

Office of the Minister for Regulation

Office of the Minister for Media and Communications

Cabinet Economic Policy Committee

Telecommunications Regulatory Review Recommendations

Proposal

- 1 This paper seeks:
 - 1.1 endorsement of the recommendations of the Telecommunications Regulatory Review (the Review) that we have agreed to progress;
 - 1.2 endorsement of policy decisions for the associated changes to the regulatory system; and
 - 1.3 agreement to issue drafting instructions to the Parliamentary Counsel Office (PCO) to give effect to Cabinet's decisions.

Relation to government priorities

- 2 The Ministry for Regulation (the Ministry) undertook the Review as part of the Government's commitment to carry out regulatory sector reviews. The Review's recommendations support the Government's priorities of ensuring regulations are fit for purpose, reducing regulatory burden where possible, and maximising economic growth and productivity.

Executive summary

- 3 Cabinet agreed to the Review's Terms of Reference in May 2025 and authorised the Minister for Regulation and the Minister for Media and Communications to act as joint Ministers responsible for the Review. Ministers were invited to report back to Cabinet in December 2025 to seek decisions on its recommendations [CBC-25-MIN-0010 refers].
- 4 The Ministry conducted the Review from June to October 2025, which focused on the Telecommunications Act 2001. The Review has now been completed, and the Ministry has made 22 recommendations (referred to as 'Review Recommendations' and in bold throughout this paper) that will modernise rural connectivity, streamline the regulatory system, and improve proportionality. We expect that implementing these recommendations will generate an estimated net saving/benefit of at least \$35 to \$45 million over ten years, dependent on timing of the Telecommunications Service Obligations phase out.
- 5 We seek your endorsement of and agreement to these recommendations to proceed with proposed changes, including amendments to the Telecommunications Act 2001, and to issue drafting instructions for an amendment Bill to be introduced s 9(2)(f)(iv).

- 6 We also propose that the Minister for Regulation reports back to Cabinet in 2028 to provide an update on progress towards implementing the Review's recommendations.

Background

- 7 Following feedback from stakeholders within the telecommunications sector, Cabinet agreed to the Review's Terms of Reference in May 2025 [CBC-25-MIN-0010 refers]. The Terms of Reference noted out-of-scope areas, including the existence of the Telecommunications Development Levy (TDL) and the vertical separation of wholesale and retail fibre services, which apply to Chorus and the other local fibre companies. It was further agreed that the obligations relating to the operation of the 111 system were out of scope. Cabinet invited us to report back after the Review is completed to seek decisions on the Review's recommendations [CBC-25-MIN-0010 refers].
- 8 There are currently two Bills before the House related to the telecommunications sector: the Telecommunications Amendment Bill and the Telecommunications and Other Matters Amendment Bill. These Bills propose targeted amendments to the Telecommunications Act 2001, the Telecommunications (Interception Capability and Security) Act 2013 and the Radiocommunications Act 1989. Our proposals complement this work, including proposals relating to the TDL.

The Telecommunications Regulatory Review has been completed

- 9 The Ministry undertook the Review from June to October 2025. During this period, they met with regulated parties and other stakeholders and received 36 submissions during the Review's engagement period. The Ministry also undertook further specific engagement with stakeholders, including Rural Women New Zealand, to seek additional information. Throughout the Review, the Ministry worked closely with the Ministry of Business, Innovation and Employment (MBIE) and the Commerce Commission (the Commission).
- 10 The Ministry provided us with a draft summary report on 22 January 2026 (**Appendix One** refers). The summary report highlights key information from the Review's final report (the Review report – **Appendix Two** refers). Both reports will be finalised and published following Cabinet's approval of the Review's recommendations.
- 11 The Review's findings and recommendations were peer-reviewed by Motu Research, an independent economics and public policy institute. They found that the Review's recommendations are well supported by evidence, support modernisation, simplification, and proportionality, and improve regulatory alignment between New Zealand and similar jurisdictions.

The Review found that parts of the regulatory framework are functioning well, however change is needed

- 12 The Review found that there are areas of the regulatory framework that are working effectively. These are the rules that ensure fibre companies charge

fair prices and deliver reliable services (price-quality regulations), dispute resolution schemes, and the rules requiring fibre companies to publish key information about their services.

