

Fibre Deregulation Review under section 210 of the Telecommunications Act

Draft recommendation to the Minister for Media and Communications on fibre Voice services

The Commission:

Tristan Gilbertson
Vhari McWha
Nathan Strong

Date:

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Associated documents

Publication date	Reference	Title
27 August 2024	978-1-991287-59-5	Fibre fixed line access service deregulation review under section 210 of the Telecommunications Act - Reasonable grounds assessment draft decision
19 December 2024	978-1-99-133213-4	Fibre fixed line access service deregulation review under section 210 of the Telecommunications Act - Reasonable grounds assessment final decision
30 October 2025	978-1-991414-23-6	Draft framework for fibre deregulation reviews - Under section 210 of the Telecommunications Act 2001

Glossary

Table of terms and abbreviations

2018 Amendment Act	The Telecommunications (New Regulatory Framework) Amendment Act 2018
The Act	Telecommunications Act 2001
AMR	Annual Telecommunications Monitoring Report
ATA port	Analogue Telephone Adapter port — where the analogue converted service is delivered
Commission	The Commerce Commission
End-user	A person who is the ultimate recipient of a service or of another service whose provision is dependent on a service
FFLAS	Fibre Fixed Line Access Services
FWA	Fixed Wireless Access
GEO	Geostationary satellite — satellites positioned so that they remain over the same place on Earth at around 35,000km
ID	Information Disclosure
IM	Input Methodologies
LEO	Low Earth Orbit satellite — orbit the earth below 2,000km
LFC	Local Fibre Company (Chorus, Northpower, Enable and Tuatahi). Also referred to as ‘regulated providers’ throughout this draft report
Minister	The Minister for Media and Communications
OIA	Official Information Act
ONT	Optical Network Terminal
OTT	Over-the-top application-based services that allow end-users to access internet-based communications services (such as voice and messaging) eg, WhatsApp, Facebook Messenger, Microsoft Teams
PQ	Price-quality
RSP	Retail Service Provider
SMP	Substantial Market Power
Urban	We use urban to describe Specified Fibre Areas — areas with regulated Fibre
Voice services	The regulated wholesale FFLAS in scope of this review — services to enable the delivery of telephony and low speed data services over a fibre network (including, but not limited to, anchor services, baseband and Analogue Telephone Adapter voice)
VoIP	Voice over Internet Protocol
WISP	Wireless Internet Service Provider — smaller retail service providers operating mostly in regional or rural areas, using non-cellular FWA, but increasingly also selling satellite and fibre services

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Executive summary

We must review the regulation of fibre services where there are grounds to do so

- X1 The Telecommunications (New Regulatory Framework) Amendment Act 2018 (**2018 Amendment Act**) created a new regulatory framework for regulated fibre networks in New Zealand. This included powers for the Commerce Commission (**Commission**) to regulate the price and quality of fibre services.
- X2 Before the start of each regulatory period,¹ we are required to consider whether there are reasonable grounds to start a Fibre Fixed Line Access Services (**FFLAS**) deregulation review.
- X3 The latest regulatory period started on 1 January 2025. We completed our reasonable grounds assessment of seven FFLAS on 19 December 2024.² In this we found reasonable grounds existed to consider the deregulation of four services including Voice FFLAS.

We are recommending Voice FFLAS remain regulated

- X4 We have undertaken a review into Voice FFLAS and our draft recommendation is that Voice FFLAS should continue to be regulated under Part 6 of the Telecommunications Act 2001 (**Act**).
- X5 Having considered the relevant information available to us, our view is that there is workable competition in the retail voice market (where demand for the wholesale Voice FFLAS is primarily derived). The competitive constraints provided by a number of alternative retail voice services mean we would expect this competitive state to continue in the absence of regulation.
- X6 However, we are also of the view that any practical benefits associated with deregulating Voice FFLAS are likely to be outweighed by the costs. The expected benefits of deregulation appear limited, particularly given the small share of fibre voice services currently using the regulated wholesale input.
- X7 Costs of deregulation would arise from the need to separate voice-related costs from the FFLAS that remained regulated. This would involve allocating out direct costs as well as developing approaches to the allocation of common overhead costs between the regulated and unregulated services. Currently this does not need to occur and would likely introduce additional compliance costs for regulated providers.

¹ The fibre regulatory period is a set duration during which Chorus faces price-quality controls. The duration is typically 3–5 years and the latest one started on 1 January 2025.

² Commerce Commission “[Fibre fixed line access service deregulation review under s 210 of the Telecommunications Act – Reasonable grounds assessment final decision](#)” (19 December 2024).

- X8 As any increase in compliance costs would ultimately be borne by consumers, our draft position is that deregulating would not best meet the purpose under 162 and 166(2) of the Act. This draft report therefore recommends retaining regulation of Voice FFLAS under Part 6 of the Act at this time.

