Briefing for the incoming Minister for Media and Communications

27 November 2023

MINISTRY OF BUSINESS, INNOVATION & EMPLOYMENT
HĪKINA WHAKATUTUKI

Te Kāwanatanga o Aotearoa
New Zealand Government

Contents

1. Welcome to the Media and Communications portfolio

1. As the incoming Minister for Media and Communications you set policy direction for the communications regulatory system and related infrastructure investments. Decisions in this portfolio have a major impact on New Zealand's economy and can affect the ability of other portfolios to deliver on their ambitions.
2. We would welcome the opportunity to discuss your priorities for the portfolio as soon as you are ready. We have noted your policy commitments to establish a fast-track one-stop-shop consenting and permitting process for regional and national projects of significance, and we stand ready to provide advice on implementing them.
3. The purpose of this briefing is to:
    - provide background information about the Media and Communications portfolio (contained in sections 2, 3, and 4 of this briefing)
    - introduce you to the key contacts in the Ministry of Business, Innovation and Employment (MBIE) who can assist you to achieve your priorities (section 5 of this briefing), and
    - provide you with initial advice on the immediate issues and key strategic choices in the portfolio in addition to helping you to implement your priorities for the portfolio. These areas could be considered for inclusion in the work programme alongside your stated priorities.
4. Further briefings will be provided to you according to your priorities and areas of interest.

2. Portfolio overview

Introduction

5. This section provides a high-level overview of the Media and Communications portfolio, including an outline of the key agencies and regulatory systems that you are responsible for. Section 4 provides more detail on the key agencies and regulatory systems in the portfolio, as well as links to other portfolios.

Departmental support and areas of focus

6. In this future-focussed portfolio, you are supported by MBIE in relation to communications policy and the Ministry for Culture and Heritage in relation to media policy.

How this briefing relates to other Media and Communications portfolio briefings

7. This briefing provides you with information about the components of the Media and Communications portfolio administered by MBIE. You will also receive a briefing from the Ministry for Culture and Heritage covering their responsibilities and particular areas of focus within the Media and Communications portfolio.

About MBIE

8. MBIE supports the Media and Communications portfolio through 61.1 full time equivalent (FTE) staff members. This represents 0.95% of the MBIE workforce. Figure 1 shows the proportions of these two functional categories.

Figure 1 – MBIE staff supporting the Media and Communications portfolio by function

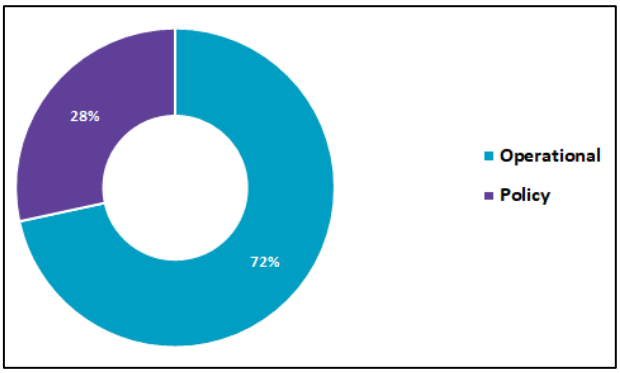


Table 1: Portfolio FTE by Function

Function	Portfolio FTE	Portfolio %
Operational	43.8	72%
Policy	17.3	28%
Total staff	**61.1**	**100%**

9. Please note that this portfolio view does not include staff in enablement functions (e.g. finance, legal, ICT, Ministerial Services) and that data is as at 30 September 2023.

10. Funding for the MBIE components of the Media and Communications portfolio are provided from appropriations in Vote Business, Science and Innovation. While you are the responsible Minister for all of these appropriations, the Minister for Economic Development is usually the responsible Minister for MBIE and generally coordinates financial processes (e.g. baseline updates) on behalf of MBIE portfolio Ministers.

11. For 2023/24, operating expense appropriations for the Media and Communications portfolio in Vote Business Science and Innovation total $150.1 million. The portfolio appropriation is split between departmental funding (funding received by MBIE to provide services directly) of $51.1 million, and non-departmental funding (funding provided via MBIE to other agencies for them to provide services) of $99.0

million.[1] A full list of MBIE appropriations for the Media and Communications portfolio is provided in Annex 3.

12. We are cognisant of the current fiscal environment, including the $110 million Fiscal Sustainability Payment likely to be submitted to Treasury in November. Confidential advice to Government

Key responsibilities in the Media and Communications Portfolio

Ensuring New Zealand has the connectivity infrastructure it needs to develop and thrive

13. High quality connectivity infrastructure is critical to the success of modern economies. You have the ability to drive the Government's connectivity objectives and put in place the policies and programmes necessary to deliver them.

Continuing to improve the communications regulatory system

14. Regulation plays a vital role in achieving good outcomes from New Zealand's communications markets. MBIE is responsible for a wide range of regulatory systems and has developed a programme of work to enhance its stewardship of all its regulatory systems. The work includes increasing our investment in system assurance to provide confidence that systems are working as intended, and more focus on the governance and oversight of each system. MBIE is developing a programme of periodic assessment of each MBIE regulatory system to help ensure that MBIE has a good understanding of its fitness for purpose, even where a major policy review has not recently been undertaken.

15. The communications regulatory system spans fixed line, wireless and postal communications networks and includes the allocation of spectrum resources for radio technologies. A core focus of the regulatory system is the regulation of the natural monopoly characteristics inherent in aspects of communications networks for the long-term interests of consumers. The system provides:

    - the regulatory framework for the supply of postal services
    - the regulatory framework for the supply of telecommunications services, including the management of competition issues in communications markets
    - the regulatory framework for allocating spectrum and licensing radio technology equipment, and
    - regulatory powers to support law enforcement agencies and manage national security system risks in telecommunications networks.

[1] Figures based on MBIE's October Baseline Update submission.

Figure 2 – Overview of the Communications Regulatory System

3. Introduction to the communications sector and the strategic opportunities in this sector

Strategic context

The economic context

16. As outlined in MBIE's separate briefing on the economic context, New Zealand's economy faces a number of long-term challenges. These include weak productivity, increasing stresses on our economic resilience, negative impacts on the natural environment, and significant disparities between different population groups. Compounding these, are global 'megatrends', such as changes in climate, technology, and demography, and rising geopolitical tensions. In the short-term, our economy also faces immediate headwinds. These challenges and trends present both risks and opportunities to the economy.

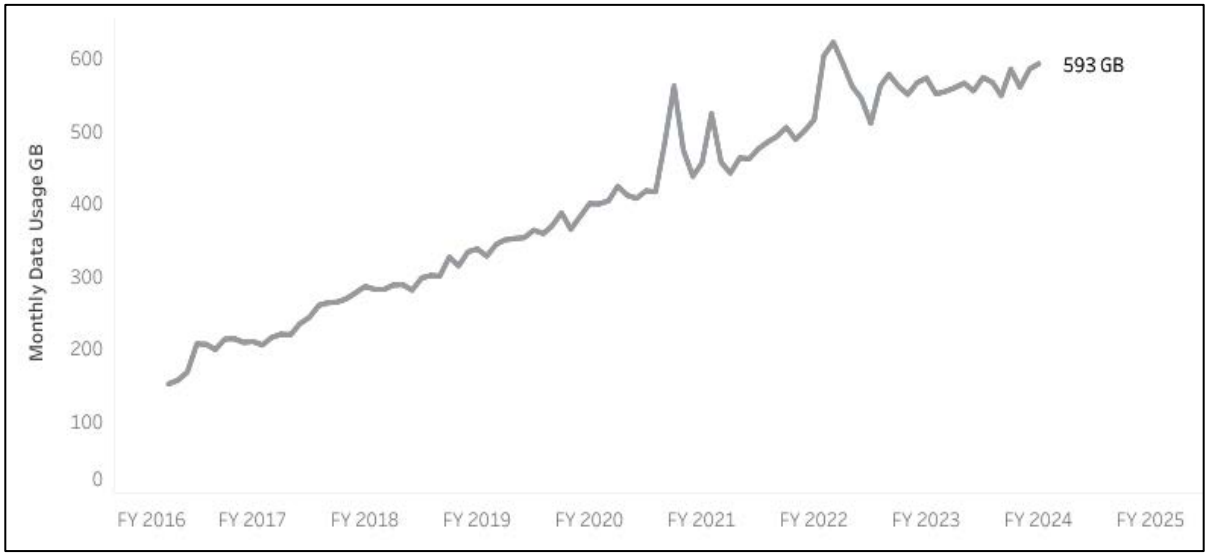
17. MBIE can help you to work collaboratively across portfolios and with other stakeholders, such as business and local communities, to achieve your immediate portfolio priorities and address the challenges outlined above. Reflecting MBIE's responsibilities and where we see the greatest need for urgency, we have identified two broad areas of focus to achieve the Government's short- and long-term goals:

    - strengthening business performance
    - reducing emissions and managing the impacts of climate change.