- 13 Engagement from industry noted that the Commission was receptive to feedback and genuinely committed to reducing regulatory burden. MBIE was also recognised by industry for their willingness to seek views and collaborate.
- 14 However, regulated parties and stakeholders raised concerns regarding the affordability of and access to telecommunications services, the overlapping rules for fibre services, some aspects of the regulatory regime for local fibre companies, the methods for allocating the TDL, the proportionality of consumer regulation, and resource-intensive information requests directed at industry.

Endorsement of the Review's recommendations

- 15 As joint Ministers for the Review, we recommend that Cabinet at this time endorse all but four of the Review's recommendations, with minor modifications to others. Overall, we consider the package of recommendations to be well-balanced. The proposals will modernise the Telecommunications Act 2001 and offer simplification and burden reduction for most regulated parties, while safeguarding consumer interests. The recommendations we agree to progress are set out in **Appendix Three**.
- 16 It is estimated that these recommendations will generate a net savings/benefit of at least \$35 to \$45 million over ten years for consumers and service providers. The savings will come primarily from removing the audit requirements for the TDL and the phase out of the Telecommunications Service Obligations (TSO), which is dependent on the timing of the latter. Net consumer surplus benefits of \$24 million in 2025 present value terms are expected over a 10-year timeframe. This consists of the benefit to consumers currently on the copper network who are able to transition to lower-priced mobile or fixed wireless services, net of some costs to copper customers who only have the option to transition to higher-priced satellite services.
- 17 Net producer surplus benefits of \$15 million in 2025 present value terms over a 10-year timeframe are expected from the deregulation of copper, should it be removed. This consists of the avoided copper network maintenance, IT costs, and electricity costs to Chorus that will no longer be incurred from transitioning customers off the copper network.
- 18 It is very likely that there will be savings from the other proposals, however these could not be quantified.

Review Recommendations

- 19 We are seeking Cabinet's agreement to progress the majority of the Review's recommendations, which are set out below. There are some Review recommendations that we are recommending taking a modified approach towards or not progressing, for reasons set out in the subsequent paragraphs.

A summary of the Review Recommendations for which we are seeking Cabinet endorsement, modifying or not progressing is provided in **Appendix Four**.

Modernising rural connectivity

- 20 The government has agreements (deeds, which are the TSOs) with Spark and Chorus to ensure that telephone services are available to people across the country at a fair price. The TSOs currently rely on an aging copper network, and stakeholders broadly agreed that the current TSO system is outdated. The copper network is primarily used by rural communities.
- 21 We are generally supportive of **Review Recommendation 1** to phase out the TSO to help modernise rural connectivity. The Review also notes that some low-income households may face financial barriers to transitioning to newer technologies and recommended providing targeted financial support to aid the transition from copper. Further consideration should be given to determine whether financial support is appropriate. It is also unclear when further alternative options (e.g. satellite alternatives such as Amazon Leo) might reach the New Zealand market so consumers can have more than one offering to choose from for those with only one satellite alternative option.
- 22 We therefore recommend that how best to respond to this recommendation is delegated to the Minister for Media and Communications for further consideration, as more information is needed.

Enabling modernised replacements for phone booths

- 23 Phone booths are currently exempt from charges by local councils. However, as the current exemption is linked to services provided over copper lines, the legislation has not kept pace with technological change. As providers have sought to modernise phone booths by replacing the copper lines with newer technology (i.e., to provide Wi-Fi and calling services), disputes have arisen as to whether these modern phone booths still fall within the exemption. This has created a barrier to innovation.
- 24 In line with **Review Recommendation 2** we therefore recommend amending the Telecommunications Act 2001 to clarify that phone booths will continue to be exempt from charges regardless of the technology used. This will enable providers to develop public phonebooths that can provide Wi-Fi and calling services via alternative technologies (such as mobile, satellite or any future technological developments).

Simplify the rules about access and affordability of fibre services

- 25 The Review examined fibre regulations aimed at supporting broadband affordability:
- 25.1 Anchor Services, which regulate pricing for basic phone and internet services that use fibre technology; and

- 25.2 Geographically Consistent Pricing (GCP), which supports a social policy objective to ensure that people in less densely populated areas have access to affordable fibre.
- 26 The Review found that while there is no reported uptake of Anchor Services, the rules may be helping to maintain lower prices for better services. It also found that GCP rules may be duplicating the outcome the Anchor Services are trying to achieve.
- 27 Because competition assessment was not within the scope of the Review, we support **Review Recommendation 3** that the Commission undertake a review of Anchor Services commencing in 2026. The Commission's review should consider:
- 27.1 the interaction with related mechanisms (such as GCP rules) and whether Anchor Services are achieving their policy objectives; and
- 27.2 whether the rules should be updated or phased out, given technological advancements.
- 28 The Review noted that the outcome of the Commission's review into Anchor Services may determine whether GCP rules still serve a purpose. We therefore support **Review Recommendation 4** that MBIE subsequently review the GCP rules and consider whether they should be retained, repealed or modified.

