

# Submission on discussion document: *Enhancing telecommunications regulatory and funding frameworks*

## Your name and organisation

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|---------------------|--|
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| <b>Organisation</b> | Amazon Project Kuiper  |

## Responses to discussion document questions

### Introduction

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| <b>1</b> | <p>Do you have any feedback about the proposed criteria to assess the options in the next phase of this work? Are there other criteria that we should consider?</p> <p>Amazon Kuiper New Zealand Limited, an affiliate of Kuiper Systems LLC (together, “Amazon”) thanks the Ministry of Business, Innovation and Employment (“MBIE”) for the opportunity to provide this contribution. Amazon supports the work by the MBIE to enhance the regulatory and funding frameworks to accommodate the ongoing rapid development of technologies that provide broadband services, including taking into account the unique dynamics of national and international satellite networks.</p> <p>Amazon’s mission is to be Earth’s most customer-centric company, and Project Kuiper is one of our ambitious projects to fulfill this mission. Project Kuiper is an initiative to increase global broadband access through a constellation of non-geostationary satellite orbit (“NGSO”) fixed-satellite service (“FSS”) satellites in low Earth orbit (“LEO”) that will provide high capacity, high-speed, low-latency broadband services to unserved and underserved communities around the world, including in New Zealand.</p> <p>Amazon agrees with the MBIE that the proposed regulatory framework for levies must balance flexibility, fairness, and regulatory certainty. This will foster a non-discriminatory and predictable regulatory environment where multiple providers can deploy broadband services in New Zealand, which in turn brings the benefits of choice, higher quality, and lower costs to consumers.</p> |
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### Section 1: Consumer access to dispute resolution

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| <b>2</b> | <p>Do you consider that the lack of a mandatory requirement for telecommunications service providers to belong to an industry dispute resolution scheme is a problem that needs to be addressed?</p> <p>No comment.</p>                 |
| <b>3</b> | <p>For telecommunications service providers who are not members of the Telecommunications Dispute Resolution scheme, why have you chosen not to be a member? Are you a member of another scheme, why or why not?</p> <p>No comment.</p> |

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| <b>4</b> | For consumers who have had issues with their telecommunications service providers, what were your options for dispute resolution, and what was your experience? |
|          | No comment.   |
| <b>5</b> | What are your views on the options we have identified? Do you have a preference, if so, why? Are there any options we have not identified?                      |
|          | No comment.   |

## Section 2: Accessing shared property for fibre installations

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| <b>Issue 1: Expiry of statutory rights for fibre installations</b>  |   |
| <b>6</b>  | What are your views on the options we have identified? Do you have a preference, if so, why? Are there any options we have not identified?  |
|   | No comment.   |
| <b>7</b>  | If you are a fibre provider who uses these rights, what are the implications of these options on your business? Please provide data and evidence to support your submission where possible.   |
|   | No comment.   |
| <b>8</b>  | If the statutory rights were reinstated, what do you think is an appropriate expiry date (if any)?  |
|   | No comment.   |
| <b>Issue 2: Invoking statutory rights for high impact installations</b>   |   |
| <b>9</b>  | What are your views on the options we have identified? Do you have a preference, if so, why?  |
|   | No comment.   |
| <b>10</b>   | If the statutory rights were expanded to cover some high impact installs, what type of 'high impact' installs should be permitted? If you are a fibre provider, please provide examples of what changes to the rights would make a significant difference to enabling more fibre connections. |
|   | No comment.   |
| <b>Issue 3: Invoking the statutory rights without a retail connection order from an internet service provider</b> |   |
| <b>11</b>   | What are your views on the options we have identified? Do you have a preference, if so, why? Please provide data and evidence to support your submission where possible.  |
|   | No comment.   |

### Section 3: Telecommunications levy settings

#### Issue 1: Identifying liable persons

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Do you agree that our levy liability settings need to be adjusted to ensure all satellite broadband providers providing services to New Zealanders are captured (where they meet the revenue threshold)?

Amazon welcomes the efforts of the MBIE to ensure the levy liability regime is both fair in its application and flexible enough to respond to the introduction of new technologies. Although Amazon is not currently subject to the levy, we look forward to working with the MBIE to develop a framework that meets the Ministry's goals, ensures fairness in its application among all service providers, and fosters long-term business in New Zealand.