Insatiable demand for data and recent severe weather events demonstrate the increasing criticality of communications infrastructure

18. Like other developed countries, New Zealand has demonstrated an unrelenting demand for increasing amounts of data as shown in Figure 3.

Figure 3 – Chorus fibre fixed line data throughput per month



19. High performing, resilient communications networks and services are critical for economic and social prosperity, as highlighted throughout the COVID-19 pandemic and in the wake of recent North Island weather events. Despite New Zealand's communications infrastructure having a reasonable degree of resilience, our topography and the non-commercial nature of many resilience investments means that some vulnerabilities remain. Without Government or private sector investment to 'harden' telecommunications

infrastructure against natural disasters and the impacts of climate change, it is almost inevitable that New Zealanders will experience more outages like those caused by cyclone Gabrielle.

20. Communications infrastructure and services also play a key role in supporting growth of the digital economy and the delivery of Government initiatives.

21. In this context, your role is to ensure that New Zealand has communications networks and services that are competitive, innovative, resilient, fit-for-purpose and support New Zealand's economic performance now and in the future. Differences in the quality of telecommunications services received by urban and rural New Zealanders is likely to be an issue requiring ongoing focus given the broader economic, social, and environmental consequences of a sustained urban-rural divide in this critical area.

Overview of the communications sector

Telecommunications sector

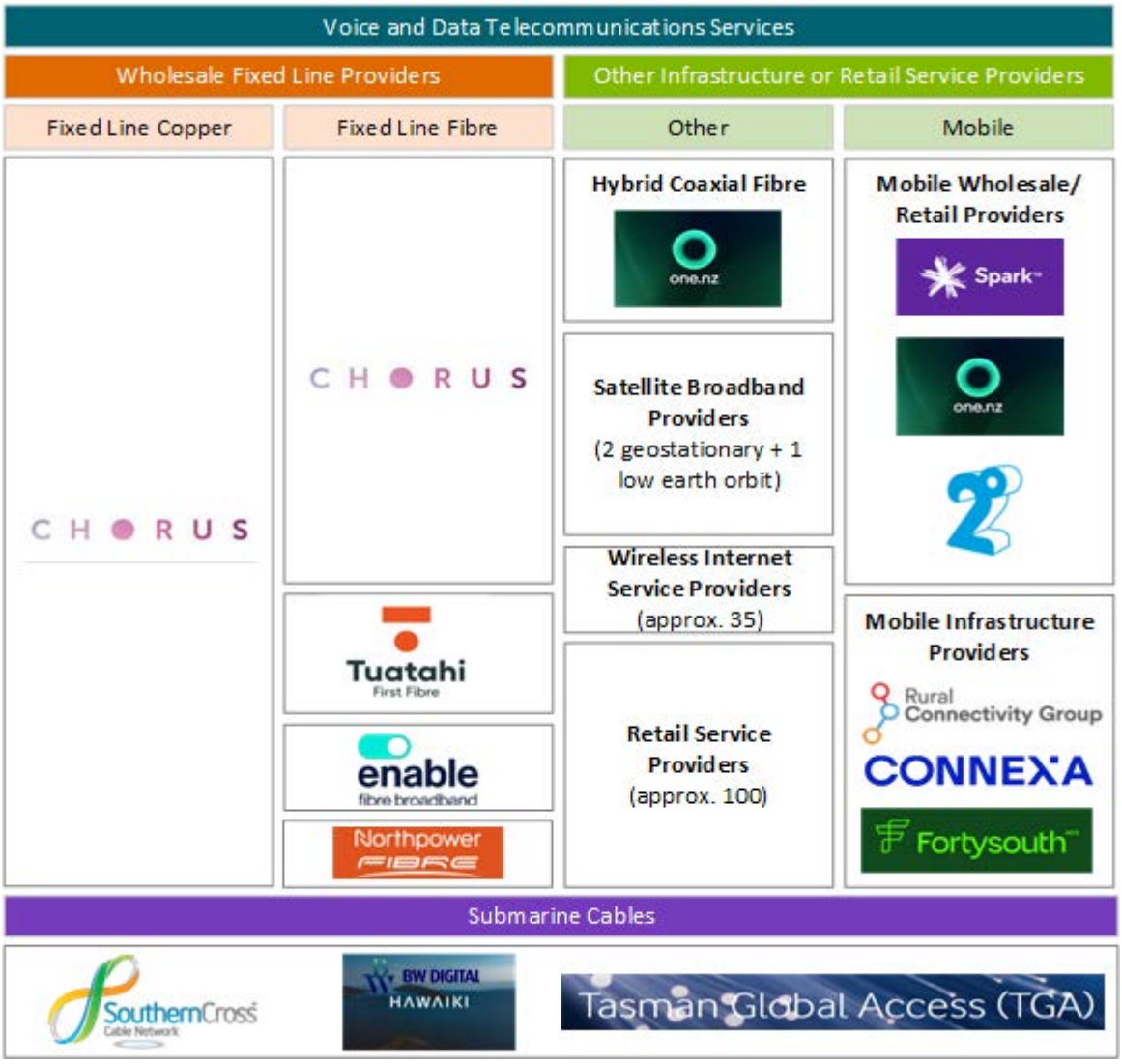
22. Over the past 150 years, New Zealand's telecommunications sector has transitioned from a government monopoly to one where competition is the major driver of achieving good outcomes for New Zealanders. In the pursuit of competition, we have moved from reliance on generic competition law to industry specific economic regulation that seeks to allow competition to prosper in parts of the supply chain where competition is possible, while regulating parts that have strong natural monopoly characteristics.

23. The government funding provided to the Ultra-Fast Broadband (UFB) programme allowed the Government to end Telecom's vertically integrated monopoly on fixed line services and move to a wholesale only vertically separated supplier. This vertical separation has allowed a move away from technically complex access regulation to traditional utility regulation. Figure 4 shows the current vertically separated structure of the New Zealand telecommunications sector and the major players in both the fixed line broadband[2] and mobile sub-sectors.[3]

[2] Fixed line broadband is what most New Zealanders use to access the internet in their homes. This network also continues to provide traditional fixed location voice services i.e. traditional 'land lines'.

[3] The mobile subsector covers traditional mobile voice services, mobile broadband services, as well as the fixed wireless broadband services that compete with fixed line broadband services for smaller/lower demand households or households in rural areas without access to a suitable fixed line service.

