Ministry for Regulation
Te Manatū Waeture

Telecommunications Regulatory Review

Summary Report

March 2026

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Contents

Executive summary

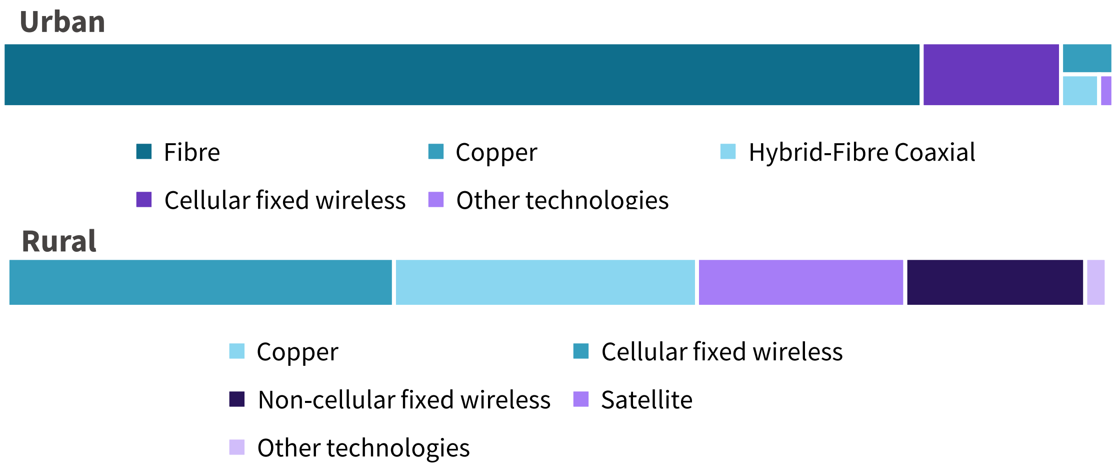
Reviewing telecommunications industry regulations

Telecommunications services provide New Zealanders with access to essential services for business, emergencies, education and health.

New Zealand's outdated telecommunications regulations are struggling to keep up with a world of advanced digital technology.

The telecommunications industry has moved from copper cables in the ground to satellites in the sky beaming connectivity into our most remote communities and connecting them with the world.

Estimated residential broadband connections by technology type:



Today, our outdated telecommunications regulations are struggling to keep pace with a world of advanced digital technology, lagging behind a sector that has matured with new and emerging technologies. **It is time that the regulations keep up with the pace of change.**

Findings

There are notable issues with current regulation in the telecommunications sector.

The fundamentals of the industry create issues around competition and access which need to be managed by government intervention through regulation. However, there are notable issues with the current regulations that are holding back the industry, increasing costs, stopping innovation and limiting competition.

We found that:

- The justification for some regulation no longer holds true, as users move to new technology and markets become more competitive.
- Outdated rules are making it difficult for the market to modernise, especially as technology is constantly changing.
- The regulations are often complex and difficult to navigate.
- The regulations take the same approach to compliance regardless of the risk, scale or impact of issues.

See Executive Summary (pages 2-5) for the full version of this section

22 Recommendations for a simple, modern, dynamic regulatory system.

We are making **22 recommendations** to modernise and simplify and improve the proportionality of telecommunications regulations. Making these changes will drive cost reduction, incentivise innovation and increase competition and service to consumers. Our recommendations span four key areas:

	Fair access to services	Rules about fibre	Calculating industry levies	Protecting consumers	Ensuring a balanced regulatory approach
Findings	The Telecommunications Service Obligations rely on outdated copper technologies that no longer serve consumer needs. Other legacy rules like Anchor Services have limited impact and hinder innovation but may still support competition.	Oversight of the fibre market is currently fragmented, rigid and burdensome despite the increasing maturity of and competition in the market.	Industry is currently forced to use complex mechanisms to calculate their levy contributions, with no certainty from one year to the next on what their contribution will be.	Self-regulation by industry to ensure consumer protection has led to gaps and limited enforcement, and a system that is dominated by the biggest players.	Information requests can be resource intensive to comply with and can lack a clear rationale.
Recommendations	Transition consumers away from outdated technologies to modern services, targeting support to consumers that need it most. Modernising access and affordability rules to support uptake of newer technologies and simplify requirements for providers. **(Recommendations 1-4)**	Streamline regulatory processes, ensuring duplication is removed and rules consolidated. **(Recommendations 5-10)**	Simplify the way that levies are calculated; reducing the compliance burden and making the system fit for the future whatever technologies we are using to connect. **(Recommendations 11-16)**	Consolidate the rules to make it easier for consumers to navigate and adopt a risk-based and consistent approach to consumer protection. **(Recommendations 17-20)**	Ensure information requests are proportionate and accountable, while improving transparency in how data is collected for market oversight. **(Recommendations 21-22)**

Review methodology

The purpose of the Telecommunications Regulatory Review (the Review) was to assess whether the telecommunications regulatory system continues to be fit for purpose.

Preliminary stage

The initial phase of the Review focused on meeting with stakeholders to gain a clear understanding of the sector and its challenges. These early insights helped the Ministry for Regulation (the Ministry) define the scope, scale and approach for the review, and informed the review's terms of reference.