We are interested in your views on our draft report

- X9 This recommendation is finely balanced, and rests on likely costs exceeding limited identified benefits. We must make a decision that best aligns with the purpose in sections 162 and 166(2)(b) of the Act.
- X10 We are seeking further information through submissions to support our final recommendation. We are particularly interested in evidence on the potential size and scale of any benefits and costs of deregulation. Submissions on this draft report are due by 5pm 27 November 2025.
- X11 Once we receive submissions and cross submissions, we will finalise our report and make our final recommendation to the Minister for Media and Communications (**Minister**).

Chapter 1 Introduction and background

Background to deregulation reviews

- 1.1 The 2018 Amendment Act transformed the regulation of fibre network infrastructure and the FFLAS provided over those networks. It introduced, among other things, regulatory periods, Price-quality (**PQ**) and Information Disclosure (**ID**) requirements, and anchor services.
- 1.2 PQ and ID regulation were put in place to promote outcomes consistent with those observed in competitive markets, while anchor services promote affordability and accessibility. The anchor services have supported the transition from copper to fibre networks in urban areas, ensuring consumers who switch can access similar services at an affordable price.
- 1.3 Section 210 of the Act sets out that the Commission may, at any time after the implementation date, review how one or more FFLAS are regulated under Part 6 if the Commission has reasonable grounds to consider that those services should no longer be:³
 - 1.3.1 regulated under Part 6 of the Act; or
 - 1.3.2 subject to PQ regulation under Part 6 of the Act.
- 1.4 We are required to consider, before the start of each regulatory period, whether there are reasonable grounds to start a FFLAS deregulation review.⁴ We may undertake such a review where we conclude that there are reasonable grounds to do so.
- 1.5 On 19 December 2024 we published our final FFLAS reasonable grounds assessment.⁵ This found that there were reasonable grounds to start deregulation reviews for the following four FFLAS:
 - 1.5.1 **Voice** and **Transport** services for all Local Fibre Companies (**LFC**); and
 - 1.5.2 **Point-to-point** and **Co-location and interconnected** services in non-Chorus LFC areas.

Purpose and structure of the report

- 1.6 This draft report sets out our recommendation to the Minister on whether Voice FFLAS should no longer be:
 - 1.6.1 regulated under Part 6 of the Act; or

³ Telecommunications Act 2001, section 210(1).

⁴ Telecommunications Act 2001, section 210(3).

⁵ Commerce Commission “[Fibre fixed line access service deregulation review under s 210 of the Telecommunications Act – Reasonable grounds assessment final decision](#)” (19 December 2024).

1.6.2 subjected to PQ regulation under Part 6 of the Act.

1.7 The report is structured as follows:

1.7.1 **Chapter 1** introduces the paper and outlines our process; and

1.7.2 **Chapter 2** outlines our analysis and draft recommendation.

1.8 We have also published a draft fibre deregulation review framework paper for consultation that should be read alongside this draft decision to understand our overall approach.⁶ We are seeking submissions on this framework paper. When finalised, it will be used for all of the fibre deregulation reviews.

Our process to date and next steps

1.9 On 12 June 2025, we published our process update letter, announcing the commencement of the deregulation reviews.⁷ The fibre deregulation reviews of the four services are being conducted in parallel, but on different timelines depending on the information requirements and complexity of each review.

1.10 This draft report relates to our review of Voice FFLAS. Table 1.1 sets out the process for this review.

Table 1.1 Voice FFLAS deregulation review process

Milestone	Indicative date
Draft reasonable grounds assessment	27 August 2024
Final reasonable grounds assessment	19 December 2024
Fibre deregulation process update letter	12 June 2025
Draft report published (this paper)	30 October 2025
<i>Submissions on draft report due</i>	<i>5pm 27 November 2025</i>
<i>Cross submissions due</i>	<i>5pm 16 December 2025</i>
<i>Final report published</i>	<i>TBC</i>

⁶ Commerce Commission “[Draft framework for fibre deregulation reviews](#)” (30 October 2025).

⁷ Commerce Commission “[Fibre deregulation reviews – Process update](#)” (12 June 2025).

Information for interested parties on making a submission

Process and timeline for making submissions

- 1.11 We are seeking submissions on our draft report by 5pm 27 November 2025.
- 1.12 We are specifically seeking evidence regarding any potential costs and benefits that would result were deregulation to occur in order to inform our final report. This includes the size of voice assets that would need to be allocated out were deregulation to occur, as well as the compliance cost/effort it would take to determine the allocation.
- 1.13 Address your responses to:
 - 1.13.1 Toni Shuker (Manager, Regulatory Rules and Compliance);
 - 1.13.2 c/o fibre_deregulation_review@comcom.govt.nz.

Confidentiality

- 1.14 We intend to publish the non-confidential/public version of all submissions we receive on our website.
- 1.15 The protection of confidential information is something we take seriously. If you need to include commercially sensitive or confidential information in your submission or cross-submission, you must provide us with both confidential and non-confidential/public versions of your submission that are clearly identified.
- 1.16 You are responsible for ensuring that commercially sensitive or confidential information is not included in a public version of the submission provided to us.
- 1.17 All submissions and cross submissions we receive, including any parts of them that we do not publish, can be requested under the Official Information Act 1982 (**OIA**). This means we would be required to release material that we do not publish unless good reason existed under the OIA to withhold it. We would normally consult with the party that provided the information before we disclose it to a requester.