Figure 4 – Overview of the New Zealand Telecommunications Sector

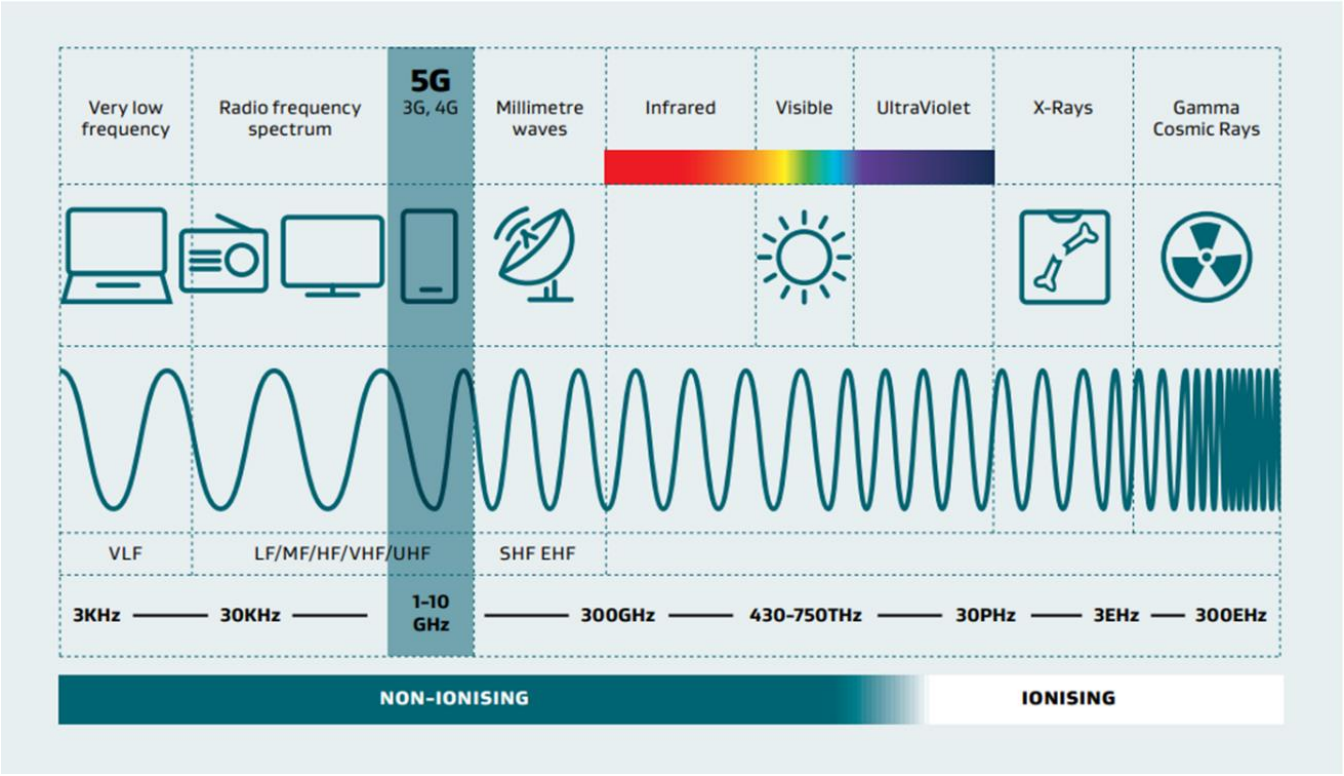


Significant progress has been made in the communications sector to date

Allocating radio spectrum to enable new technologies

24. Radio spectrum is the part of the electromagnetic spectrum containing 'radio waves' that are suitable for modern telecommunications. Radio spectrum is fundamental to enabling uptake up of new technologies. The choices government makes about the allocation of spectrum have long-term effects on the availability and cost of telecommunications services, development of commercial opportunities, and the deployment of innovative applications.

Figure 5 – What is radio spectrum?



25. Spectrum is managed through national regimes (management rights and radio licensing) and under international accords. Lead-in times for allocating spectrum typically take several years due to the need for international harmonisation, and technical and operational work to restructure and allocate spectrum bands.

26. By releasing spectrum, we can contribute to increasing network capacity and enabling digital connectivity in specific locations (for example, in rural and semi-rural areas) or to support new uses (such as for law enforcement or defence purposes, or for discrete satellite and cellular services). Accelerated deployment of 5G in New Zealand has been advanced by prioritising the allocation of 3.5 gigahertz (GHz) spectrum frequencies, including obligations to speed-up the roll out to approximately 55 towns. There are two remaining 60 MHz blocks of spectrum in the 3.5 GHz band that are yet to be allocated.

27. Decisions have recently been made to allow 24-30 GHz spectrum frequencies to be used for mobile and satellite services, but there is a significant amount of work required before these frequencies can be made fully available for use. Additionally, expiring management rights in the 2300 MHz and 2600 MHz spectrum frequencies (used for mobile services) will require reallocations in these bands. We have also been working to replan the 600 MHz band, but this is contingent on reaching agreement with existing rights holders/users in the band. All of these spectrum bands have the potential to improve the connectivity services provided to New Zealanders.

28. Engagement between the Crown and Māori on the issue of spectrum has historically been characterised by disagreement on the nature and extent of Māori interests. In the past, this disagreement led to delays in spectrum allocation work programmes and particularly affected the pace at which spectrum for new mobile technologies was made available. This changed in February 2022 when the Crown and Māori entered into a memorandum of understanding (MoU) on radio spectrum, following a significant period of collaboration with Māori to design an approach to spectrum management that recognises Māori interests. The MoU provides a pragmatic, mutually beneficial solution that should significantly reduce the likelihood of future

legal or Waitangi Tribunal claims. In particular, the MoU provides an ongoing allocation of 20% of all future commercial spectrum allocations and seed funding to allow the Māori Spectrum Entity to establish itself.[4]

29. Confidential advice to Government

30. We would welcome an early conversation with you on the next steps on implementing the MOU, including the transfer of funding to the Māori Spectrum Entity to enable them to finalise a time-sensitive contract to purchase a complementary business to accelerate Māori participation in the telecommunications and technology sector.

Upgrading New Zealand's Connectivity Infrastructure

31. Extensive new network infrastructure has been deployed across the country through nearly $2.6 billion of government investment allocated to five key programmes. Figure 6 summarises government infrastructure connectivity investments to date.

32. The Ultrafast Broadband programme (UFB) was completed in December 2022, delivering fibre to 87% of the population. As of September 2023 81,904 rural homes and businesses can access improved broadband through the Rural Broadband Initiative and 1,377km of state highway and 128 tourism sites have mobile coverage through the Mobile Black Spot Fund. Once these programmes are complete in 2023, 99.8 per cent of New Zealand homes and businesses will have access to improved broadband. It is estimated there will remain up to 3800 households that will not be covered by these programmes and will require bespoke solutions. A $15 million Remote Users Scheme has been developed to assist these remaining households through either a wireless solution from a commercial provider, or a grant for a solution of their own (such as hardware for a satellite connection).

33. As New Zealanders' demand for data continues to rise, and the criticality of connectivity infrastructure increases, the focus is shifting to expanding the data capacity and resilience of our networks.

[4] Commercial allocations only cover spectrum allocated via management rights and excludes spectrum under Crown Management rights e.g. grants of radio licences, management rights sub-licensed by the Crown for local or sub-national services, and broadcasting licences.

Figure 6 – Overview of Government Connectivity Programmes

Ultrafast Fibre Broadband (UFB) ~$1.8 billion as at August 2023

Rural Broadband Phase 1 and 2 - $597 million (including Mobile Black Spot Fund)

Rural Capacity Upgrades (1 and 2) - $108 million

Marae Digital Connectivity - $23.9 million

Regional Connectivity Initiatives (fibre to West Coast etc.) - $51 million

Remote Users Scheme - $15 million

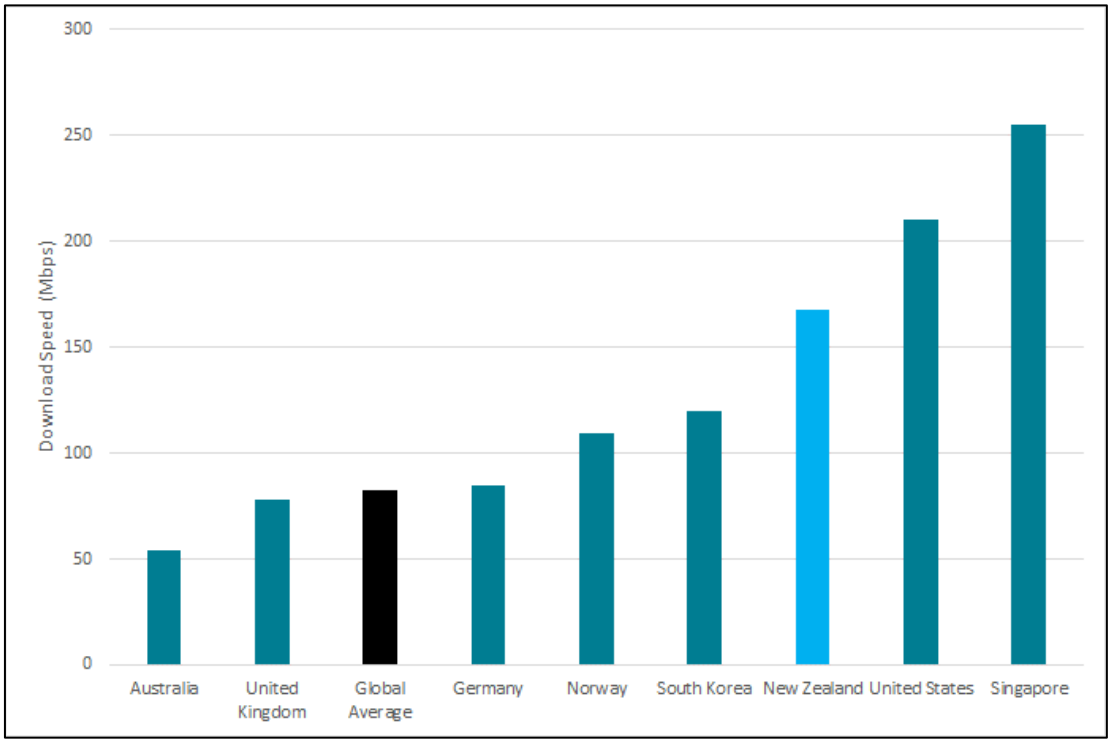
5G Rural improvement works (5G to rural towns, various rural wireless & mobile upgrades)

