

Telecommunications Rural Connectivity Study

Terms of Reference

31 May 2023



Rural Connectivity Study

1. We are undertaking a study into rural connectivity in New Zealand under section 9A of the Telecommunications Act 2001 (Act). The study will establish a baseline view of telecommunications services in areas where fibre is not available (for convenience, we call these 'rural areas').¹ These terms of reference outline the proposed purpose, context, and scope of the study.

Context and Purpose

2. In December 2022, the Ultra-Fast Broadband (UFB) roll-out was completed. As a result of the completion of this programme, 87% of New Zealanders now have access to UFB fibre.
3. The UFB programme has been successful in delivering high-speed connectivity to urban areas, but consumers living in rural and remote areas experience mixed outcomes when it comes to connectivity choice, performance and price, as fibre is unlikely to be built out to those locations.
4. This year's Annual Monitoring Report includes a rural chapter for the first time, which we think helps tell an important story about rural connectivity in New Zealand. Our Measuring Broadband NZ programme (MBNZ) also gives us a good indication of the performance of different technologies throughout New Zealand, as we are now able to split results by urban and rural areas. This helps us understand the disparities in performance and quality experienced by rural users. However, we have identified data gaps that do not yet allow us to paint a complete picture.
5. The purpose of the study is to build a comprehensive picture of the connectivity options for rural end-users of telecommunication services, including the alternatives to copper in rural areas such as wireless broadband services, low earth orbiting (LEO) satellite services and mobile services.² This will enable us, over time, to strengthen and improve the detail of our routine monitoring of rural connectivity and end-user experience.
6. We propose to publish a final report on the current state of rural connectivity in New Zealand following the study.
7. We anticipate this work will also be useful for a separate piece of work, commencing later calendar year, relating to the review of regulated copper services, which we need to complete by 31 December 2025.³

¹ We define rural areas as those parts of the country where UFB fibre is not available, ie, areas that have not been designated as Specified Fibre Areas (SFAs). See https://comcom.govt.nz/_data/assets/pdf_file/0025/185254/Determining-specified-fibre-areas-Framework-and-initial-approach-31-October-2019.PDF

² We note in this context that there are several government initiatives addressing connectivity in rural areas such as the Rural Broadband Initiative (RBI) and Remote Users Scheme with additional funding announced in June 2022 under the Rural Capacity Upgrade Programme. In addition, there has been a commitment made by providers for additional capital expenditure.

³ See S 69 AH of the Telecommunications Act.

Scope of this study

8. The study will consider:
 - 8.1 the current structure of telecommunications services in rural areas;
 - 8.2 the availability of different technologies in rural areas represented geospatially in a manner analogous to specified fibre areas;⁴
 - 8.3 the associated consumer outcomes (including availability, service quality, affordability, pricing and performance) in rural areas; and
 - 8.4 the actual uptake of services supplied over different technologies in rural areas (and trends in uptake).
9. The study will not consider:
 - 9.1 specific effects of previous regulatory decisions;
 - 9.2 areas where fibre is available (for convenience, we call these 'urban areas');
 - 9.3 compliance with regulatory tools;
 - 9.4 policy development (although the outputs may be helpful for policy makers in future decision-making regarding rural areas); and
 - 9.5 recommendations for regulatory changes.
10. We may add additional matters to the scope of the study if we consider this would help to meet the purpose of the study.

Legal framework for this study

11. We are conducting this study under section 9A of the Act. Section 9A sets out that we:
 - 11.1 must monitor competition in telecommunications markets and the performance and development of telecommunications markets;
 - 11.2 may conduct studies into any matter relating to the telecommunications industry or the long-term benefit of end-users of telecommunications services in New Zealand; and
 - 11.3 must make available reports, summaries and information about the things referred to in paragraphs 11.1 and 11.2 above.
12. This study, as noted above, will inform the routine monitoring of telecommunications that we are required to do under the Act.

⁴ <https://comcom.govt.nz/regulated-industries/telecommunications/regulated-services/consumer-protections-for-copper-withdrawal/map-of-specified-fibre-areas>

Process for the completion of this study

13. The deliverables of this study will include a comprehensive picture of rural connectivity represented in geospatial form with an accompanying narrative demonstrating the range and quality of service offered by different providers and the quality of service experienced by consumers.
14. To that end, we will seek to engage directly with, and gather information from, a range of stakeholders and will issue information requests to providers of telecommunications services in rural areas. In addition to information on services offerings, we will also likely require pricing information from providers.
15. Information from rural consumers may be gathered by conducting consumer research and/or consumer surveys. We are looking to engage where possible with consumer advocacy groups as part of our engagement strategy.
16. Additional details about information gathering and how we deal with information can be found on the Commission's website.⁵
17. An indicative timeframe for our process is set out below.

Description	Indicative timeframe
Terms of reference for study published	31 May 2023
Information requests issued	June/July 2023
Findings report published	Q1 2024
Next steps for continued routine monitoring	Q2 2024

We are interested in your views

18. We welcome any views or questions from stakeholders on what data is available, or not available, to inform this study based on the scope outlined in this TOR. Please address your questions to the email address below.
19. There will be opportunities to contribute throughout this study so please let us know if you wish to be engaged as part of the process.
20. Any views or questions on this paper should be provided as an electronic copy in an accessible form. Please email your submission to market.regulation@comcom.govt.nz with the subject line "Rural Connectivity Study."

⁵ <https://comcom.govt.nz/about-us/our-policies-and-guidelines/transparency-statement>

21. If you wish to provide commercially sensitive information or confidential information, we offer the following guidance:
 - 21.1 please provide a clearly labelled confidential version and public version. We intend to publish all public versions on our website;
 - 21.2 please provide reasons alongside any information in the confidential version as to why it is commercially sensitive or confidential information; and
 - 21.3 the responsibility for ensuring confidential information is not included in a public version of a submission rests entirely with the party making it.