Chapter 2 Recommendation for Voice FFLAS

Recommendation

- 2.1 Our draft report recommends that Voice FFLAS remain subject to regulation under Part 6 of the Act at this time.

Analysis

- 2.2 This section applies our draft deregulation framework to Voice FFLAS to explain how we have reached our draft recommendation. It covers:
- 2.2.1 a description of the service;
 - 2.2.2 a definition of the market and identification of alternatives;
 - 2.2.3 an assessment of the effectiveness of competition; and
 - 2.2.4 an assessment against the purpose of Part 6.

Description of Voice FFLAS

- 2.3 Our final reasonable grounds assessment paper set out our proposed description of FFLAS under section 210 of the Act. The description of the service is based on the FFLAS categories used in our December 2021 PQ path final decision.⁸ The description for Voice FFLAS is set out in Table 2.1.

Table 2.1 Service description

Category	Technical	Retail side/End-user
Voice FFLAS	Services to enable the delivery of telephony and low speed data services over a fibre network (including, but not limited to, anchor services, baseband and Analogue Telephone Adapter (ATA) port voice)	Provides retail service providers (RSP) with a connection to supply end-users with the ability to make and receive voice calls

⁸ Commerce Commission “[Chorus’ price-quality path from 1 January 2022 – Final decision Reasons paper](#)” (16 December 2021).

- 2.4 An ATA port on an Optical Network Terminal (**ONT**) allows the connection of traditional analogue telephones, fax machines, and similar consumer devices to a digital telephone system or a voice over internet protocol (**VoIP**) telephone network.⁹ This means that consumers who use this service do not have to replace their traditional landline handset when using a voice over a fibre network service. The regulated Voice FFLAS all use this ATA port.
- 2.5 This review focuses on geographic areas where there is a regulated fibre network (where at least one of the LFCs has its fibre network). We refer to these as ‘urban’ areas. This recommendation covers Voice FFLAS provided by all four LFCs.
- 2.6 We received no feedback on the Voice FFLAS description as part of our reasonable grounds assessment and see no reason to change it for this review.

The market and identification of alternatives

- 2.7 We first consider the wholesale market, and any competitive constraints that any alternatives may provide. We then look at any indirect competitive constraints that may exist, including alternatives in a downstream retail market.

The wholesale voice market is small

- 2.8 The regulated FFLAS is the voice input that uses ATA ports. RSPs can use this to offer fibre-based retail voice telecommunications services to end-users.
- 2.9 There are no direct wholesale alternatives to Voice FFLAS.
- 2.10 RSPs do not need to use this regulated input to provide a voice service. Instead of buying the regulated wholesale Voice FFLAS input and selling that to the consumer, RSPs can simply provide their own VoIP service over the fibre connection. This requires new equipment in the end-user’s home and the LFC has no visibility of whether this is happening.
- 2.11 We consider the current market in which Voice FFLAS compete to comprise wholesale services that can be used to offer retail voice services to end-users.

The retail voice market is where demand for Voice FFLAS is derived

- 2.12 Demand for wholesale Voice FFLAS is derived from the demand for retail voice services. We consider the retail voice market to include services which provide end-users with the ability to make and receive reliable voice calls.¹⁰
- 2.13 The regulated Voice FFLAS offer particular features through the ATA ports, such as dial tone, 64kbps quality, and direct current power. However, we do not consider these features to be defining characteristics of services in this market.

⁹ The ATA port also supports dial tone, ringing generator, direct current power, caller identity data and other standard telephone line signalling to the telephone connected to a modular jack.

¹⁰ While not a specific determinant of the market, we use ‘reliable’ here to mean both available (ie, uptime, the percentage of time a system is up and running) and of sufficient quality.

- 2.14 Our view is that VoIP services, which are provided over a broadband connection to a physical handset (whether that be fibre or any other broadband access technology such as fixed wireless access (**FWA**)), are included in the wider retail voice market as they allow end-users the ability to make and receive voice calls.¹¹
- 2.15 The same holds for mobile voice services. As of June 2024, over 99% of urban households were within mobile coverage from at least one mobile network operator.¹² Our view is that mobile services are in the wider retail voice market.
- 2.16 Over-the-top (**OTT**) applications such as WhatsApp and Facebook Messenger also provide ready alternatives to traditional landline services. These are primarily used on smartphones. Mobile internet over 4G/5G mobile networks and widespread smartphone adoption has driven an increasing uptake in these services, with increased use of data and a shift to OTT services for voice calling and video calling. 60% of New Zealanders spend two to four hours a day using the internet, with 47% spending most of this time on social media (which includes voice and video calling).¹³
- 2.17 Wi-Fi calling, the ability to make and receive calls on a mobile phone over a Wi-Fi network instead of the cellular network, is also likely an alternative in the wider retail voice market.
- 2.18 None of VoIP, mobile services (including Wi-Fi calling) or OTT applications rely on the regulated Voice FFLAS.
- 2.19 There are a number of alternatives that we currently do not consider are close substitutes (for retail voice services that are supplied using the Voice FFLAS) in urban areas. These include:
- 2.19.1 copper voice services as they are being withdrawn in urban areas;
 - 2.19.2 voice over a geostationary satellite (**GEO**) connection as we do not view it as an alternative due to its expected poorer performance;¹⁴
 - 2.19.3 voice over One NZ's hybrid-fibre coaxial network, as it is not available for the majority of urban premises;

