justified nor being addressed.
- I expect the review to be completed in 6-months, but this is a complex and important area of regulation, so some flexibility may be required. We are seeking to return to Cabinet in early December 2025 for decisions on recommendations from the review.
- If legislative change is needed, I expect the responsible portfolio minister and relevant agencies to lead the Bill to progress the changes within six months of Cabinet consideration of the recommendations.

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**Next steps**

We recommend sharing these talking points with Minister Goldsmith ahead of the Committee meeting on Monday, 26 May.

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**Author**

Maria Spencer – Senior Advisor, Reviews and System Capability

**Manager**

Peter Clark – Manager, Regulatory Reviews

Office of the Minister for Regulation

Office of the Minister for Media and Communications

Cabinet Business Committee

## Terms of reference for the telecommunications sector regulatory review

### Proposal

- 1 This paper seeks agreement for the Ministry for Regulation to proceed with undertaking a regulatory review of the telecommunications sector pursuant to the Terms of Reference attached at **Appendix 1**.

**Proactive release note:** Appendix 1 is published separately on the Ministry for Regulation website

### Relation to government priorities

- 2 The Coalition Agreement between the National and ACT parties committed to carrying out regulatory reviews in consultation with relevant ministers.

### Background

- 3 At its meeting on 31 March 2025, Cabinet noted:
  - 3.1 the Ministry for Regulation will undertake a review of the telecommunications regulatory system, in consultation with the Ministry of Business, Innovation and Employment (MBIE); and
  - 3.2 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 in May 2025 [CAB-25-MIN-0098].

### Draft Terms of Reference

- 4 Subsequent to Cabinet's decision, and informed by targeted engagement with sector representatives and other key stakeholders, we have developed a draft ToR for the review. These set out a range of matters including the scope and approach to the review, how the Ministry for Regulation will engage with stakeholders, the timeline, and the approach to implementing any recommendations.

### *Scope of the review*

- 5 The review will broadly consider regulatory issues faced by the telecommunications sector, focusing on the Telecommunications Act 2001 (the Act) and its subordinate regulatory instruments. However, as we are mindful to retain the focus of the review and that Cabinet has made recent decisions on elements of telecommunications regulation, we are proposing that the following items be out of scope of the review:

- 5.1 the existence of the Telecommunications Development Levy (TDL) and the amount of the TDL;
- 5.2 the Radiocommunications Act 1989;
- 5.3 the Telecommunications (Interception Capability and Security) Act 2013;
- 5.4 the Resource Management Act 1991;
- 5.5 the vertical separation of wholesale and retail fibre services that applies to Chorus and the other local fibre companies; and
- 5.6 the Commerce Commission's ongoing Copper Services Investigation.

*Approach to the review*

- 6 The approach to the review will be 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 will be 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 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?

*Roles and responsibilities*

- 8 The Review will be led by the Ministry for Regulation within its central agency mandate to strengthen the regulatory management system and improve regulatory quality. Additional input will be provided by a senior officials group consisting of senior leaders from the Ministry for Regulation, MBIE and the Commerce Commission. This group will provide feedback on the review, including any recommendations from the outcome of the review. Another key role of this group will be to support alignment between the review and related government processes.

- 9 The review's findings and recommendations will be socialised with agencies. This approach enables implementation to begin immediately following approval of the review's reports. Some operational enhancements can be initiated prior to approval.

#### *Stakeholder engagement*

- 10 In addition to undertaking direct engagement with a range of organisations, including industry and consumer user groups throughout the review, the Ministry for Regulation will seek written submissions from the public. The review will test findings, analysis and potential solutions later in the review, and public consultation will be undertaken before recommendations are made to Cabinet, although the exact form of that consultation will be tailored to meet the review's timing and milestones.

#### *Timeline for the review*

- 11 We expect the review team to provide an initial report back to us in October 2025. Following the report, we seek an invitation to return to Cabinet before the end of the year with recommendations that seek commitment to actions that will improve the regulatory system, consistent with good regulatory practices.

#### *Implementation*

- 12 It is expected that Ministers responsible for the regulatory systems will oversee the implementation and prioritisation of any Cabinet decisions. If legislative change is required, it is expected that those changes would be progressed within six months of Cabinet consideration of the recommendations. The responsible portfolio ministers and their agencies may seek policy decisions on any recommendations from the review concurrently with the recommendations and for leading the Bill through the legislative process. The Ministry for Regulation may provide some limited support through this period.

### **Feedback from stakeholders on the draft Terms of Reference**

- 13 We asked the Ministry for Regulation to undertake targeted engagement with stakeholders on the draft ToR and, specifically, on what should be included in scope. Overall, stakeholders were supportive of the review and suggested that the following be examined:

13.1 Barriers to competition, innovation, and investment

13.2 Modernisation and technological neutrality

13.3 Regulatory powers and roles under the Act

13.4 Compliance and administrative requirements for existing providers

13.5 Functionality of complaints resolution framework

- 13.6 Levies and funding mechanisms, including the TDL.
- 14 We are therefore proposing the review will focus on examining whether the current regulation remains fit for purpose in light of technology and market changes, primarily:
  - 14.1 Shareholder cap and constitutional restrictions
  - 14.2 Consideration of telecommunications service obligations (TSO)
  - 14.3 The methodology for allocating the TDL across telecommunications service providers and consumers
  - 14.4 Retail Service Quality (RSQ) regulation (Part 7 of the Act)
  - 14.5 Fibre Fixed Line Access (FFLA) services regulation (Part 6 of the Act)
  - 14.6 Fibre service regulations (Part 4AA of the Act), noting that the vertical separation of wholesale and retail fibre services is out of scope
- 15 The review will also examine:
  - 15.1 regulatory design, stewardship and practice, including how the regulatory system is designed and implemented consistent with good regulatory practice, regulatory efficiency, proportional compliance burden, and good practice for setting and administering fees and levies for cost recovery; and
  - 15.2 whether the current regulatory system remains fit for purpose including examining the purpose of the Act and the current regime's ability to keep pace with market and technological developments, with a view to achieving regulation that supports competition and innovation, including new technologies.
- 16 A proposed Terms of Reference for the telecommunications regulatory review is attached as **Appendix 1**.
- 17 It is possible, as the review progresses, that other areas may emerge that should appropriately be examined. To prepare for this scenario, we are seeking authorisation to amend the scope of the review, if necessary. Any changes would be limited to the bounds of the Act and its subordinate regulatory instruments and would not include any matters that are identified as out-of-scope in the proposed Terms of Reference. Changes to the scope may have implications for the intended timing of completion of the review.

### **Cost-of-living Implications**

- 18 A high proportion of households regularly use and incur costs from telecommunications services. The review is expected to identify opportunities to enhance competition within the sector, which may motivate businesses to lower prices, improve the quality of services that consumers receive, or offer additional benefits.



## Financial Implications

- 19 The activities undertaken by the Ministry for Regulation as part of the review will be funded through baseline funding. The engagement by other agencies in the review will be funded from their own baseline. Both MBIE and the Commerce Commission have indicated they can support the review, and no reprioritisation of their respective work programmes is necessary.

## Legislative Implications

- 20 This proposal has no direct legislative implications at this stage. However, the review could recommend changes to primary or secondary legislation. Any recommended changes will be considered by Cabinet as part of the response to the review.

## Impact Analysis

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

## Population Implications

- 22 The review will consider whether existing regulation of the telecommunications sector is fit for purpose, including whether the outcomes for the communities the Act protects, such as rural and deaf communities, are achieved.

## Human Rights

- 23 We 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

- 24 No consultants or contractors have been involved in the review to date.

## Consultation

- 25 The following departments and agencies were consulted on this paper: the Treasury; the Ministry of Business, Innovation and Employment; the Commerce Commission; the Ministry for Primary Industries; and the Department of Prime Minister and Cabinet.
- 26 Feedback was sought from the stakeholders listed in **Appendix 2** on the draft Terms of Reference alone.

**Proactive release note:** Appendix 2 is not included in this proactive release

## Communications

- 27 We announced the subject of the review on 16 April 2025, and we intend to publicly announce the start of the review following Cabinet decisions on this proposal. The review has already generated some media, and there is likely to be more media coverage as the review starts and seeks feedback.

## Proactive Release

- 28 We intend to proactively release this Cabinet paper once decisions are made, subject to redactions as appropriate under the Official Information Act 1982.

## Recommendations

The Ministers for Regulation and Media and Communications recommend that the Committee:

- 1 **note** that on 31 March 2025, Cabinet 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 [CAB-25-MIN-0098];
- 2 **agree** to the Terms of Reference for the telecommunications sector regulatory review;
- 3 **agree** to authorise the Ministers for Regulation and Media and Communications to amend the scope of the review, if necessary, provided this remains within the Telecommunications Act 2001 regulatory system and does not include matters that are out of scope of the review;
- 4 **agree** to invite us to report back to Cabinet to seek decisions by the end of the year, following the completion of the review; and
- 5 **approve** the proactive release of this Cabinet paper once decisions have been made subject to redactions as appropriate under the Official Information Act 1982.

Authorised for lodgement.

Hon David Seymour  
Minister for Regulation

Hon Paul Goldsmith  
Minister for Media and Communications



# Cabinet Business Committee

## Minute of Decision

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*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.*

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### Telecommunications Sector Regulatory Review: Terms of Reference

**Portfolio**                      **Regulation / Media and Communications**

On 26 May 2025, the Cabinet Business Committee:

- 1        **noted** that on 31 March 2025, Cabinet noted that the Minister for Regulation and the Minister for Media and Communications intended to present the Terms of Reference for the telecommunications sector review to Cabinet for approval [CAB-25-MIN-0098];
- 2        **agreed** to the Terms of Reference for the telecommunications sector regulatory review, attached as Appendix 1 to the paper under CBC-25-SUB-0010;
- 3        **authorised** the Ministers for Regulation and Media and Communications to amend the scope of the review, if necessary, provided this remains within the Telecommunications Act 2001 regulatory system and does not include matters that are listed in the paper under CBC-25-SUB-0010 as being out of scope of the review;
- 4        **invited** the Minister for Regulation and Minister for Media and Communications to report back to Cabinet to seek decisions on the review's recommendations by the end of the year, following the completion of the review.

Sam Moffett  
Committee Secretary

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**Present:**

Rt Hon Christopher Luxon (Chair)  
Hon David Seymour  
Hon Brooke van Velden  
Hon Shane Jones  
Hon Paul Goldsmith  
Hon Louise Upston  
Hon Judith Collins KC

**Officials present from:**

Officials Committee for CBC



# Cabinet

## Minute of Decision

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### Report of the Cabinet Business Committee: Period Ended 30 May 2025

On 3 June 2025, Cabinet made the following decisions on the work of the Cabinet Business Committee for the period ended 30 May 2025:

Outside scope

CBC-25-MIN-0010

**Telecommunications Sector Regulatory Review:  
Terms of Reference**

Portfolios: Regulation / Media and Communications

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Rachel Hayward  
Secretary of the Cabinet