Programme	Technologies Used
Ultra-Fast Broadband	Fibre to 412 towns
Rural Broadband Phases 1 and 2	Fixed Wireless / Mobile (mainly 4G, but with some 3G for mobile coverage along State Highways), Phase 1 also included: • some upgrades of lines from ADSL to VDSL outside of rural towns also • fibre to rural schools, hospitals and medical centres
Rural Capacity Upgrades (1 and 2)	Fixed Wireless / Mobile (4G) for most locations, but some locations are receiving fibre (as in Canterbury) where feasible
Marae Digital Connectivity	Fibre where feasible, fixed Wireless (e.g. 4G) in other locations
Regional Connectivity	Fibre for some small towns, fixed wireless / mobile for other rural locations (4G)
Remote Users Scheme	Fixed Wireless were feasible (4G or similar), user grants for remote users to choose elsewhere (e.g. to buy satellite coverage)
5G Rural Improvement Works	Fixed Wireless / mobile (5G to rural towns, 4G or 5G to other rural areas)

Consumer Outcomes

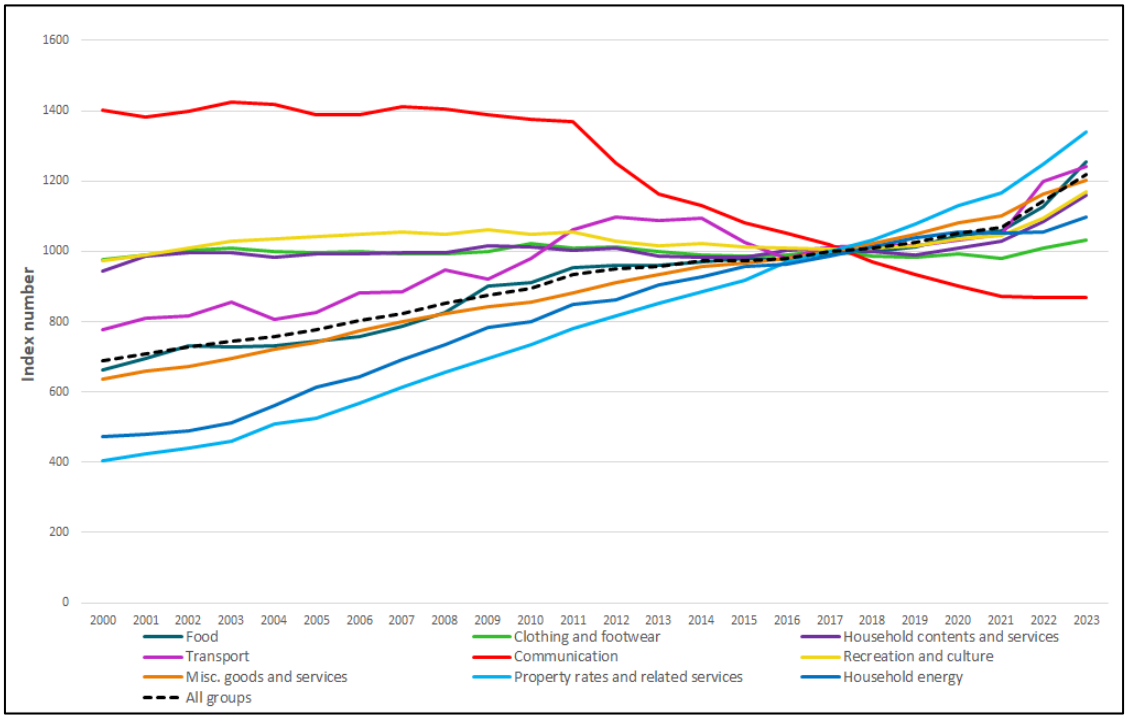
34. Completion of the UFB programme has delivered most New Zealanders world class broadband infrastructure.

Figure 7: Broadband Download Speeds – August 2023 (Source: Ookla Speedtest)



35. At the same time, strengthening competition within and between the fixed line and mobile sectors has put significant downward pressure on the costs of most communication services (see figure 8). One exception to this trend is the cost of mobile data, which is higher in New Zealand than most comparable countries.

Figure 8: Consumer Price Index by selected groups and sub-groups 2000-2023 (Source: Stats NZ)



Recommended Focus Area – Improving Connectivity

36. Despite successive Governments undertaking substantial investments in New Zealand's connectivity infrastructure, and most consumers experiencing good outcomes, there is still much to be done. In particular, rural New Zealanders often experience connectivity services that are slower, less reliable, and more expensive than urban New Zealanders. Without ongoing investment, this rural-urban divide is likely to persist, or even intensify due to four main factors:

    - **Affordability** - while the expansion of satellite broadband services has gone a large way to address coverage gaps, these services tend to be at least twice the price of urban fixed line fibre services. Prices for fixed wireless broadband are also significantly higher in rural areas than urban areas
    - **Capacity constraints** - satellite and fixed wireless broadband services tend to have much lower capacity than the fixed line and mobile networks that serve urban areas. As more and more rural New Zealanders start to engage with the digital economy, these capacity constraints are likely to intensify
    - **Resilience concerns -** the recent North Island severe weather events demonstrated the vulnerability of telecommunications networks to natural disasters that take out critical roading corridors. While the UFB programme required that there be no single point of failure in areas with more than 3000 connections, and mobile networks are generally resilient to bad weather, Cyclone Gabrielle showed us how vulnerable rural communities can be to natural disasters and the limits of commercially funded resilience investments. Without further investment, New Zealand remains vulnerable to further outages of the kind experienced in the aftermath of Cyclone Gabrielle, and
    - **Funding sustainability** - with the UFB programme complete, and only limited funding available for rural connectivity, additional funding sources are required to meaningfully improve peri-urban and rural connectivity.

37. In line with previous UFB investments, expanding the capacity of New Zealand's telecommunications in areas that do not have fibre is likely to pay long term economic dividends and have low investment risks. It is also likely to provide better value for money over the life of the underlying fibre assets because it negates the need to maintain ongoing funding for wireless rural networks that will face ongoing capacity issues as New Zealanders do more economic and social activities online.

38. With copper coming to the end of its economic life, increasing competition from fixed wireless, and the geographic restrictions on other local fibre companies (LFCs) having been removed, Chorus has some incentives to extend fibre beyond the current footprint of 87% of the population. Wireless Internet Service Providers (WISPs) are also increasingly moving into the provision of fibre as they face increasing competition from satellite broadband providers in their traditional rural broadband markets.

39. In response to these technology and commercial pressures, Chorus has signalled it is considering expanding its fibre footprint to an additional 40,000 premises via its regulated price-quality path that is currently under consideration by the Commerce Commission. This would take New Zealand's overall fibre coverage from the current 87% to between 89% and 90% of the population.

Confidential advice to Government

40. However, extending the fibre footprint beyond 90% and meaningfully enhancing the resilience of telecommunications networks will almost certainly require additional government investment. [redacted]

Confidential advice to Government

[redacted]

Recommended Focus Area – Ongoing Improvements to the Communications Regulatory System

42. As markets evolve with new technologies and business models, our regulatory systems need to adapt to keep pace.

43. A comprehensive review of the Telecommunications Act 2001 was completed in 2018, to adapt the regulatory system for the large-scale transformation to a fibre-based network infrastructure. The review resulted in a new regulatory framework for fibre that is bedded in and about to move into its second regulatory period.