¹¹ We do not include voice over a geostationary satellite broadband connection for quality reasons. We explain this later in the report.

¹² Commerce Commission "[2024 Telecommunications Monitoring Report](#)" (**AMR**) (30 June 2025), page 25.

¹³ InternetNZ "[New Zealand's Internet Insights](#)" (March 2025), pages 9 and 10.

¹⁴ Data in our final Copper Services Investigation report indicates that the high latency of voice services over GEO would not support a quality voice service. This position is supported by recent testing done in Australia as outlined in paragraph 2.46. See analysis in Commerce Commission "[Copper Services Investigation – final report](#)" (21 August 2025), paragraphs 3.172–3.174.

- 2.19.4 direct-to-cell services over satellite due to limited availability in New Zealand currently;¹⁵ and
- 2.19.5 voice services over non-cellular FWA networks such as those provided by Wireless Internet Service Providers (**WISP**), as WISP coverage is primarily in rural areas of New Zealand.¹⁶
- 2.20 Accordingly, multiple retail alternatives are geographically present where the regulated wholesale Voice FFLAS are supplied. Our view is that a single geographic market, defined by where FFLAS exists (the footprint of the regulated networks), remains most appropriate.¹⁷

Effectiveness of competitive constraints

- 2.21 As demand for Voice FFLAS is derived from the downstream retail voice market, we assess competition for retail voice services and the competitive constraint on retail voice services provided using the regulated wholesale Voice FFLAS input.¹⁸
- 2.22 We consider that assessing competition in this market requires analysis of:
 - 2.22.1 the market structure;
 - 2.22.2 whether alternatives represent close substitutes; and
 - 2.22.3 consumer demand and switching behaviour.

The market contains a number of alternatives which are used by consumers

Alternatives are present across most urban areas

- 2.23 As the scope of this review includes urban premises (those with access to a regulated fibre network), Voice FFLAS are available to ~100% of premises. This also means VoIP over fibre (via an RSP provided VoIP service) are also available to ~100% premises.

¹⁵ The high coverage of mobile networks in urban areas means the benefits of direct-to-cell satellite services are limited in urban areas.

¹⁶ Where WISPs operate FWA or fibre networks in urban areas, these will be captured already in our analysis.

¹⁷ Our view is that competition does not differ depending on the type of regulation present, but rather simply based on where regulated FFLAS is located versus where it is not. As we are only looking at areas where regulated FFLAS exists (ie, the footprint of regulated fibre networks), a single geographic market is appropriate. We do not believe our conclusions would differ if we were to look at competition on a more granular or narrow geographic level.

¹⁸ No retail alternatives rely on Voice FFLAS.

- 2.24 Mobile networks cover over 99% of urban premises, while VoIP over alternative broadband technologies is also highly present with FWA (99% coverage) and Low Earth Orbit satellite (**LEO**) services (all premises with sufficient line of sight to the sky) near ubiquitous.¹⁹
- 2.25 With internet being so widely present via fixed line and wireless (including mobile) technologies, both OTT applications and Wi-Fi calling are available to nearly all urban premises (assuming ownership of a smartphone).

Fibre is the most popular connection in urban areas but the share of Voice FFLAS is low

- 2.26 Our final reasonable grounds assessment paper included several figures on the number and share of urban landlines by plan type and technology. Due to differences in data collection methods between 2023 and 2024, we are unable to accurately recreate many of these figures.
- 2.27 Collecting this data would be a significant undertaking for RSPs and LFCs, and is unlikely to materially impact our draft report and recommendation. Therefore, we have decided to retain the relevant figures from 2023 as appropriate in our analysis. We have indicated relevant figures as such.
- 2.28 Consumers are continuing to move away from landlines. In 2024, the number of residential landlines nationwide decreased by 14% to ~457,000.²⁰ This continues a nationwide trend of declining landline connections seen over recent years.²¹
- 2.29 At June 2023, there were ~421,000 urban fixed line voice connections, and ~1,011,000 broadband only connections. Of the urban fixed line voice connections, 16% (~69,000) were voice only connections, with over half of these (56%) being copper voice only connections. The remaining 84% (~352,000) were part of voice and broadband bundles. These are shown in Figure 2.1.²²

