

FRIDAY 12 FEBRUARY 2021

Commerce Commission
Wellington

PO Box 11 881
Level 11, 80 Boulcott Street,
Wellington 6011,
New Zealand
Office: +64 4 555 0123
Email: office@internetnz.net.nz
www.internetnz.nz

Levy Consultation 2020

internetnz

Dear Commissioners,

This letter is to record InternetNZ's submission on the *Review of the Commerce Commission's funding for the regulation of Telecommunications and Fibre under the Telecommunications Act 2021*. Our submission is short and does not address all of the questions posed in this consultation. We are happy to provide additional thoughts on this matter in the future if required.

Internet users require adequate information to make informed choices

New Zealand Internet users have more choice than ever before in terms of retail internet and telecommunications services. These choices include:

- Different access technologies, between fixed (fibre and copper) and wireless (mobile and Wireless Internet Service Provider (WISP) and satellite services).
- Different configurations and service standards; particularly with fixed line technologies.
- Different price-points, service bundles and contractual terms.

New Zealand Internet users need high quality, neutral information in order to help inform their choices for which Internet products are right for their household. We believe that these choices are going to become more complicated in the medium term, as more access technologies proliferate in New Zealand and accordingly, more choice is available to New Zealand households.

The Commission is the best party to do this work, and requires adequate funding to do so

The Commission is uniquely placed to be able to assist New Zealanders with making informed choices. Given the increasing complexity we see as listed above, we see that the work the Commission does in this regard will increase in both its scale and complexity.

We are satisfied that this in-of-itself is likely to drive the requirement for more funding for the Commission. When we also consider that the Commission will be monitoring the new fibre price-quality regime at the same time as this increased complexity, then the case for additional funding is even clearer.

We believe that the scale of this funding on a per-user/household level is reasonable and offset against the potential information gains that New Zealand households will benefit from, from having the Commission providing high quality, neutral information about retail Internet and telecommunications services.

**Helping New Zealanders
harness the power
of the Internet.**

Organisations like InternetNZ do not offset the Commission's work

Organisations like InternetNZ are unable to plug this information gap for the Commission, and thus are imperfect substitutes for providing the Commission with adequate resourcing for this role.

As we have discussed with the Commission on a number of occasions – participation in Commission processes is expensive in terms of resourcing and expertise, and is hard to justify for organisations like us that do not have direct commercial consequences from fulsome participation in Commission processes. While we will always monitor and participate in Commission processes in the interest of helping New Zealanders harness the power of the Internet, we are unlikely to fully commit to consultations and determinations due to the cost of such fulsome participation. We believe that this position is similar to other non-governmental organisations with an interest in telecommunications and Internet services.

This means that organisations like InternetNZ are unlikely to fully balance the perspectives of commercial providers on consultations. This therefore increases the need for the Commission to be able to undertake detailed analysis and recommendations, in the consumer interest, in such a manner that offset the need for detailed and comprehensive participation from the likes of InternetNZ.

Funding should not foreclose industry leadership

We note that while the Commission is forecasting the likely workload on the Commission, that there remains the prospect of industry self-regulation in terms of addressing some of the forecast issues. InternetNZ would be satisfied with industry self-regulation where it meets the requirement of said regulation in terms of addressing consumer issues with Internet and telecommunications services.

In the event that industry self-regulation occurs, it is possible that the Commission will have “over-levied”; that it has the funding to undertake regulatory activity, but the industry has solved that issue without the Commission having to undertake such activity. That is likely to require some mechanism for returning these excess levies back to Internet Service Providers (ISPs).

In the event that such a mechanism includes rebates to Internet Service Providers, we are gently sceptical as to how that will benefit the end-users that have provided that funding in the first place. InternetNZ would like some consideration to be given to how the end-user of Internet and telecommunications services benefits from this “over-levied” scenario.

We are happy to engage further on this matter, and please contact us should any of the matters in this response require clarification.

Sincerely,

Andrew Cushen
Engagement Director