Streamlining the regulatory regime for local fibre companies

- 29 The Review found that aspects of the fibre regulatory system are overly complex, rigid, and outdated, with overlapping requirements, burdensome processes, and legacy restrictions. These issues are imposing costs and constraints that are disproportionate to risk now that the Ultra-Fast Broadband programme is complete.
- 30 To address these issues, we recommend the following changes:
- 30.1 s 9(2)(f)(iv) [REDACTED]
- 30.2 s 9(2)(f)(iv) [REDACTED]
- 30.3 streamlining the exemption processes in the Telecommunications Act 2001 for fibre services above Layer 2¹ by only requiring consultation if

¹ Layer 2 is the part of the fibre network that manages how data moves between points, making broadband usable for internet providers and customers. Regulated fibre providers (e.g. Chorus) are generally not allowed to offer services above this level. They can apply for exemptions to offer

the exemption is likely to impact the wholesale-only model. The Commission would develop clear screening criteria to identify such services. The proposal avoids exposing commercially sensitive plans and preserves the 'first to market' advantage (**Review Recommendation 6**).

30.4 consolidating the fibre deregulation review process into a single streamlined process, replacing the current two-step process. While legislative amendment is required to give full effect to this recommendation, it may be possible for the Commission to make further changes within the existing legislative framework (**Review Recommendation 7**).

30.5 s 9(2)(f)(iv) 

30.6 streamlining legacy regulatory obligations by directing MBIE to review legacy deeds and obligations (the Copper Deed, the Rural Broadband Initiative Deed, the Sharing Arrangements Transition Plan, and the Deed of Operational and Governance Undertakings) and removing rules that are outdated and no longer fit-for-purpose. If any requirements remain relevant, these would be consolidated into legislation or a modernised deed, as appropriate, to ensure clarity, consistency, and enforceability (**Review Recommendation 9**).

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

32 The Review recommends repealing fibre Layer 1 unbundling requirements (**Review Recommendation 10** in the summary report). Fibre Layer 1 unbundling allows retail internet providers to access fibre infrastructure directly and promotes competition by enabling more diverse services for consumers.

services above Layer 2; however, the process requires consultation with people who may be affected, including competitors.

- 33 Through the Review, Chorus reported that there is almost no uptake of Layer 1 unbundling. Attempts to do so have failed to achieve commercial viability, yet it imposes an ongoing cost burden to local fibre companies.
- 34 However, because we are concerned about the potential adverse effects on competition if unbundling is repealed, we are proposing that rather than accept the recommendation, the Commission be encouraged to undertake a regulatory review of Layer 1 unbundling, beginning in 2026. We understand the Commission has agreed to this timing.

Simplifying telecommunications levy models

- 35 The TDL funds telecommunication services that are not commercially viable, for example the relay service for people who are deaf and hearing-impaired, rural broadband infrastructure, and upgrades of the 111-service. The Telecommunications Regulatory Levy (TRL) recovers the cost of the Commission's regulation of the telecommunications sector and has two specific sub-levies that only local fibre companies pay (to recover costs for price-quality and information disclosure regulation).
- 36 The Review found that the process for calculating and administering telecommunications levies is complex, requiring providers to prepare resource-intensive financial information that cannot be reused. It also found that it creates uncertainty due to its reliance on both individual providers and industry-wide revenue and imposes disproportionate compliance burdens.
- 37 The Report recommended wide ranging changes to the levy models. We agree with the Review's intent to improve the way that telecommunications levies are implemented; however, we have some concerns about the model proposed in the report. On balance, we consider the associated risks of the proposed model outweighs the small increase in certainty it would provide for levy payers. These include systemic over or under-recovery of levies, with associated risks to the Crown.
- 38 We are therefore recommending a modified approach that involves progressing three of the Report's recommendations, as set out below, to simplify the levies, reduce the compliance costs and improve transparency (**Review Recommendations 11, 14 and 16**). We are proposing to not progress **Review Recommendations 12** (raising the threshold for paying the levies from \$10 million to \$50), **13** (merging the TDL and TRL) **and 15** (moving to a fixed percentage approach for liability). Our modified approach simplifies the levy whilst avoiding the risk of over or under-collection of levies.