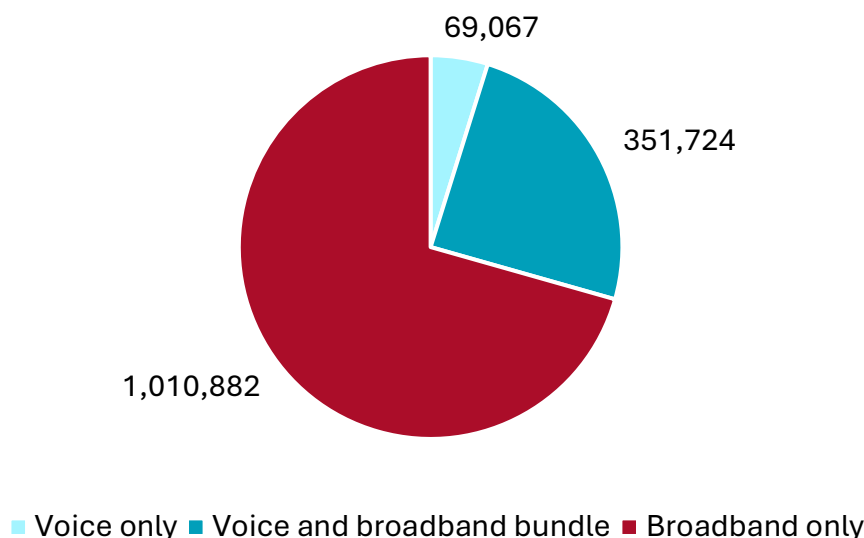
¹⁹ Commission data. Coverage does not mean availability in this sense. We use coverage to mean where a service is physically present, but capacity issues may mean a consumer cannot purchase a new service making it unavailable.

²⁰ Commission data. This includes both powered voice services (for example, those using the PSTN) and non-line powered voice services (for example, VoIP).

²¹ Commerce Commission "[2023 Telecommunications Monitoring Report](#)" (15 August 2024), page 193.

²² Commission data.

Figure 2.1 Share of urban fixed line connections by plan type (June 2023)²³



2.30 For urban fibre connections, voice only connections represent an even smaller proportion (~7%), with the remainder (~93%) included in voice and broadband bundles.²⁴ These and the remaining landline connections are provided across a range of technologies as shown in Figure 2.2.²⁵

2.31 It is critical to note that of the ~263,000 fibre voice services indicated in Figure 2.2, the vast majority are VoIP services sold by RSPs over a fibre connection (as discussed in paragraph 2.10). As at 30 June 2024, Voice FFLAS represented only 0.36% of LFC connections.²⁶ The remainder obtain voice services via another provider or mechanism.

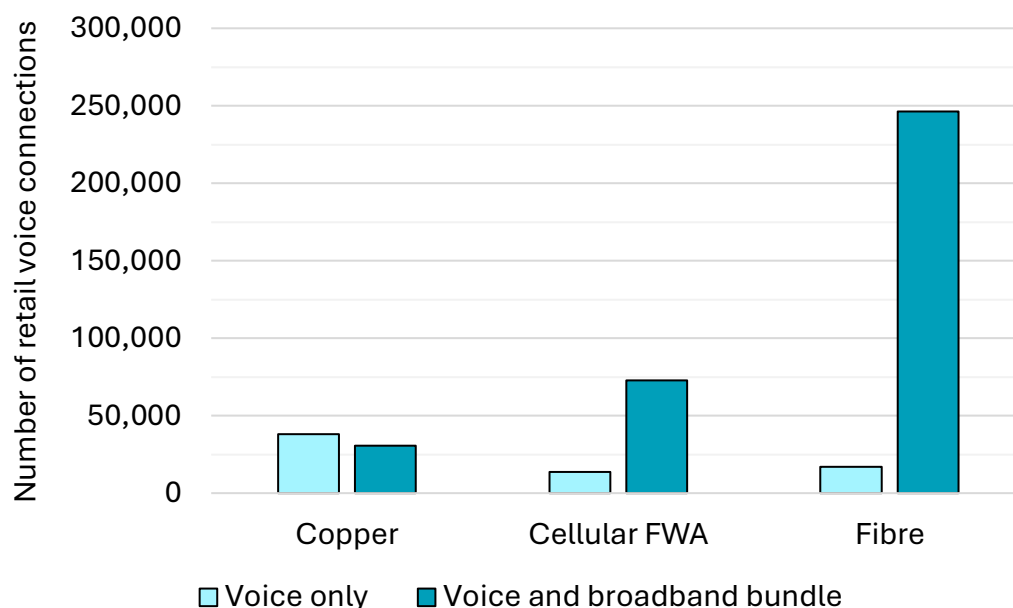
²³ Commission data.

²⁴ These figures exclude 126k fibre connections where we received no or unreliable data on plan type. 2023 Commission data.

²⁵ There are 340 connections over 'other' technologies such as GEO, non-cellular FWA. 2023 Commission data. While we do not view copper voice services as an alternative due to copper being withdrawn in urban areas, we include copper in this graph for reference.