In general, Amazon believes that non-discriminatory and transparent regulation is crucial to facilitate an accessible and predictable environment where many providers can participate. To that end, regulatory decisions and actions that apply in a neutral manner create a level playing field across sectors and technologies, and increase fair competition that benefit customers. Application of the levy such that providers who meet the revenue threshold all contribute on a fair basis will ensure a dynamic and accessible environment for communications service providers and end users.

13

Do you agree adjustments to our levy liability settings are required to ensure our levy regime is flexible enough to respond to market changes (such as new market entrants)? If so, what changes do you consider would be appropriate in this regard?

New Zealand ranks highly among other countries in relation to fixed line broadband speed;<sup>1</sup> however, 13% of households across the country still do not have access to Ultra-Fast broadband networks.<sup>2</sup> Project Kuiper will help bridge this gap by delivering fast, affordable broadband to places beyond the reach of traditional fibre or wireless networks. The Kuiper System will serve individual households, as well as schools, hospitals, businesses and other organizations operating in places without reliable broadband, including in rural and hard-to-reach places.

Initiatives like Project Kuiper are able to deploy services to consumers quickly and effectively within simplified and flexible regulatory frameworks. Constraining regulations such as burdensome application requirements, only serve to increase barriers for operators that seek to provide much needed connectivity services. By ensuring that adjustments to flexibility in levy liability do not have the unintended effect of creating onerous hurdles or introducing unnecessary complexity, the MBIE can continue to facilitate a dynamic system that is accessible to all service providers.

14

Do you support MBIE's preferred option (option 2)? Why or why not? Are there any options we have not identified?

Amazon agrees with the MBIE that any changes to the regulatory framework should ensure a level playing field without passing costs on to customers. Amazon is committed to providing high quality, accessible, and affordable services to its customers, and supports the efforts of the MBIE to ensure that any changes to levy liability allow providers to maintain that affordability for their customers.

<sup>1</sup> <https://www.speedtest.net/global-index/new-zealand>.

<sup>2</sup> <https://www.datacenterdynamics.com/en/news/new-zealands-chorus-to-retire-copper-network-go-all-out-on-fiber/#:~:text=At%20present%2C%2013%20percent%20of,rely%20on%20copper%2Dbased%20connectivity>.

15

What advantages and disadvantages do you consider could arise from introducing flexibility into the way telecommunications operators might become liable for the levy, for example the ability to be made liable through regulation?

Regulatory flexibility is a powerful tool to encourage new, dynamic, and evolving services. However, flexibility must be balanced with transparency and sufficient stability to maintain the regulatory certainty critical for long-term success. This is particularly true for communications services, which operate on a large scale and require large investment to deploy and maintain. Amazon therefore supports the MBIE in its effort to explore a mechanism to determine levy liability that balances such flexibility with regulatory stability and accessibility.

## Issue 2: Regulatory process to set the total Telecommunications Development Levy amount

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How well do you consider the process for setting the amount of the Telecommunications Development Levy (in the Act) works? What are the implications of having the amount set in the Act, in terms of consultation, timing, and flexibility for changing needs?

While Amazon is not currently subject to the levy, we believe that an ideal regulatory framework is transparent, practical, and efficient, with a simple and workable fee structure that emphasizes recuperating regulatory costs.

Amazon respectfully submits that the goals of the Telecommunications Development Levy can also be supported by other means, such as a technology-neutral approach to regulation to ensure the provision of telecommunications capabilities and services that would not be available commercially<sup>3</sup>. Internet access services can be provided by both wired (such as fibre, VDSL, cable) and wireless (such as satellite, fixed wireless access/wireless broadband access, mobile) technologies. No single broadband technology holds all the advantages. The most efficient and cost-effective way to achieve connecting unserved and underserved communities with reliable broadband connectivity in the shortest amount of time is to ensure all available technologies, including innovative satellite services, are able to deliver competitive and affordable broadband solutions. Because of the ubiquitous nature of their coverage, satellite networks such as the Kuiper System are able to reach customers in remote rural and unserved regions of a country in a manner that other technologies cannot, allowing customers to enjoy speed and latency on par with traditional terrestrial networks. By developing a framework on a technology-neutral basis, the MBIE will increase competition, which results in lower costs and more choices for broadband services.

17

Do you agree with MBIE's preferred option (option 2)? Why or why not? Are there any options we have not identified?