Simplifying the levy methodology

- 39 In line with **Review Recommendation 11** this would reform the TDL and TRL so that the levies are charged on revenue from retail broadband, mobile, stand-alone voice and data connection services instead of on 'qualified revenue'. This will reduce the complexity for providers in calculating their levy liabilities and reduce the administrative burdens on them. As wholesalers pass the levy costs onto retailers in full this new approach will mean that the

levy will only be charged on retail providers. Whilst we recognise that there is a risk of wholesalers not passing the levy savings onto retailers, the evidence of the Review shows that the risk is small, and the impact would be negligible. On balance we consider the simplification benefits to outweigh this risk.

Greater transparency

- 40 Industry raised concerns about a lack of transparency in how the TDL is spent. Notwithstanding the levy information published by the Treasury, in line with **Review Recommendation 14**, we recommend directing MBIE to publish an annual statement on how funds from the TDL are spent, increasing transparency and making the information more accessible.

Removing the requirement for external auditing

- 41 In line with **Review Recommendation 15**, we recommend removing the requirement for financial information to be externally audited and providing the Commission with the ability to use additional enforcement powers. These powers will be to conduct spot checks and require an audit where the Commission suspects it may have been provided with misleading or inaccurate information.

Simplifying and improving proportionality in how consumer matters are regulated

- 42 Consumer matters are primarily self-regulated through industry-developed codes. The Review found that the current system limits the effectiveness and coverage of rules that protect and inform consumers (i.e., Retail Service Quality) and leaves gaps for some providers and consumers. The current system also focuses on retail providers, leaving gaps where wholesale providers engage in consumer-facing activities.
- 43 The Review report refers to these as consumer protection rules to reflect the intent of the rules to inform and protect consumers. To avoid confusion, the legislation will continue to refer to these as retail service quality rules, which still encompasses the intent of the report.
- 44 To address these issues, we recommend:
- 44.1 the code-making process be simplified by removing references to industry codes regarding retail service quality (including those produced by the New Zealand Telecommunications Forum (TCF)) from the Act, including the statutory requirement for the Commission to review industry retail service quality codes. Industry insights will be retained through consultation with industry, the TCF, F, and other stakeholders through the code-making process, as is currently required (**Review Recommendation 17**).
 - 44.2 the Commission create one retail service quality **code (Review Recommendation 18)**.
 - 44.3 the Commission be provided with the ability to extend the coverage of relevant retail service quality requirements to wholesale providers

where they undertake consumer-facing activities, following consultation with stakeholders. This will support competition by creating a level playing field between providers (**Review Recommendation 19**).

- 45 The Commission's process for intervening in retail service quality matters also lacks transparency around how rules are developed in response to risk. We agree with the Review's intent to ensure that retail service quality measures are proportionate to risk. However, we are recommending a modified approach to **Review Recommendation 20** by amending the Commission's existing powers by introducing a stronger, more specific evidence threshold that must be met ahead of making, amending, or adding to any retail service quality code. This will provide industry with more certainty on when measures are introduced, and ensures that regulatory activity is focused on serious, systemic issues.

Addressing concerns about resource-intensive information requests

- 46 The Review found that industry's compliance with the Commission's information requests (as part of exercising their monitoring obligations), can be resource-intensive and sometimes lack clear rationale, creating challenges for providers.
- 47 In line with **Review Recommendation 21**, we recommend the Commission considers the principles of proportionality, transparency, and accountability when requiring information from industry to fulfil its functions under section 9A of the Telecommunications Act 2001. In line with **Review Recommendation 22**, we also recommend encouraging the Commission to increase transparency when requiring this information.

Implementation

- 48 The recommendations include a mix of regulatory practice changes, operational changes, legislative changes, and in some cases, further work. An implementation plan is attached at **Appendix Five**.
- 49 Subject to Cabinet's endorsement of the recommendations, the Minister for Media and Communications will engage with the Commission to immediately seek to change their regulatory practice and make the necessary operational changes. MBIE will be responsible for implementing the legislative changes to give effect to the recommendations. s 9(2)(f)(iv) [REDACTED]
- 50 Further work is also needed to enable the accelerated phase out of the TSOs deeds.
- 51 We propose that the Minister for Regulation report back to Cabinet in 2028 on how the recommendations have been implemented, allowing sufficient time for legislative change to take place and for the new systems to be embedded.