44. While the Telecommunications Act reform was a significant piece of work, and the communications regulatory system is generally in good health, the job is not done:

[5] The TDL is an industry levy that can be used to fund non-urban infrastructure development, telecommunications service obligation charges, upgrades to the emergency service calling system, and any other purpose the Minister considers will facilitate the supply of certain telecommunications services to groups of end-users within New Zealand.

- the completion of the UFB programme in late 2022 has seen Local Fibre Companies (LFCs) shift their focus from network build to network operation, and the Crown's investment in LFCs reduce. These developments have raised questions about what the future role of LFCs is, and whether it still makes sense to treat Chorus differently from Tuatahi, Enable and Northpower. In particular, the constitutions of Tuatahi, Enable and Northpower contain significant restrictions on the lines of business these companies can undertake. These restrictions were inserted to ensure the LFCs stayed focussed on rolling out the UFB network but are arguably less relevant now the UFB programme is complete. We have also identified some potential problems around the ability of the Telecommunications Act to move LFCs between information disclosure and price-quality regulation as the degree of market power they hold evolves with technology and consumer preferences, and whether it is sensible for the shared property access regime for fibre installations to expire at the end of 2024
- the rollout of 5G services and increasing consumer concerns about the resilience of their telecommunications services are raising questions from the sector about whether the Resource Management (National Environmental Standard for Telecommunications Facilities) Regulations 2016 that provide nationally consistent rules for telecommunications infrastructure (e.g., cellular towers) remain fit for purpose, and
- new satellite services are offering rural and peri-urban customers broadband services where none previously existed, or where the existing services do not adequately meet their needs. These new satellite services raise questions about the jurisdictional reach of the Telecommunications Act on issues like Telecommunications Development Levy liability and the application of consumer protection regulation. There are also questions about the coverage of the Telecommunications (Interception Capability and Security) Act 2013.

45. We would welcome the opportunity to discuss with you how desired amendments to the Resource Management (National Environmental Standard for Telecommunications Facilities) Regulations 2016 might align with your coalition commitment to introduce a fast-track one-stop-shop consenting and permitting process for regional and national projects of significance.

46. Outside of the Telecommunications Act, regulatory work is desirable to:

- review the Radiocommunications Act to make this regulatory framework more flexible and fit for purpose for modern technologies and market developments, including the emergence of dynamic spectrum sharing, increasing use of satellites, and the development of a proposed Ground Base Station Installation (GBSI) regime
- continue implementation of the Māori Crown agreement on spectrum, and
- review the radio spectrum regulations and fees regime under the Radiocommunications Act to ensure that MBIE can be an efficient and effective regulator.

Confidential advice to Government

Confidential advice to Government

47. MBIE uses Regulatory Systems Amendment Bills (RSABs) to make minor, technical and non-contentious amendments to the legislation it administers. There were two RSABs on the previous Government's legislation programme – drafting is nearing completion for RSAB No. 3, and we are identifying amendments to include in RSAB No. 4. In due course, the Government will decide whether these bills are part of its legislation programme.

48. RSAB No 3 contains amendments in your portfolio. It updates the Telecommunications Act 2001 to reflect the deregulation and removal of the local access and calling Resale Service from Part 2 of Schedule 1 of the Telecommunications Act 2001. We will provide more detail about these amendments and your role in progressing the RSABs in due course.

Introduction to the postal sector and work required to review the Deed of Understanding

49. Similar to the telecommunications sector, the postal sector has also transitioned from a government monopoly to a market structure that looks to encourage competition in areas that are amenable to it. However, this transition has occurred against a backdrop of a rapid decline in mail volumes following the development of the internet and emails. In parallel, the rapid rise of e-commerce has seen a dramatic expansion in the demand for parcel services. Figure 10 provides an overview of the structure of the postal sector and the key players.

Figure 10 – Overview of the New Zealand Postal Sector

50. As a state-owned enterprise, New Zealand Post's (NZ Post) principal objective is to operate as a successful business. The Crown has a legal arrangement with NZ Post that specifies minimum service levels (e.g., delivery days and the size of NZ Post's network footprint). This "Deed of Understanding" includes a provision that the current arrangements must be reviewed by 30 June 2024. The last review of the Deed was essentially deferred by the Crown entering into a contract that provided NZ Post with $130 million of funding as it transitioned towards financial sustainability.

Commercial Information

52. Previous reviews of the Deed of Understanding have involved public consultation. We therefore recommend you take an early paper to Cabinet to discuss the approach to the review of the Deed of Understanding.

Recommended key areas of focus

53. Pulling together the key issues from across the portfolio, we see two key areas for further work and would welcome the chance to discuss these further with you.

Table 2 – legislative functions, duties and powers

Focus Area 1: Improving Connectivity	Focus Area 2: Continuing to Improve Our Regulation
Issues: • despite substantial government investment and the arrival of new technologies, rural New Zealanders experience connectivity services that are slower, less reliable, and more expensive than urban New Zealanders • there is no sustainable funding pathway to address this 'urban-rural divide', and the scale of the divide could increase once existing rural broadband initiative contracts expire between 2026 and 2034 • while our telecommunications networks have reasonable levels of resilience on a day-to-day basis, they remain vulnerable to natural disasters	**Issues:** • the communications regulatory system is generally in good health, but there are some areas that require maintenance to ensure that the system stays current with the latest technologies and market developments
Recommended action: Confidential advice to Government	**Recommended action:** • modernise the radiocommunications regulatory settings to keep pace with new technologies and market changes • release a discussion document early in 2024 to: (i) update the fibre broadband regulatory framework following the completion of the UFB programme, and (ii) address the jurisdictional challenges from satellite telecommunication services • update the National Environmental Standard for Telecommunications Facilities (NESTF) • take an early paper to Cabinet to agree the approach to reviewing the NZ Post Deed of Understanding • continue to implement the Māori-Crown Memorandum of Understanding on radio spectrum

4. Portfolio responsibilities

Legislation within your portfolio responsibilities

54. As Minister for Media and Communications, you have functions, duties and powers under the following Acts administered by MBIE:

Table 3 – legislative functions, duties and powers

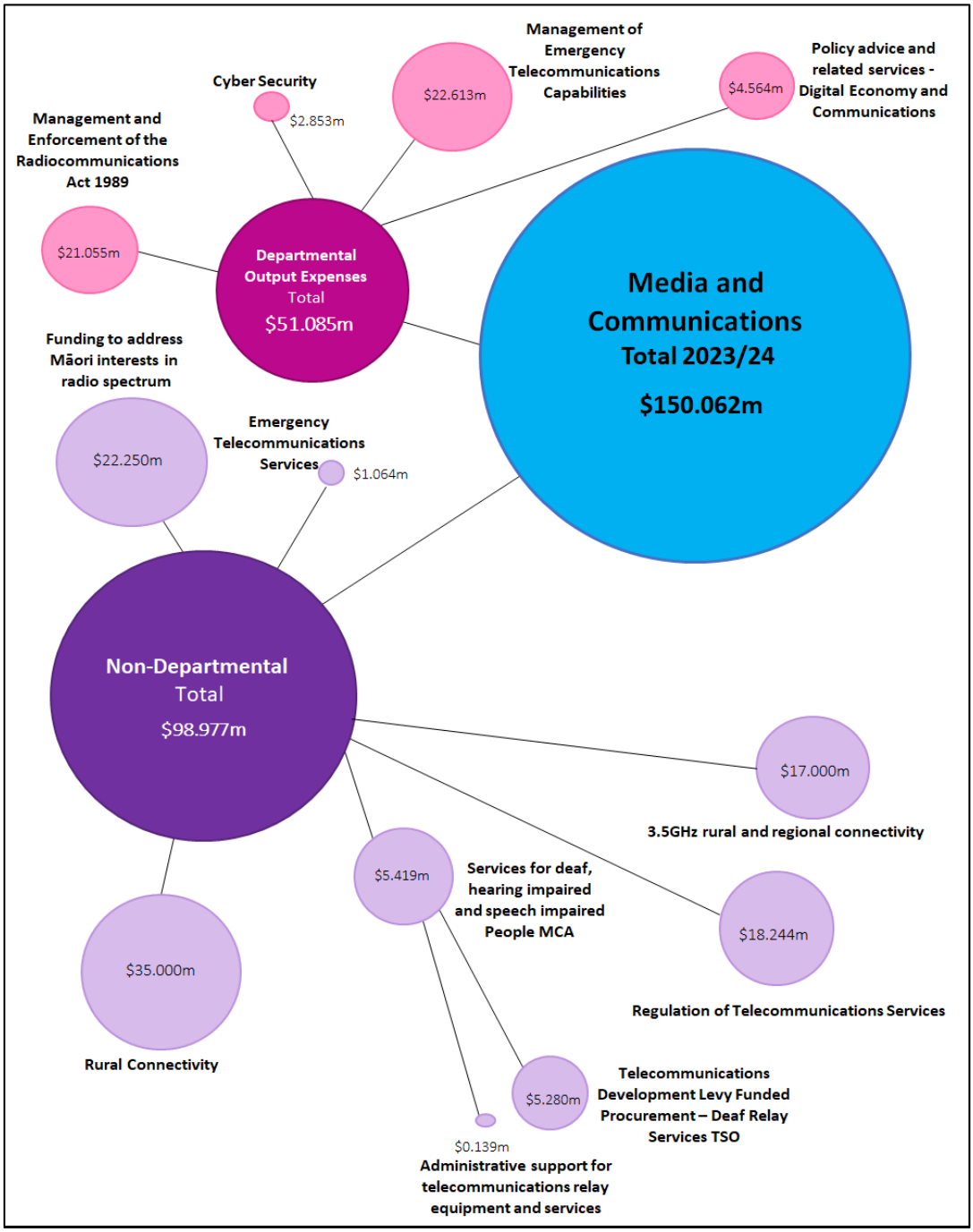
Legislation	Key roles, responsibilities and functions of Minister	Role of Crown entities, Companies, State Agencies and Boards
Telecommunications Act 2001 *Regulates the supply of telecommunications services, promotes competition and protects consumers*	• Recommending the appointment of the Telecommunications Commissioner to the Commerce Commission • Make policy decisions regarding levies, regulated services and consumer protection.	The Commerce Commission's main responsibilities include: • Sector monitoring • Regulation of wholesale telecommunication services • Levy liability allocation • Consumer advice and protection MBIE's main responsibilities are to: • Support the Minister • Lead policy development • Administer the network operator register
Radiocommunications Act 1989 *Regulates the use of radio spectrum, sets rules for licensing radio transmitters and associated compliance framework*	• Recommending regulations • Provide a Statement of Government Policy to MBIE	MBIE's main responsibilities are to: • Provide policy advice on the allocation of radio spectrum • Operate a registry for spectrum rights and licences • Enforcement • Approve radio engineers • Set reference and equipment standards
Postal Services Act 1998 *Regulates postal services, promotes competition and supports an efficient postal market*	• Signatory to the Deed of Understanding, an agreement between NZ Post and the Government that places obligations on NZ Post in relation to mail delivery.	MBIE's main responsibilities are to: • Provide policy advice in relation to mail networks • Approve applications and keep a register of postal operators in New Zealand
Telecommunications (Interception Capability and Security) Act 2013 (TICSA) *Establishes obligations for network operators in terms of interception capability and network security*	• Make policy decisions regarding interception and network security. • Consultation with relevant Ministers on administrative decisions and regulations.	MBIE is responsible for advising you on the TICSA legislation, as a regulatory system, including: • Whether the legislation is achieving its objectives • Whether the legislation needs to be amended to reflect a change in the environment. GCSB is responsible for operationalising the network security provisions of TICSA. Police has responsibilities related to the interception provisions and appointing the registrar. DPMC provides advice as the lead agency on cyber policy.

Appropriations that you are responsible for

55. As outlined in Section 2, funding and appropriations for the MBIE components of the Media and Communications portfolio are provided from appropriations in Vote Business, Science and Innovation. Figure 11 provides an overview of the Media and Communications portfolio operating expense appropriations administered by MBIE.[6]

56. Figure 11 includes standard 'annual' appropriations as well as 'multi-category appropriations' or MCAs. An MCA is an appropriation for two or more categories of output expenses, other expenses or non-departmental capital expenditure.

Figure 11 – Overview of Media and Communications Operating Expense Appropriations



[6] Figures based on MBIE's October Baseline Update submission.

Crown entities, Crown companies, and other stakeholders

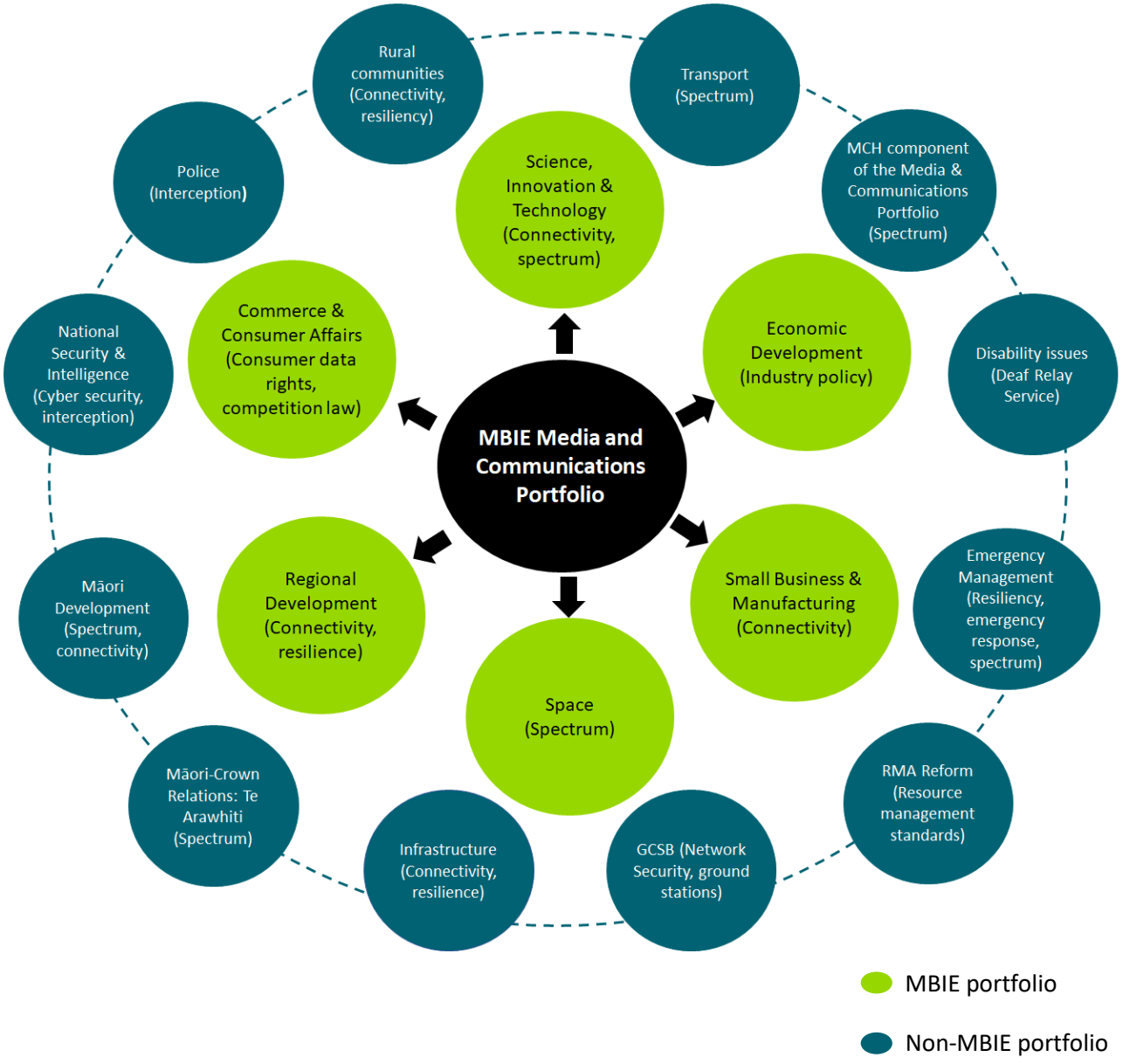
57. As the Minister for Media and Communications, you are not responsible for any Crown entities or companies. However, you have a strong interest in the activities of the Commerce Commission, New Zealand Post, and Crown Infrastructure Partners as outlined in Annex 1.

58. A list of key portfolio stakeholders as well as a suggested prioritisation for your initial engagements is outlined in Annex 2.