²⁶ Commission data. Median used for confidentiality reasons. In its cross-submission on our draft reasonable grounds assessment paper, Tuatahi outlined only 0.28% of its connections used the regulated Voice FFLAS. Tuatahi "[Cross submission on draft decision deregulation review](#)" (15 October 2024), paragraph 3.2.

Figure 2.2 Share of retail urban fixed line voice connections by technology and plan type (June 2023)²⁷



2.32 By comparison, as at 30 June 2024, there were 6.8 million mobile connections across the country, with 10.6 billion mobile voice call minutes used and 5.4 billion text messages sent during the year.²⁸

Most alternatives represent close substitutes

2.33 We now consider whether retail voice alternatives represent close substitutes to retail services using Voice FFLAS as an input. This involves consideration of both price and non-price performance characteristics.

Price

2.34 Table 2.3 summarises retail voice service pricing over different technologies, split by voice only or bundled with broadband, and provides the retail cost of a fibre only landline for comparison. RSPs do not advertise if a landline over fibre service they sell uses the regulated wholesale input or not (the RSP might just provide their own VoIP service over the connection instead) so we are unable to split these services out specifically.

²⁷ Commission data.

²⁸ Commerce Commission “[2024 Telecommunications Monitoring Report](#)” (30 June 2025), page 13.

Table 2.2 Summary of retail voice plans by technology (August 2025)²⁹

Voice technology	Monthly price	NZ Landlines c/p/min	NZ Mobiles c/p/min	Notes
Fibre (voice only)	\$49 or \$68	\$0.18	\$0.48	Mercury (\$49) and Spark (\$68) are the only major RSPs who sell a fibre voice only plan.
FWA (voice only)	–	–	–	There are no FWA voice only plans available. ³⁰
Fibre (bundled)	From \$70	Unlimited	\$0.22	Landlines are able to be added to an existing fibre broadband connection from \$10 a month.
FWA (bundled)	From \$60	\$0.24	\$0.39	Comes with 50GB monthly data.
LEO³¹ (bundled)	From \$92	\$0.05	\$0.17	
Mobile³² (bundled with SMS and data)	From \$8 – plans with unlimited minutes from \$15	Free – some plans have caps	Free – some plans have caps	Minute and data caps may apply for cheaper plans.

2.35 Consumers can choose from a broad range of mobile plans, with varying mixes of texts, minutes, data and pricing options.

2.35.1 Consumers are able to purchase a mobile plan from \$15 per month which provides unlimited minutes to New Zealand and Australian mobiles and landlines.

²⁹ Pricing data taken from the websites of RSPs (Spark, One NZ, 2degrees, Mercury, Starlink, Kiwi Voip, Slingshot, Contact, Kogan, Warehouse Mobile and Rocket Mobile) on 26 August 2025.

³⁰ Spark has a \$50 landline plan over FWA that comes with 50GB per month data if you want to connect to the internet.

³¹ Starlink do not offer a voice service but one can be purchased from a third party to use over a Starlink LEO broadband connection. This price includes both the broadband connection and the third party voice service.

³² Some mobile RSPs offer 'monthly' plans while others offer plans for four weeks. While there will be some differences over the long term, we have included all as 'monthly' for the sake of this analysis. Our view is that the difference would be minimal at most.

- 2.35.2 The average mobile plan cost is ~\$40 (median ~\$35) per month.³³
- 2.35.3 In the year to June 2023, consumers in urban areas with residential landlines used 56 minutes per month. As of October 2025, there are mobile plans from \$8 which contain enough minutes to meet this demand.³⁴
- 2.35.4 In the year to 30 June 2024, the average mobile prepaid consumer used 61 minutes per month.³⁵ The price to meet this usage (assuming average data and SMS use) was \$29.³⁶ On alternative technologies, that usage would cost (per month) from \$59.98 on a fibre voice only service, \$70 on fibre (bundled) and \$60 on FWA (bundled).
- 2.35.5 In the year to 30 June 2024, the average postpaid consumer used 198 minutes per month.³⁷ The price to meet this usage (assuming average data and SMS use) was \$60.³⁸ On alternative technologies that usage would cost (per month) from \$84.64 on a fibre voice only service, \$70 on fibre (bundled) and \$60 on FWA (bundled).³⁹
- 2.36 From a pricing perspective, retail voice services offered over FFLAS are comparable with voice services offered over FWA but cheaper than voice services over LEO. However, mobile services largely offer better value for money than all other voice services, with much cheaper minutes to a wider range of devices (eg, mobiles and landlines) and locations (eg, many mobile plans include calling to Australian landlines and mobiles).
- 2.37 This analysis suggests that the prices of retail voice services act as a constraint on the extent to which prices for Voice FFLAS could be increased by regulated parties without reducing demand. We note that there may be a residual demand for landline telephone services (whether through Voice FFLAS or VoIP) where users do not see mobile (including Wi-Fi calling and OTT apps) as a substitute.⁴⁰ For these customers, VoIP services may still be a good alternative to Voice FFLAS, albeit often at a slightly higher cost due to the inclusion of the broadband connection.