Cost-of-living implications

- 52 Most households regularly use and incur costs from telecommunications services. The Review's recommendations are expected to lower regulatory burden and costs for businesses delivering these services. It is unlikely that the recommendations will have cost-of-living implications outside the risk noted in MBIE's departmental comment below.

Financial implications

- 53 MBIE and the Commission have confirmed that the costs of implementing the Review's recommendations will be met from within current baselines.

Legislative implications

- 54 Several recommendations in this Cabinet paper relate to provisions set out in the Telecommunications Act 2001. The Act will therefore need to be amended to give effect to those recommendations that Cabinet agrees to progress.
- 55 Two of the proposals will require the creation of empowering provisions to create or amend secondary legislation.

Impact analysis

Regulatory Impact Statement

- 56 The Ministry for Regulation has determined that the majority of proposals in this paper are exempt from the requirement to provide a Regulatory Impact Statement (RIS) on the grounds that it would substantively duplicate the report. This exemption is granted on the condition that the document contains the key feature of a RIS. The joint RIA panel at Ministry of Business, Innovation and Employment and Ministry for Regulation has reviewed the report and confirmed that it contains these requirements.
- 57 The Ministry for Regulation has determined that the proposal to clarify that phone booths are exempt from council charges is exempt from the requirement to provide a Regulatory Impact Statement on the grounds that it has no or only minor economic, social, or environmental impacts.
- 58 A RIS addendum for the change to Review Recommendation 20 has been attached as **Appendix Six**.

Population implications

- 59 The Review's recommendation to phase-out the TSOs Deeds may have positive implications for rural, remote, and low-income communities. The intent is that consumers will shift to newer, more cost-effective technologies, but some consumers may need to shift to more expensive options due to availability. However, more work is being undertaken to ensure that populations are protected.

Human Rights

- 60 We consider the proposals in this paper are consistent with the Bill of Rights Act 1990 and the Human Rights Act 1993.

Use of external resources

- 61 Motu Research, an independent economics and public policy institute, provided an independent review of the draft Review report as part of an ongoing peer-review relationship with the Ministry for Regulation.

Consultation

- 62 The Review undertook public consultation and met with stakeholders.
- 63 The following departments and agencies were consulted on this paper: the Treasury, MBIE, the Commission, the Ministry for Primary Industries, the Ministry for Foreign Affairs and Trade, the Parliamentary Counsel Office, New Zealand Police and the Department of the Prime Minister and Cabinet.

Communications

- 64 Subject to Cabinet decisions, we will announce the completion of the Review and Cabinet decisions as appropriate.

Proactive Release

- 65 The Ministry for Regulation intends to proactively release the summary report and the Review report on its website following announcement of the Review's completion, alongside other key documentation from the Review with appropriate redactions.
- 66 We intend to proactively release this Cabinet paper once decisions are made, subject to any appropriate redactions under the Official Information Act 1982.

Recommendations

The Minister for Regulation and the Minister for Media and Communications recommend the Committee:

- 1 **note** that the Ministry for Regulation undertook the Review and presented the short report summarising the Review report (including 22 recommendations) to the Minister for Regulation and the Minister for Media and Communications, attached as **Appendix One**;
- 2 **note** we have not agreed to progress **Review Recommendation 10** to repeal fibre Layer 1 unbundling, a pro-competitive control that allows other providers to install equipment on fibre strands to enable retailers to diversify their offerings, rather the Minister for Media and Communications will encourage the Commerce Commission to undertake a regulatory review;

I N C O N F I D E N C E

- 3 **note** that we have agreed to take a modified approach to improvements to levy models and are recommending progressing only **Review Recommendations 11, 14 and 16** relating to the levies;
- 4 **note** that whilst we are generally supportive of **Review Recommendation 1** we recommend that the Minister for Media and Communications gives further consideration for how best to respond to this recommendation;
- 5 **note** that we are taking a modified approach to **Review Recommendation 20** to introduce a stronger, more specific evidence threshold before the Commission can create Retail Service Quality codes;
- 6 **agree** to the detailed recommendations as set out in **Appendix Three** to give effect to the Review's recommendations, while allowing for the differences noted in recommendations 2 – 5 above;
- 7 **authorise** the Minister for Media and Communications to issue drafting instructions to the Parliamentary Counsel Office to amend the Telecommunications Act 2001 to implement the proposals described in this paper;
- 8 **authorise** the Minister for Media and Communications to make final decisions on minor and technical issues and make changes consistent with the policy intent described in this paper on any issues that may arise during implementation;
- 9 **note** that the Ministry for Regulation will publish the Review report along with this Cabinet paper, with appropriate redactions, and other relevant review documentation on its website following Cabinet decisions;
- 10 **note** that the Minister for Regulation and the Minister for Media and Communications will publicly announce the outcome of the Review following Cabinet decisions; and
- 11 **invite** the Minister for Regulation to report back to Cabinet in 2028 to provide a progress update on how the recommendations have been implemented.