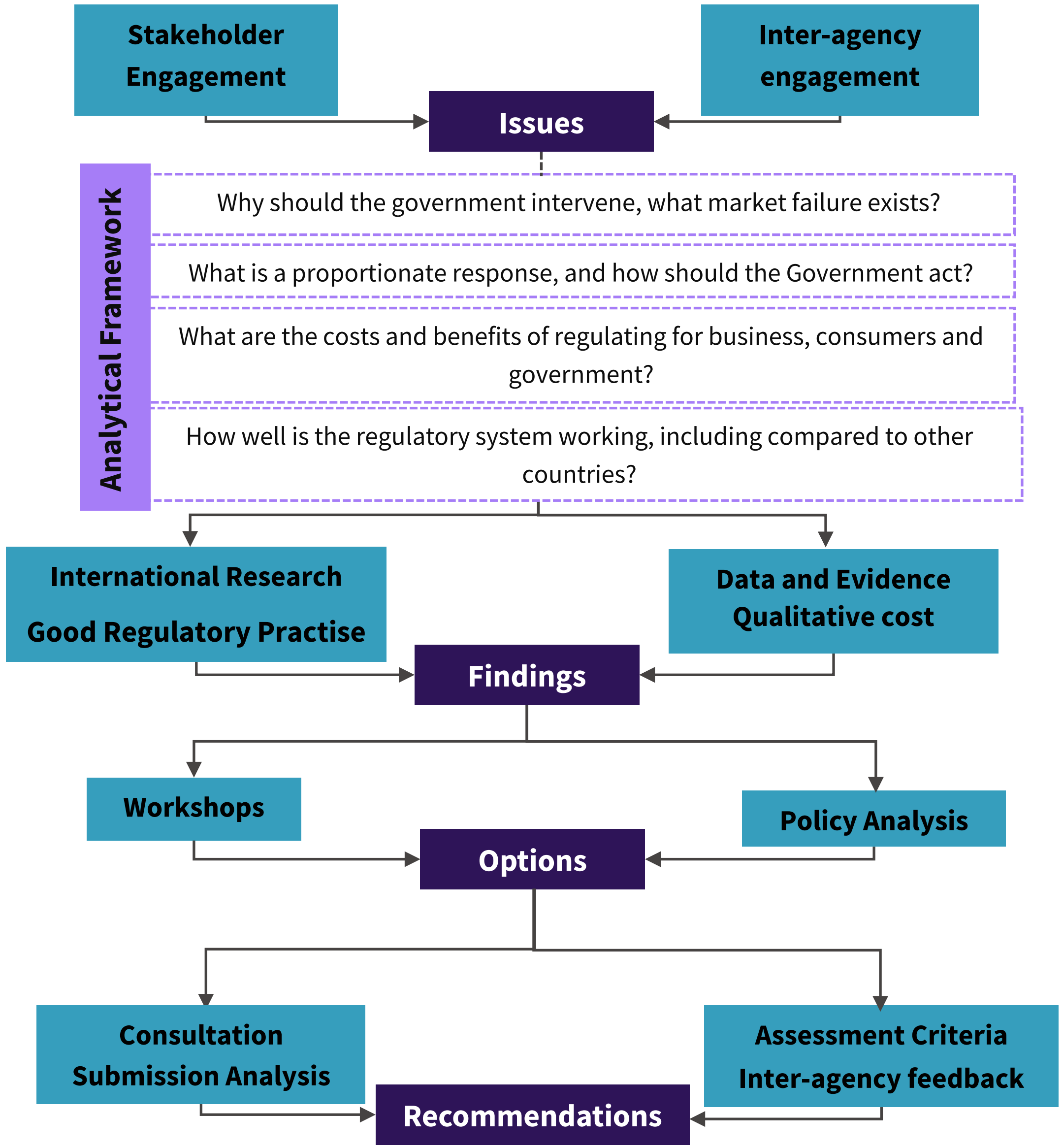
Analytical approach

The approach to analysing issues and formulating options centred on addressing four fundamental questions:

1. *What is the rationale for government intervention?*
2. *If there is a market failure, what is the proportionate response, including if the Government takes action?*
3. *What are the costs and benefits of regulating, and how do those costs and benefits impact businesses, consumers, and government?*

See Chapter 1 (pages 8-12) for the full version of this section.

The process of our analysis through the stages of the review

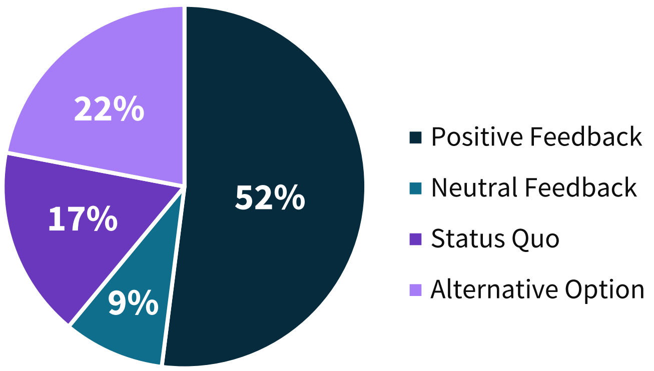


Engagement

The Ministry engaged with a wide range of sector stakeholders through two main phases of consultation.

- **Phase 1** – Targeted engagement with industry, industry groups, user groups, community and business groups and international regulators. We met with 19 providers and groups over the course of this phase.
- **Phase 2** – Public consultation on the options over four weeks through the Ministry's engagement hub. This phase included 36 submissions from individuals, industry and consumer groups.

Consultation snapshot on the options for change



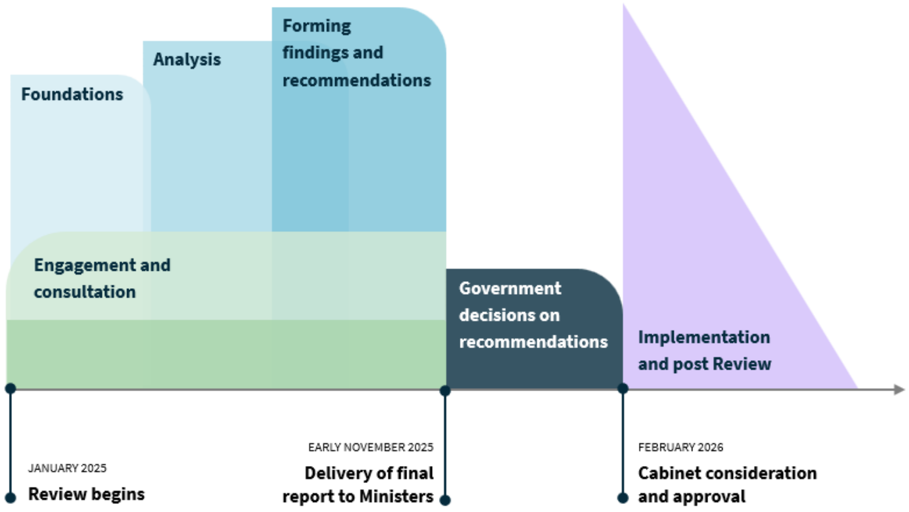
Please refer to 'Summary of Engagement' (Appendix 1 to the Final Report).