Amazon supports the efforts of the MBIE to develop a regulatory framework that balances development of new services and increased connectivity with accessibility for service providers and low costs for consumers. Such a framework as noted in the Discussion Document, must be transparent and ensure affected stakeholders are properly consulted.

The successful deployment of space networks of all kinds — including the kind of system that can deliver high quality broadband connectivity to tens of millions of consumers and businesses across the globe — requires significant financial investments which have been

<sup>3</sup> For example: Phase Two of the Rural Broadband Initiative and the Mobile Blackspot Fund.

estimated to range from \$5 billion to \$10 billion (USD).<sup>4</sup> This high level of investment requires an equally high level of regulatory certainty, including how regulations are to be construed, implemented, and enforced, and how regulations can be changed (such as changes to the Telecommunications Development Levy contemplated in option 2, and the need for consultation with affected industry participants).

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What measures would you consider necessary to accompany any new regulation making power under MBIE's preferred option? For example, clarifying when relevant stakeholders should be consulted and what considerations should be taken into account.

As noted by the MBIE, stakeholder engagement is crucial for fair and transparent regulation. Public consultations effectively allow for a robust discussion that offers the MBIE unique insight into industry concerns, resulting in more closely tailored regulations that provide long-term engagement by service providers in New Zealand.

#### Section 4: Identifying participants in the market

19

Do you consider there is a need for a registration requirement for telecommunications providers operating in New Zealand (when entering the market, as well as updating contact and other business details over time)? Why or why not?

No comment.

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What are your views on the options we have identified? Do you have a preference, if so, why? Are there any options we have not identified?

No comment.

21

What would be the implications of a registration requirement for your business?

No comment.

22

Do you see any benefits or problems with information provided for registration being released/disclosed publicly? If so, what types of information should or should not be disclosed?

No comment.

#### Section 5: Enhancing information flow to the Emergency Location Information System

23

Do you agree with the potential risks relating to the provision of information into the Emergency Location Information System that we have identified? Why or why not?

No comment.

24

Do you agree with MBIE's preferred option (option 2), to regulate the provision of emergency location information? Why or why not?

No comment.

<sup>4</sup> See Chris Daehnick et al., *Large LEO Satellite Constellations: Will it be Different This Time?*, McKinsey & Company (May 4, 2020), <https://bit.ly/3v20cnp>.

|           |   |
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| <b>25</b> | If option 2 were progressed, which types of entities (eg mobile network operators, or other providers that hold information derived from mobile devices) should be captured by new regulatory requirements? |
|           | No comment.   |
| <b>26</b> | What is your view on the potential impacts of progressing option 2, including on providers that would be in scope, and on the system as a whole?  |
|           | No comment.   |

## Section 6: Governance settings in 'other' local fibre company constitutions

### Issue 1: Governance of permitted business activities

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| <b>27</b> | Do you agree that it is appropriate to consider changes to the constitutional settings that govern the other LFCs? Why or why not?   |
|           | No comment.  |
| <b>28</b> | Do you agree with MBIE's preferred option (option 2), which would allow the other LFCs to operate in any market, with a restriction on supplying telecommunications services to end users? Why or why not? |
|           | No comment.  |
| <b>29</b> | What impact would there be on competition in other markets if the other LFCs were able to operate in those markets? Do you consider that this needs to be mitigated in some way?                           |
|           | No comment.  |

### Issue 2: Process to seek agreement to operate at layer 3 or 4

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| <b>30</b> | If you are one of the three 'other' local fibre companies, do you have any feedback about the current process? How does the process impact your decisions to seek consent (or not) to operate at layer 3 or 4? |
|           | No comment.  |
| <b>31</b> | Do you support any of the options described above? Why or why not? Are there any other options that we should consider?  |
|           | No comment.  |

## Section 7: Other matters

### Issue 1: Considering non-regulated fibre networks in specified fibre areas

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| <b>32</b> | Can you provide examples of where non-regulated fibre service providers are deploying fibre, and what type of specifications this fibre is being built to (ie is it openly available or built for private use, is it wholesaled, or sold directly to consumers)? |
|           | No comment.  |

**33**

What are your views on the options we have identified? Do you have a preference, if so, why? Are there any options we have not identified?

No comment.

**34**

What provisions or minimum standards would need to be in place if fibre built by non-regulated fibre service providers were considered as part of the specified fibre area assessment?

No comment.