³³ Includes plans with limited and unlimited number of minutes to landlines and mobiles. Includes both prepaid and pay monthly plans.

³⁴ Most plans offer a minimum of 100 minutes. This is nearly twice the average landline usage, assuming calls are only to NZ landlines and mobiles, not internationally.

³⁵ Commerce Commission “[2024 Telecommunications Monitoring Report](#)” (30 June 2025), page 246.

³⁶ Commerce Commission “[2024 Telecommunications Monitoring Report](#)” (30 June 2025), page 246.

³⁷ Commerce Commission “[2024 Telecommunications Monitoring Report](#)” (30 June 2025), page 246.

³⁸ Commerce Commission “[2024 Telecommunications Monitoring Report](#)” (30 June 2025), page 240.

³⁹ For our analysis in paragraphs 2.35.4 and 2.35.5 we took the cheapest monthly cost for a voice service on each technology, then multiplied the cheapest cents per minute rate (NZ national landline calling) by the average monthly mobile minutes used. This is indicative only and does not reflect actual expected cost. The fibre \$70 plan includes unlimited free minutes to NZ national landlines.

⁴⁰ We discuss the anchor voice service at the end of this draft report.

We have limited performance data but expect most alternatives provide a quality service

- 2.38 We do not have New Zealand data on the quality of voice services over different technologies.
- 2.39 The quality of VoIP, Wi-Fi calling and OTT app voice services is highly dependent on a number of variables, including the stability and bandwidth of the internet connection. As such, we expect the quality of these services to differ premises by premises including by the technology used.
- 2.40 We are also not aware of any data outlining acceptable levels of such indicators for a ‘quality’ voice experience over a broadband connection in New Zealand. However, our analysis of broadband alternatives in our final reasonable grounds paper and in the final Copper Services Investigation recommendation report highlights the differences between technologies regarding some of these characteristics.⁴¹

VoIP

- 2.41 The analysis from this paper highlights that all of the broadband technologies that support VoIP generally have high enough download and upload speeds to maintain a quality VoIP call.
- 2.42 With the exception of 4G FWA,⁴² all of the technologies likely have low enough levels of latency, including at peak times, to support a quality VoIP call.
- 2.43 Similarly, jitter and packet loss analysis indicate that all of the broadband technologies that we compared should, on average, be able to support a quality VoIP call most of the time.
- 2.44 In summary, most alternatives should on average be able to support a quality VoIP service. That we see a number of consumers using FWA for their voice service (Figure 2.2) highlights that quality is likely sufficient for most users.

Wi-Fi calling and OTT

- 2.45 This view of sufficient quality also holds for Wi-Fi calling and OTT applications over the same broadband connection. Some performance impacts, which may result in choppy, distorted audio, could occur for some users who have inappropriate home equipment (eg, old modems), or at times of peak load.

⁴¹ Commerce Commission “[Copper Services Investigation – final report](#)” (21 August 2025), paragraphs 3.75–3.85 and 3.171–3.185.

⁴² With a peak time latency under load (down) of 297ms, 4G FWA is right on the cusp of what is seen to be the maximum latency for a quality VoIP call (150ms one way or 300ms return). As a result, 4G FWA may suffer from poorer quality VoIP calls at peak times such as in the evenings or on public holidays.

- 2.46 The Australian government recently conducted voice quality trials over different technologies. While focused on rural and remote premises, it highlighted that fixed voice services over LEO and FWA broadband connections received Mean Opinion Scores where users would be satisfied with the quality of the service.⁴³ We see no reason to believe performance in urban New Zealand areas would be worse.
- 2.47 Despite this limited data, our draft view is that VoIP over other broadband technologies, Wi-Fi calling and OTT applications provide a competitive constraint on FFLAS voice in urban areas. They are similarly priced or cheaper and generally offer flexibility benefits not possible using a fibre voice service using a regulated Voice FFLAS input.

Mobile

- 2.48 We also do not have data on the quality of mobile voice calls. The quality of a mobile call is influenced by a number of variables such as by coverage, congestion and handset quality. However, with mobile coverage present in almost 100% of urban areas,⁴⁴ quality is likely to only be affected by handset quality, in home black spots, and congestion.
- 2.49 Our view is that mobile services provide competitive constraint on Voice FFLAS.⁴⁵ In urban areas, mobile services are widely available (with few capacity or availability constraints), there are high numbers of users, and they represent good value for money in regard to upfront and ongoing pricing. Mobile services can also by definition be used on the move, providing benefits and functionality some other technologies cannot. However, mobile services also have downsides, such as the need to be in within service coverage and limited battery life.

Consumers are moving away from landlines

- 2.50 As outlined in our market structure discussion, consumers are switching away from landlines towards mobile services, with this trend going on for many years. The number of chargeable fixed voice call minutes has decreased 78% from 5.47 billion to 1.19 billion since 2012/13, while mobile voice call minutes have grown 121% from 4.8 billion to 10.6 billion over the same period.⁴⁶

⁴³ Information on the trials, and the results dashboard, can be accessed at [“Trials of voice Services”](#) on Australia Department of Infrastructure website.