Interagency collaboration

The Ministry collaborated with the Ministry of Business, Innovation and Employment (MBIE) and the Commerce Commission (the Commission) during the review, aligning with government processes and leveraging regulatory expertise. A senior official's group, including leaders from the Ministry for Regulation, MBIE and the Commission guided analysis and decisions.

While this collaborative approach strengthened the review, the Ministry maintained its independence in forming conclusions and recommendations.

The diagram below illustrates the key stages and timeline of the review process.



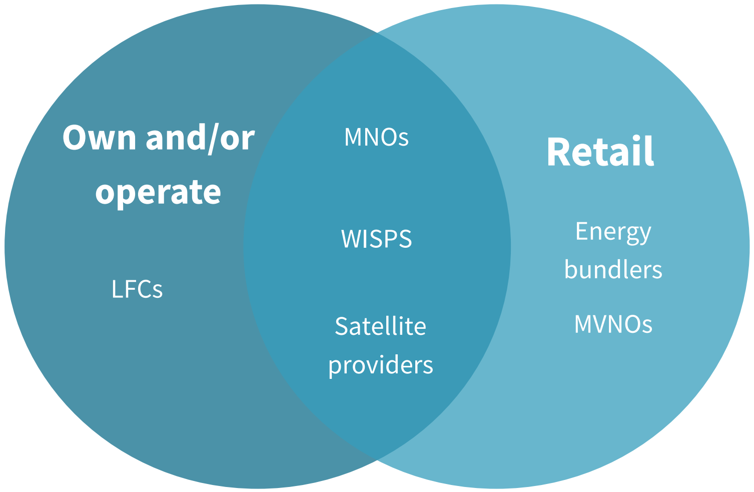
Context

The telecommunications sector in New Zealand is rapidly evolving.

New technologies and shifting market dynamics have made the landscape increasingly complex over the past 25 years.

1. A variety of businesses deliver telecommunications services

Local Fibre Companies (LFCs) provide wholesale fibre networks, while Mobile Network Operators (MNOs) own and retail mobile services. Other providers include Mobile Virtual Network Operators (MVNOs), Wireless Internet Service Providers (WISPs), satellite providers, and energy companies bundling broadband with electricity.



See Chapter 2 (pages 13-20) for the full version of this section.

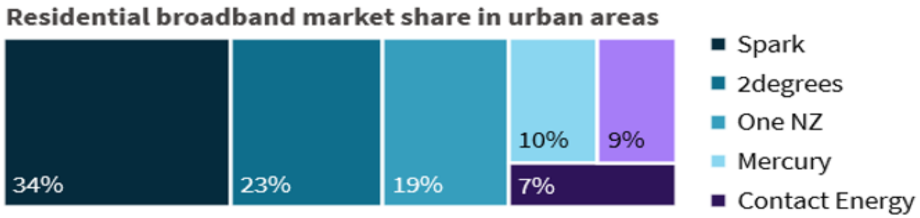
2. Mobile, broadband, and voice services are delivered using a range of technologies.