Authorised for lodgement

Hon David Seymour

Minister for Regulation

Hon Paul Goldsmith

Minister for Media and Communications

APPENDIX THREE: Detailed Recommendations

To progress modernising rural connectivity

- 1 **invite** the Minister for Media and Communications to give further consideration to how best to respond to **Review Recommendation 1**;
- 2 **note** that Spark's obligations in relation to the 111-emergency service calling system would be removed if Chorus' telecommunications service obligations are removed;
- 3 **note** that the Telecommunications Act 2001 (the Act) prevents rent from being charged when roads are used for any line, wireless works, or other works, but it is unclear whether that wording covers phone booths that use newer wireless technologies such as fixed wireless and satellite;
- 4 **agree** that the Act be amended to clarify that payments of, or in the nature of, rent cannot be required for phone booths that use alternative technologies such as fixed wireless and satellite, to give effect to **Review Recommendation 2**;

To progress simplifying rules about access and affordability of services

- 5 **invite** the Minister for Media and Communications to encourage the Commerce Commission to commence a regulatory review of Anchor Services in 2026, to give effect to **Review Recommendation 3**.
- 6 **invite** the Minister for Media and Communications to direct the Ministry of Business, Innovation and Employment to undertake a review considering whether Geographically Consistent Pricing should be retained, repealed, or modified following the Commerce Commission's review of Anchor Services, to give effect to **Review Recommendation 4**;

To progress streamlining the regulatory regime for local fibre companies

- 7 **agree** to amend the Act to give effect to **Review Recommendations** s 9(2)
(f)(iv) **6** to:
 - 7.1 s 9(2)(f)(iv)
 - 7.2 streamline the exemption processes for fibre services above Layer 2 by removing mandatory consultation unless an exemption could affect the wholesale-only model;
- 8 **invite** the Minister for Media and Communications to encourage the Commerce Commission to establish clear screening criteria to identify such cases in alignment with the recommendation outlined in recommendation 7.2;
- 9 s 9(2)(f)(iv)

s 9(2)(f)(iv)

[Redacted]

10

s 9(2)(f)(iv)

[Redacted]

11

s 9(2)(f)(iv)

[Redacted]

12

invite the Minister for Media and Communications to encourage the Commerce Commission to consider how the fibre, and any other deregulation review processes in the Act, can be streamlined any further, to give effect to **Review Recommendation 7**;

13

agree to amend the Act, to the extent necessary, to streamline the fibre deregulation review process so that it can be undertaken in a single consultative step, to give effect to **Review Recommendation 7**;

14

invite the Minister for Media and Communications to report back to Cabinet by June 2026 on the outcome of a review of legacy deeds with the intent that any requirements remaining relevant be consolidated into legislation or a modernised deed, to give effect to **Review Recommendation 9**;

15

invite the Minister for Media and Communications to encourage the Commerce Commission to undertake a regulatory review of fibre Layer 1 unbundling, to be undertaken in 2026;

To simplify telecommunications levy models

16

agree to create a regulation making power in the Telecommunications Act 2001 so that the design of the Telecommunications Development Levy can be set in regulations via an Order in Council;

17

note that the detailed design of the Telecommunications Regulatory Levy is already set out in the Telecommunications Operators (Commerce Commission Costs) Levy Regulations 2019;

18

agree to amend the Act and any regulations as necessary to make the following changes to the design of both levies and give effect to **Review Recommendations 11, 14 and 16**:

18.1 reform the Telecommunications Development Levy and Telecommunications Regulatory Levy so that they are charged on gross telecommunication retail revenue;