Major links with other portfolios

59. The Media and Communications portfolio provides a range of opportunities to work with other Ministers to deliver broader outcomes. The portfolio is closely linked to the following MBIE and non-MBIE portfolios:

Figure 12 –MBIE Media and Communications portfolio links to other portfolios



5. How MBIE assists you

60. The following MBIE groups support you in the Media and Communications portfolio:

    - Building, Resources and Markets group
    - Te Whakatairanga Service Delivery group.

Business Groups

61. The Building, Resources and Markets Group (BRM) leads policy development to ensure a fair, competitive business environment and well-functioning telecommunications, building and construction, small business, manufacturing, and resources sectors and operations. We also serve as the Government's Procurement System Leader and the Government's Property System Leader. BRM oversees many of the regulatory systems that govern Aotearoa New Zealand's markets: commerce and consumer affairs; energy markets; minerals and petroleum; energy efficiency; communications; and building performance. The group has six branches, including the Digital Communications and Transformation branch that has a specific role in this portfolio providing advice on:

    - Telecommunications policy
    - Postal policy, and
    - Radio spectrum policy and planning.

62. Additionally, the Building, Resource and Markets group jointly deliver the Emergency Caller Location Information service with the Digital, Data and Insights group that is responsible for the data and insights, digital and technology functions within MBIE. This service allows the emergency services (i.e. Police, Fire and Emergency NZ, and Ambulance) to access the location of New Zealanders who call 111.

63. Te Whakatairanga Service Delivery provides critical functions and services that support businesses, employees, and consumers to operate successfully in the marketplace. We deliver information, advisory, dispute resolution, regulatory and enforcement services across the majority of MBIE's regulatory systems and on behalf of other government agencies. Te Whakatairanga Service Delivery works to ensure Fair Markets that Thrive: an environment where businesses can succeed, and New Zealanders are protected. In the Media and Communications portfolio, Te Whakatairanga Service Delivery group is responsible for:

    - Radio spectrum licensing, compliance and enforcement activities
    - Operating the deaf relay service.

Key MBIE officials

64. Table 4 below sets out the key MBIE officials who will support you in this portfolio.

Table 4: Key MBIE officials

Contact	Role	Priority Area	Contact details
Carolyn Tremain 	Secretary, Ministry of Business, Innovation and Employment	All	Privacy of natural persons
Paul Stocks 	Deputy Secretary, Building, Resources and Markets	Digital, telecommunications, postal and radio spectrum policy. Reports to Carolyn Tremain.	
James Hartley 	General Manager, Digital Communications & Transformation branch, Building, Resources and Markets	Digital, telecommunications, postal and radio spectrum policy. Reports to Paul Stocks.	
Suzanne Stew 	Deputy Secretary, Te Whakatairanga Service Delivery Group	Radio spectrum compliance and enforcement activities plus the Deaf Relay Service. Reports to Carolyn Tremain.	
Sanjai Raj 	General Manager, Market Integrity, Te Whakatairanga Service Delivery	Radio spectrum compliance and enforcement activities. Reports to Suzanne Stew.	
Ross van der Schyff 	General Manager, Business & Consumer, Te Whakatairanga Service Delivery	Deaf Relay Service. Reports to Suzanne Stew.	

6. Major work programmes and immediate deliverables

65. Table 5 below sets out items requiring urgent decisions or actions in your first 100 days, while Table 6 sets out other significant areas of work that we recommend you progress in the first six months.

Table 5: items requiring urgent decisions or action – first 100 days

Programme	Description	Action/next step
World Radio Conference	World radiocommunication conferences (WRCs) are held every three to four years to review, and, if necessary, revise the Radio Regulations that are an international treaty governing the use of the radio-frequency spectrum and the geostationary-satellite and non-geostationary-satellite orbits.	Authorise the NZ delegation to sign the Final Acts of the World Radio Conference.
Māori-Crown memorandum of understanding (MoU) on radio spectrum	Work on implementing the Crown-Māori spectrum agreement is well underway, and there are options around how this work is taken forward. In line with the MoU, the Māori Spectrum Entity has signed a time-sensitive contract to purchase a complementary business to accelerate Māori participation in the telecommunications and technology sector.	Discuss your preferred approach to implementing the Crown-Māori MoU with us, and if appropriate, approve the disbursement of funding to facilitate the proposed acquisition.
Review of NZ Post Deed of Understanding	The Deed of Understanding with NZ Post prescribes required mail service levels. The Deed contains provision for review by 30 June 2024. The review will need to strike a balance between the commercial sustainability of NZ Post's operations and any remaining need for New Zealanders to have access to a postal service.	Take a paper to Cabinet to agree approach to the review of the Deed of Understanding, and any resulting fiscal implications for the Crown.
Updating the regulatory framework for fibre	Local fibre companies have sought changes to current fibre network governance and regulatory restrictions. There are additional questions around aspects of the fibre regulatory framework provided for in the Telecommunications Act, including whether the statutory regime governing the installation of fibre to shared properties should sunset on 31 December 2024 as currently provided for in the Telecommunications Act.	Agree to release a discussion document to consult on these issues and to assess the case for extending the sunset of the fibre installation property access provisions as quickly as possible.

Table 6: Major work programmes – first six months

Programme	Description	Action/next step
Radio spectrum fee review	In 2017 radio spectrum fees were set below cost to reflect a surplus balance in the memorandum account. [redacted] Confidential advice to Government [redacted]	Agree to progress a review of fees under the Radiocommunications regime.
National Environmental Standard on Telecommunications Facilities (NESTF)	Changes to technology and urban planning approaches mean that the Resource Management (National Environmental Standards for Telecommunication Facilities) Regulations 2016 are now in need of an update. Without an update, there is a significant risk that the rollout of 5G networks and improvements to the resilience of cellular infrastructure will be hindered.	Discuss the need for the NESTF to be updated with the Minister for RMA Reform.
Radio spectrum allocations: 24-30 GHz	24 – 30 GHz spectrum is used for mobile and satellite services. This spectrum is aimed to be made available for long term use in mid-2026. A work programme consisting of technical work, industry consultation, engagement with Māori (through the Interim Māori Spectrum Commission), assignment processes, interim licencing regimes, regulatory design and further decision making, will occur between now and 2026.	Agree the policy objectives for assignment of this spectrum for long term use.
Radio spectrum allocations: 2300 and 2600 MHz	2300 and 2600 MHz spectrum is used for mobile services. Existing management rights in these spectrum bands are due to expire in 2028-2030. Policy and technical planning work for management right renewals or reallocations typically begin five to six years from expiry to allow sufficient lead in time.	Agree the proposed work programme, and options for stakeholder consultation for expiring management rights in the 2300 and 2600 MHz bands.
Review of Radiocommunications Act and regulations	Review the Radiocommunications Act and regulations to make the overall regime more efficient and fit for purpose for modern technologies such as dynamic spectrum sharing.	Agree to the proposed programme of work.

Connectivity and resilience	With copper coming to the end of its economic life, increasing competition from fixed wireless, and the geographic restrictions on other LFCs having been removed, Chorus has some incentives to extend fibre further and has signalled that it wishes to expand fibre coverage from the current 87% to 89% via its regulated price-quality path. Extending coverage beyond 89% and meaningfully enhancing resilience will require additional government investment.	We recommend you: Confidential advice to Government

Annex 1 - Crown entities and Crown companies

Telecommunications Commissioner

66. The Telecommunications Act 2001 establishes a Telecommunications Commissioner, who is a member of the Commerce Commission. The Governor General appoints the Commissioner on your recommendation, and you are the key ministerial contact for the Commissioner.

Name	Date of appointment	Expiry date of present term
Tristan Gilbertson, Telecommunications Commissioner	08/06/2020	08/06/2025

67. The Minister of Commerce and Consumer Affairs is the Minister responsible for the Commerce Commission as a whole.

Crown Infrastructure Partners

68. On 1 September 2017, Crown Fibre Holdings Limited (CFH) was renamed Crown Infrastructure Partners Limited (CIP) and its scope of work broadened beyond the UFB, Rural Broadband Initiative, and Mobile Black Spot Fund programmes. In addition to these programmes, the scope includes investigating and implementing commercial models (including those that will enable co-investment from the private sector or any other sector) to achieve the Government's objectives for the deployment of water and roading infrastructure to support a timely increase in housing supply. CFH was originally established (as a Public Finance Act Schedule 4A company) to manage the investment in UFB infrastructure.