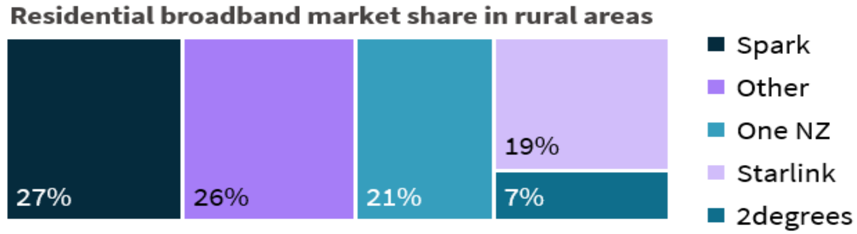
Some technologies are older. For example, **copper** uses existing telephone lines.

Different technologies have different availability across New Zealand, including between urban and rural areas. For example, **fibre** is less available in rural areas, while **satellite** technologies are mainly used by rural and remote consumers.

3. The market is highly concentrated.

A few large providers dominate prices and innovation, especially in urban areas. Chorus and other LFCs control wholesale fibre, and three MNOs — Spark, 2degrees, and One NZ — which hold most of the urban broadband market. Rural areas are less concentrated, with new entrants like Starlink increasing competition.





Findings

What's working well

Through engagement with the sector, the Review identified elements of the regulatory system that are working well.

Practice by regulatory bodies

MBIE and the Commission are recognised for open, responsive engagement and collaboration with industry.

Price-quality regulations

Chorus considers the regulations sound, well-administered and effective for oversight.

Dispute resolution

Recent improvements have increased consumer awareness and access.

Fibre information disclosure

The Commission's process is transparent and consultative, with efforts to reduce regulatory burden supported by providers.

Areas for improvement

The Review makes 22 recommendations across **three core themes**:

Modernisation

Outdated rules make innovation difficult in a dynamic market where technology is continually changing. The regulatory system needs to be resilient to change.

Simplification

The regulatory system is overly complex, making it challenging to navigate. Streamlining the rules will make compliance easier for businesses.

Proportionality

The regulatory system was designed to address a range of market failures. Regulatory actions to address these issues should be targeted to the scale, risk and impact of specific issues.

The following pages explore the key findings for each focus area of the review.

Access to telecommunications services

Finding A
Meeting the Telecommunications Service Obligations is increasingly inefficient and financially unsustainable for providers.

Finding B
The Telecommunications Service Obligations are out of step with contemporary consumer needs and service options.

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.

Finding C
The existing rules for phone booths are based on copper technology, discouraging providers from modernising phone booths to provide internet services.

Recommendation 2
Clarify the rules for phone booths to ensure that the rules are technology neutral, encouraging modernisation.

Finding D
There has been no uptake of Anchor Services reported, but the rules may still support competition.

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

Finding E
There is overlap between Geographically Consistent Pricing and other price-quality rules.

Recommendation 4
The Ministry for 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.

The TSOs are outdated and inefficient with unsustainable costs tied to copper networks. Other overlapping requirements reduce the effectiveness of access and affordability mechanisms and discouraging modernisation.

Our recommendations support…

Modernisation – Supports new and better technologies for consumers.

Simplification – Removes outdated requirements for providers.

Proportionality - Targets support based on risk to consumers.

See Chapter 3 (pages 24-35) for the full version of this section.

Rules about fibre

Finding F
Overlapping regulatory tools and split oversight create practical challenges.

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.

Finding G
The fibre regulatory system remains procedurally rigid and burdensome to use.

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.

Recommendation 7
Streamline fibre, and any other deregulation review processes, from a two-step process into a single-step process.

Finding H
The telecommunications sector has matured, reducing the need for legacy rules.

Recommendation 8
Remove all shareholder caps from Local Fibre Companies' constitutions.

Recommendation 9
Review legacy instruments, retain only relevant obligations by consolidating them into one modern instrument (legislation or deed) and repeal the rest.

Recommendation 10
Repeal physical Layer 1 unbundling requirements.