- 18.2 remove the requirement for financial information provided to the Commission for the purpose of determining levy liability to be externally audited;
 - 18.3 provide the Commerce Commission with additional enforcement powers to conduct spot checks and to require an audit where it suspects it may have been provided with misleading or inaccurate information; and
 - 18.4 create an associated offence for not complying with an audit requirement in line with other offences for not complying with new Commission notices;
- 19 **invite** the Minister for Media and Communications to direct the Ministry of Business, Innovation and Employment to publish an annual statement on how funds from the Telecommunications Development Levy are spent, starting at the end of this financial year, to give effect to **Review Recommendation 14**;

To progress simplifying and improving proportionality in how consumer matters are regulated

- 20 **agree** to amend the Act to give effect to **Review Recommendations 17 – 20** to:
- 20.1 amend the definition of retail service quality in the Act to include consumer-facing activities, to reflect the recommendation outlined in recommendation 20.3 below;
 - 20.2 remove the references to industry codes regarding retail service quality (including those made by the New Zealand Telecommunications Forum) from the Act, including removing the requirement for the Commission to review industry retail service quality codes;
 - 20.3 provide the ability to extend the coverage of a Commerce Commission retail service quality code to wholesale providers where they engage in consumer-facing activities;
 - 20.4 amend the Commerce Commission's power so that it can only make a single retail service quality code, rather than multiple retail service quality codes, including the requirement to review this retail service quality code at least every five years;
 - 20.5 amend the Commerce Commission's power so that it can make or amend a retail service quality code where intervention criteria are met, including:
 - 20.5.1 large-scale and ongoing harm to consumers; or
 - 20.5.2 the substantial lessening of competition;

however, the Commerce Commission may only exercise the amended power following the failure of other non-regulatory and non-binding approaches; and

- 20.6 encourage the Commerce Commission to publish the relevant data or information collected to warrant the making or amendment of a retail service quality code (referred to in recommendation 20.5 above);
- 21 **agree** that the amendments and provisions reflecting the recommendations outlined in recommendations 20.1 – 20.6 will come into force on a date set by an Order in Council that is no more than one year after the amendments to the Act come into force, providing the Commerce Commission with the ability to undertake transition planning to prevent gaps in consumer protection resulting from these changes, in particular from the recommendation outlined in recommendation 20.2 above;
- 22 **invite** the Minister for Media and Communications to encourage the Commerce Commission, once these provisions are enacted, to consider making a single retail service quality code in consultation with the sector, and if warranted, to give effect to **Review Recommendation 19** by extending the coverage of this code to wholesale providers;

To progress changes that address concerns about resource intensive information requests

- 23 **agree** to amend the Act to give effect to **Review Recommendation 21**, to ensure the Commerce Commission considers the principles of proportionality, transparency, and accountability when requiring information from industry to fulfil their functions under section 9A of the Telecommunications Act 2001; and
- 24 **invite** the Minister for Media and Communications to encourage the Commerce Commission to further increase transparency when requiring information for market monitoring by being clearer with stakeholders what the purpose of the information is, to give effect to **Review Recommendation 22**.

Appendix Four: Summary of Review Recommendations that are Seeking Cabinet Endorsement, Modified or Not Progressed