69. Mark Binns is the Chair and Graham Mitchell is the CEO. The shareholding Ministers are the Minister of Finance and the Minister for State Owned Enterprises. The Treasury is the monitoring agency. However, in relation to delivering broadband policy, CIP interacts with you as the Minister for Media and Communications. MBIE also works closely with the Treasury to monitor CIP.

New Zealand Post

70. NZ Post is a State-Owned Enterprise chaired by Carol Campbell, with David Walsh as the CEO. Its shareholding Ministers are the Minister of Finance and the Minister for State Owned Enterprises. The Minister for Media and Communications is responsible for the administration of the Postal Services Act 1998 and postal policy more generally. A specific responsibility of the Minister is to review the Deed of Understanding, which sets out the minimum standards NZ Post must meet in its mail network.

Annex 2 – Key Stakeholders

72. The key stakeholders and organisations in the communications sector are set out in the table below. The table includes a recommended priority order for meeting with stakeholders over the next 12 months. Priority 1 reflects a recommended meeting within the first 100 days, priority 2 within the first six months, and priority 3 within the first 12 months.

Table 7: Key domestic stakeholders

Organisation	Purpose and scope of activities	Priority for introductory meeting
NZ Post	NZ Post is a State-Owned Enterprise and New Zealand's largest postal operator. The wider NZ Post Group operates a range of businesses providing communications and business services. The review of the 'Deed of Understanding' with NZ Post will be one of your first tasks as Minister.	1
Spark	Spark is a large nationwide telecommunications company that provides digital services such as broadband and cloud computing as well as providing traditional fixed and mobile voice services. The company began as a state-owned enterprise, Telecom, in 1987 and launched the first mobile network in New Zealand. In 2011, following changes to the telecommunications industry legislation, Telecom was separated into two companies: Telecom as the mobile network operator and Chorus as a wholesale-focused operator of fixed-line networks. In 2014, Telecom rebranded as Spark New Zealand.	1
One NZ (formally Vodafone)	One NZ, formally Vodafone NZ, is a New Zealand retail telecommunications company that provides broadband and mobile services. One NZ is owned by New Zealand-based Infratil and Canadian investors Brookfield Asset Management.	1
2degrees	2degrees is New Zealand's newest full-service telecommunications company following the merger of 2 degrees mobile network with Vocus New Zealand's fixed line business in mid-2022.	1
Māori Spectrum Working Group (MSWG)	A group of representatives of Treaty of Waitangi claimants and others who are working with the government to implement the agreement with the Crown regarding Māori interests in the radio spectrum.	1
Chorus	Chorus operates New Zealand's largest fixed line telecommunications network, operating a network predominantly made up of local telephone exchanges, cabinets, and copper and fibre cables. Chorus is a wholesale only operator following its separation from Telecom NZ in 2011.	1
Local Fibre Companies (LFCs)	There are three LFCs that operate wholesale only fibre networks in areas where Chorus was not successful in securing UFB build contracts: • Tuatahi First Fibre (Waikato, Bay of Plenty, Manawatū-Whanganui, Taranaki and some areas of the Auckland region) • Northpower Fibre (Northland) • Enable Networks (Christchurch plus towns in the Waimakariri and Selwyn districts)	2

Organisation	Purpose and scope of activities	Priority for introductory meeting
New Zealand Telecommunications Forum (TCF)	The TCF is a member organisation representing the majority of telecommunications providers in New Zealand (over 95 per cent by revenue share). Its services include public good initiatives, disputes resolution services, logistical processes and consumer education. The TCF provides neutral, independent information about New Zealand telecommunications products and services and how the industry works in New Zealand.	2
The Wireless Internet Service Providers Association of New Zealand Inc (WISPA)	WISPA was established in January 2017. Its purpose is to be a unifying point for wireless internet service providers, liaise with central and local government, provide a collective voice for members and negotiate collectively (e.g. for joint purchase or leasing of wireless spectrum).	3
Technology Users Association of New Zealand (TUANZ)	TUANZ is a not-for-profit membership association. Its goals are to continue to advocate for ubiquitous high-quality connectivity across New Zealand and provide a forum to encourage New Zealanders to make the most of opportunities available in the digital economy.	3

Table 8: Key international stakeholders

Organisation	Purpose and scope of activities
APEC Telecommunications and Information Working Group (APEC TEL)	The APEC TEL was established in 1990 and meets biannually. The TEL aims to advance the development of information and communication technology (ICT) infrastructure and services as well as to promote cooperation, information sharing and the development of effective ICT policies and regulations in the Asia-Pacific region.
International Telecommunications Union (ITU)	The ITU is a specialised agency of the United Nations. Its predecessor was established in 1865, leading it to be the oldest UN organisation in existence. MBIE's main engagement with the ITU is through the radiocommunications sector. Every three to four years MBIE attends the World Radio Conference where the international radio regulations (a Treaty level agreement) are reviewed and updated if agreed upon by the ITU's members.
Asia Pacific Telecommunity (APT)	APT is an intergovernmental organization established in February 1979 with the aim of promoting ICT development in the Asia-Pacific region. APT has 38 "member" administrations including New Zealand, 4 administrations who are under the category of "associate members", and 135 private companies and academia ("affiliate members") whose works are relevant to the ICT field. The APT was founded on the joint initiatives of the United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP), and the ITU.
Universal Postal Union (UPU)	The UPU is a specialised agency of the United Nations which regulates the flow of mail between 192 member nations via the administration of various multilateral international agreements. New Zealand has been a member of the UPU since 1907 and is represented by NZ Post (as a designated postal operator for New Zealand).

Annex 3 – MBIE Media and Communications portfolio appropriations

Table 9: MBIE Media and Communications portfolio appropriations based on MBIE's October Baseline Update Submission (000s)

Departmental Output Expenses	**2023/24**	**2024/25**	**2024/25**	**2025/26**	**2027/28**
Communications: Cyber Security Services	2,616				
Communications: Management and Enforcement of the Radiocommunications Act 1989	21,055	9,686	9,687	9,687	9,687
Communications: Management of Emergency Telecommunications Capabilities	22,613	16,113	16,113	16,113	16,113
Communications: Pacific Cyber Security Initiatives (MYA Expense)	237	0	0	0	0
Policy Advice and Related Services to Ministers MCA	4,564	4,574	4,575	4,575	4,575
Total	**51,085**	**30,373**	**30,375**	**30,375**	**30,375**
Non-Departmental Output Expenses					
Communications: Addressing Māori Interests in Radio Spectrum	14,250				
Communications: Emergency Telecommunications Services	1,064	1,064	1,064	1,064	1,064
Communications: Enforcement of Telecommunications Sector Regulation			14,384	14,336	14,336
Communications: Regulation of Telecommunications Services 2022-2025 (MYA Expense)	18,244	15,787			
Communications: Rural Connectivity	35,000	10,000			
Digital Economy and Communications: 3.5 GHz rural and regional connectivity initiatives (MYA Expense)	17,000	30,000	17,000	8,000	
Digital Economy and Communications: Funding to address Māori Interests in radio spectrum	8,000	8,000	8,000	8,000	
Communications: Services for Deaf, Hearing Impaired and Speech Impaired People MCA - Admin support for Telecomm Relay Equip and Services	139	139	139	139	139
Total	**93,697**	**64,990**	**40,587**	**31,539**	**15,539**
Non-Departmental Other Expenses					
Communications: Services for Deaf, Hearing Impaired and Speech Impaired People MCA - Telecomm levy funded procurement - deaf relay services	5,280	5,280	5,280	5,280	5,280
Total	**5,280**	**5,280**	**5,280**	**5,280**	**5,280**
Total Non-Dept	**98,977**	**70,270**	**45,867**	**36,819**	**20,819**
Non-Departmental Capital Expenditure					
Communications: Radio Spectrum Management Rights - Capital	165,600				
Communications: Services for Deaf, Hearing Impaired and Speech Impaired People MCA -	165	165	165	165	165
Total	**165,765**				
Total Departmental and Non-Departmental operating appropriations	**150,062**	**100,643**	**76,242**	**67,194**	**51,194**
Subtotal Appropriations (incl. Capital Non-Departmental)	**315,827**	**100,643**	**76,242**	**67,194**	**51,194**