Fibre regulation suffers from fragmented oversight, procedural rigidity, and outdated rules, creating burdensome compliance processes, limiting innovation and imposing unnecessary costs despite reduced risks in a more mature sector.

Our recommendations support…

Modernisation – Streamlines processes to make innovation easier.

Simplification – Consolidates the rules, reducing compliance burdens.

Proportionality – Recalibrates the rules to match reduced sector risks.

See Chapter 4 (pages 36-52) for the full version of this section.

How levies are calculated

Finding I
The levy process is administratively complex.

Recommendation 11
Reform the Telecommunications Development Levy so that it is charged on gross telecommunications revenue from retail broadband, mobile, stand-alone voice and data connection services.

Recommendation 12
Raise the levy threshold to $50 million, with this threshold to be reviewed periodically by the Ministry of Business, Innovation and Employment.

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.

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.

Finding J
The levy process is uncertain and unpredictable year to year.

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.

Finding K
Some compliance requirements are disproportionate for some

Recommendation 16
Remove the requirement for financial information to be externally audited and provide the Commerce Commission with additional enforcement powers.

The levy system is overly complex, requiring resource-intensive bespoke financial reporting, creating uncertainty for industry year-to-year and imposing unnecessary requirements on small providers.

Our recommendations support…

Modernisation – Makes the levy design adaptable to an evolving market.

Simplification – Reduces administrative burdens for eligible providers.

Proportionality – Tailors assurance requirements to appropriate risk levels.

See Chapter 5 (pages 53-67) for the full version of this section.

Rules that protect and inform consumers

Finding L
The Commerce Commission's guidelines benefit consumers and promote competition, but problems remain.

Recommendation 17

Remove the statutory role of the New Zealand Telecommunications Forum in making retail service quality rules.

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.

Finding M
Reliance on industry self-regulation is limiting the effectiveness of the regulatory system.

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, in consultation with the sector.

Finding N
Embedding the need to consider proportionality in the process for developing the Commerce Commission's codes would ensure future regulatory work is tailored to risk.

Recommendation 20

Require the Commerce Commission to consider the principles of proportionality, transparency, and accountability when developing consumer protection measures.

Existing rules support consumers and competition, but industry self-regulation has led to limited enforcement and gaps in consumer protections. Actions on consumer issues should be tailored to risk.

Our recommendations support…

Simplification – Makes the system easier to navigate for providers.

Proportionality – Ensures regulatory action prioritises significant risks to consumers.

See Chapter 6 (pages 68-81) for the full version of this section.

Taking a proportionate approach

Finding O

Information requests can be resource intensive to comply with and sometimes lack a clear rationale.

Recommendation 21

Require the Commerce Commission to consider the principles of proportionality, transparency and accountability when requiring information from industry to fulfil its functions.

Recommendation 22

The Commerce Commission should further increase transparency when requiring information for market monitoring.

While information-gathering is critical to good regulation, the Commission's information requests can be burdensome and unclear, highlighting the need for more proportional approach to monitoring the sector.

Our recommendations support…

Proportionality - Ensures the Commission's approach balances compliance for providers with the need to monitor sector risks

See Chapter 7 (pages 82-86) for the full version of this section.

Glossary

Term	Definition
Anchor Services	Basic voice and broadband services that must be offered at regulated prices.
Basic broadband services	Part of Anchor Services. Offers 100 Mbps download and 20 Mbps upload speeds.
Basic voice services	Part of Anchor Services. Provides voice-only communication over fibre.
Broadband	A high-capacity internet connection that transmits data over multiple frequencies, allowing fast and continuous access to the internet using technologies such as fibre, fixed wireless, mobile and copper.
Copper	The use of telephone lines to deliver broadband services; however, it does not support mobile services.
Deeds	A legal agreement that sets out rules and responsibilities.
Energy bundlers	Electricity providers that also retail mobile and broadband services (i.e. Contact Energy, Mercury, Slingshot).
Fibre	The use of fibre-optic cables to deliver mobile and broadband services.
Fibre Information Disclosure (Fibre ID)	A set of rules that require fibre companies to publicly share financial and service information, so the Commerce Commission can monitor performance and ensure fair pricing.