Review Recommendation	Outcome
Recommendation 1: Phase out the Telecommunications Service Obligations and provide targeted financial support to low-income households to transition from outdated copper networks to newer technologies.	Modified – delegating decisions to the Minister for Media and Communications
Recommendation 2: Clarify the rules for phone booths to ensure that the rules are technology neutral, encouraging modernisation.	Seeking Cabinet endorsement
Recommendation 3: The Commerce Commission should review Anchor Services in 2026.	Seeking Cabinet endorsement
Recommendation 4: The Ministry of Business, Innovation and Employment should consider whether Geographically Consistent Pricing should be retained, repealed or modified following the Commerce Commission's review of Anchor Services.	Seeking Cabinet endorsement
Recommendation 5: Move the existing restrictions that preserve the wholesale-only model from Local Fibre Companies' constitutions into legislation, then remove the Government Share and allow the Local Fibre Companies to update their constitutions.	s 9(2)(f)(iv)
Recommendation 6: Streamline the exemption process for fibre services above Layer 2 by removing mandatory consultation unless an exemption could affect the wholesale-only model. The Commerce Commission should establish clear screening criteria to identify such cases.	Seeking Cabinet endorsement
Recommendation 7: Streamline fibre, and any other deregulation review processes, from a two-step process into a single-step process.	Seeking Cabinet endorsement
Recommendation 8: Remove all shareholder caps from Local Fibre Companies' constitutions.	s 9(2)(f)(iv)
Recommendation 9: Review legacy instruments, retain only relevant obligations by consolidating them into one modern instrument (legislation or deed), and repeal the rest.	Seeking Cabinet endorsement
Recommendation 10: Repeal physical fibre Layer 1 unbundling requirements.	Not progressing
Recommendation 11: Reform the Telecommunications Development Levy so that it is charged on gross telecommunication revenue from retail broadband, mobile, stand-alone voice and data connection services.	Seeking Cabinet endorsement
Recommendation 12: Raise the Telecommunications Development Levy threshold to \$50 million, with this threshold to be reviewed periodically by the Ministry of Business, Innovation and Employment.	Not progressing
Recommendation 13: Merge the portion of the Telecommunications Regulatory Levy that covers the costs of the Commerce Commission's non-fibre telecommunications regulatory work into the Telecommunications Development Levy.	Not progressing
Recommendation 14: Require the Ministry of Business, Innovation and Employment to publish an annual statement on how funds from the Telecommunications Development Levy are spent.	Seeking Cabinet endorsement
Recommendation 15: Set the Telecommunications Development Levy as a fixed percentage, with the rate to be reviewed periodically by the Ministry of Business, Innovation and Employment.	Not progressing
Recommendation 16: Remove the requirement for financial information to be externally audited and provide the Commerce Commission with additional enforcement powers.	Seeking Cabinet endorsement
Recommendation 17: Remove the statutory role of the New Zealand Telecommunications Forum in making retail service quality rules.	Seeking Cabinet endorsement
Recommendation 18: The Commerce Commission should develop a consumer protection code where removing the statutory role of the New Zealand Telecommunications Forum creates a regulatory gap, including consultation with the sector.	Seeking Cabinet endorsement

<p>Recommendation 19: Provide the Commerce Commission with the ability to extend the coverage of a code to wholesale providers where they engage in consumer-facing activities, including consultation with the sector.</p>	<p>Seeking Cabinet endorsement</p>
<p>Recommendation 20: Require the Commerce Commission to consider the principles of proportionality, transparency, and accountability when developing consumer protection measures.</p>	<p>Modified – introducing a higher and more specific threshold for intervention</p>
<p>Recommendation 21: Require the Commerce Commission to consider the principles of proportionality, transparency, and accountability when requiring information from industry to fulfil its functions.</p>	<p>Seeking Cabinet endorsement</p>
<p>Recommendation 22: The Commerce Commission should further increase transparency when requiring information for market monitoring.</p>	<p>Seeking Cabinet endorsement</p>

Letter of Expectation to the Commission and direction to MBIE

Can be implemented within 3 months with no legislative change required.

Can be implemented from 2026. Further legislative change may be require depending on the outcomes.

Recommendation 6 & 7 (Partially): Streamline processes where possible.

Recommendation 3: The Commission should review Anchor Services in 2026.

Recommendation 14: Require MBIE to publish an annual statement on how funds from the Telecommunications Development Levy are spent.

Recommendation 4: MBIE should consider whether Geographically Consistent Pricing should be retained, repealed or modified following the Commission’s review of Anchor Services.

Recommendation 21 (partially): The Commission should consider proportionality when using its powers to require the supply of information.

Recommendation 22: The Commission should further increase transparency when requiring information for market monitoring.

Legislative change

Required prior to implementation. s 9(2)(f)(iv)

Recommendation 2: Amendments to clarify the exemption from council charges for phone booths using alternative technologies.

Recommendations 6, 7 & 9: Streamlining Fibre regulations and removing outdated requirements.

Recommendations 11 & 16: Improvements to the Telecommunications Development Levy methodology.

Recommendations 17, 18, 19 & 20: Reforms to simplify consumer protection regulation and introduce a stronger, more specific evidence threshold before the Commission can create Retail Service Quality codes.*

Recommendation 21: Require the Commission to consider proportionality when using its powers to require the supply of information.

Further policy work required

Recommendation 1: Phase out the Telecommunications Service Obligations.*

s 9(2)(f)(iv)

Responsibility of:

Ministry of Business, Innovation and Employment (MBIE)

The Commerce Commission

s 9(2)(f)(iv)

Note. This reflects the decision of Joint Ministers to withdraw recommendations 10, 12, 13 and 15.

***Note.** This reflects the decision of Joint Ministers to modify recommendation 20.

***Note.** This reflects the decision of Joint Ministers to delegate responsibility to the Minister for Media and Communications how best to respond to this recommendation.