Fixed wireless or fixed wireless access	Delivery of internet and voice services using radio waves over cellular networks (i.e. 4G, 5G) or smaller, regional non-cellular networks. Unlike mobile broadband, it does not require cabling to the premises.
Geographically Consistent Pricing (GCP)	Rules that keep prices lower in rural areas where fibre is available by requiring standard prices for fibre services, regardless of where customers live.
Geostationary Earth Orbit (GEO)	The use of stationary satellites and a ground-based satellite dish to deliver mobile and broadband services.
Hybrid-Fibre Coaxial (HFC)	A broadband technology available in parts of Wellington, Kāpiti Coast and Christchurch that combines fibre-optic and copper cables to provide mobile and internet services.
Layer 1	The Open Systems Interconnection Model is a framework that explains network communication into seven layers. Layer 1 refers to the actual hardware, like fibre cables and splitters, that carries signals.
Layer 2	The Open Systems Interconnection Model is a framework that explains network communication into seven layers. Layer 2 moves data between nearby devices on the same network.
Low-Earth Orbit (LEO)	The use of a constellation of moving satellites and a ground-based satellite dish to deliver mobile and broadband services.
Local Fibre Companies (LFCs)	The four companies (Northpower, Tuatahi First Fibre, Enable and Chorus) both build and provide wholesale access to most of New Zealand’s fibre network.
Market	A collection of buyers and sellers that interact to exchange products and services.

Market failure	When the market doesn’t provide goods or services in a fair or efficient way.
Ministry of Business, Innovation and Employment (MBIE)	New Zealand Government’s lead business-facing agency.
Mobile	Delivery of internet and voice services using radio waves over cellular networks such as 4G and 5G. The supporting infrastructure (i.e. cell towers) is typically connected to the wider network via fibre or copper cables.
Mobile Network Operators (MNOs)	Providers that own, operate and retail New Zealand’s mobile network (i.e. Spark, One NZ, 2degrees).
Mobile Virtual Network Operators (MNVOs)	Providers that deliver mobile and broadband services but do not own or operate the actual network (i.e. Warehouse Mobile, Kogan Mobile, Skinny).
Price-quality rules	Set revenue caps and service standards. These rules only apply to Chorus (the largest fibre provider).
Qualified revenue	The revenue amount determined by the Commerce Commission, used to calculate how much TDL a liable person must pay.
Remote area	A subset of rural areas where connectivity is even more limited, often requiring alternative technologies like satellite internet or fixed wireless access, due to the impracticality of extending fibre networks.
Retail service quality rules	Refers to sector-specific rules that protect and inform telecommunications consumers by setting standards for how services are delivered.
Rural Copper Areas (RCA)s	Locations outside of specified fibre areas.

Satellite providers	Providers that use GEO or LEO satellite technology to deliver mobile and broadband services, mostly in rural areas (i.e. Starlink).
Telecommunications Forum (TCF)	New Zealand Telecommunications Forum – a telecommunications industry body.
Telecommunications Development Levy (TDL)	Used to fund public infrastructure that would not otherwise be available or affordable.
Telecommunications Regulatory Levy (TRL)	Used to cover the costs of the telecommunications regulatory system.
Telecommunications Service Obligations (TSOs)	Ensure essential phone services are available to everyone, particularly in remote or rural areas.
The Commerce Commission (the Commission)	New Zealand's primary competition, fair trading, consumer credit and economic regulatory agency.
Urban area	An area where fibre broadband is available, also known as a Specified Fibre Area (SFA).
Wireless internet service providers (WISPs)	Smaller providers operating mostly in rural areas, owning, operating and retailing mobile and broadband services (e.g. Primo, WIZwireless, Wireless Dynamics).