⁴⁴ Commerce Commission [“2024 Telecommunications Monitoring Report”](#) (30 June 2025), page 25.

⁴⁵ Competitive constraints exist at both the wholesale and retail levels because RSPs can substitute between supplying mobile, VoIP or voice using Voice FFLAS in their offerings, and end users can also switch between these options.

⁴⁶ Commerce Commission [“2024 Telecommunications Monitoring Report”](#) (30 June 2025), page 13.

- 2.51 Landline connections still exist across both urban and rural areas, but disproportionately remain outside fibre areas where there may be limited or no mobile coverage, or where households prefer a back-up connection (including a VoIP service).⁴⁷ We note that deregulation of Voice FFLAS (were it to occur) would not necessarily result in LFCs ceasing to provide the service, and that they would remain able to continue offering it as an option to RSPs to sell to end-users.
- 2.52 OTT apps are commonly used to make calls. A 2025 survey undertaken as part of our Consumer Satisfaction Monitoring programme found 91% of consumers had used mobile calls to communicate in the last month. This far exceed the share who used a landline (27%). Nearly double that share used a video call app (52%) or voice call app (47%), highlighting the popularity of OTT apps and the changing means of communication in New Zealand.⁴⁸
- 2.53 We had intended to include some specific switching analysis regarding retail fibre voice services. However, as the data collection methodology has changed between 2023 and 2024 (as discussed in paragraphs 2.26 and 2.27) we are unable to provide further insights. Obtaining this data would be disproportionate given it is an intensive process for providers and we do not believe it would materially affect our recommendation.

Workable competition exists in the market for retail voice services

- 2.54 Landline use continues to fall. The majority of consumers use voice services that do not depend on the regulated wholesale input, including VoIP over fibre and other broadband technologies, and mobile. These alternatives are readily present in urban areas where regulated Voice FFLAS are present.
- 2.55 These alternatives likely provide a similar quality service and are available for similar prices.
- 2.56 A business has substantial market power (**SMP**) when its actions are not constrained by competition. Our draft view is that workable competition exists in the urban market for retail voice services and that it is likely that regulated providers are sufficiently constrained by the number and availability of close substitutes such that they do not have SMP in relation to the regulated wholesale Voice FFLAS.

⁴⁷ Of the approximately 40k residential voice only connections that remain, around 35% are in rural areas where only 13% of New Zealand's population live. Commission data as of 30 June 2023.

⁴⁸ Commerce Commission "[Customer Satisfaction Tracking – Messaging Apps Quarterly Report Jan – Mar 2025](#)" (30 October 2025), page 6.

Alignment with the purpose in sections 162 and 166(2)(b)

- 2.57 We now consider whether Voice FFLAS should no longer be regulated (or should not be subject to PQ regulation), having regard to whether our recommendation best gives, or is likely to best give, effect to the purpose in section 162, and where relevant, the promotion of workable competition in telecommunications markets for the long-term benefit of end-users of telecommunications services under section 166(2)(b).

Promotion of the purpose of Part 6

- 2.58 Turning firstly to section 166, we consider that the promotion of workable competition under section 166(2)(b) is relevant in making our recommendation because of the broader impact on wider markets for telecommunications services, in this case, the downstream market for retail voice services.
- 2.59 Our review of the state of competition for retail voice services leads us to the draft view that workable competition exists in this market.⁴⁹ However, this would not be impacted whether regulation of Voice FFLAS remained or was removed, so our focus turns to the purpose in section 162.
- 2.60 The four outcomes in section 162 aim to ensure that regulated fibre service providers:
- (a) have incentives to innovate and to invest, including in replacement, upgraded, and new assets; and*
 - (b) have incentives to improve efficiency and supply fibre fixed line access services of a quality that reflects end-user demands; and*
 - (c) allow end-users to share the benefits of efficiency gains in the supply of fibre fixed line access services, including through lower prices; and*
 - (d) are limited in their ability to extract excessive profits.*
- 2.61 Potential adverse outcomes from deregulation include:
- 2.61.1 prices may rise for Voice FFLAS services and some consumers may not be willing or able to switch to an alternative; and
 - 2.61.2 potential section 162(d) excess profitability risks for services that remain regulated when applying cost allocation.

⁴⁹ As per section 166(2)(b).

- 2.62 Were Voice FFLAS deregulated, all revenue attributable to it would be removed from the PQ path and from ID reporting. To avoid remaining regulated fibre customers bearing the continued costs of Voice FFLAS (effectively allowing LFCs to double recover these costs), the cost allocation Input Methodologies (**IM**) would need to be applied.
- 2.63 If these are not applied in a way that reasonably reflects the costs of the deregulated and regulated services, then costs may be over-recovered, leading to excess profit. The rules in the cost allocation IMs are intended to prevent this, but as discussed in paragraphs 2.70–2.72, there is a regulatory cost associated with applying them.
- 2.64 Given the level of competition we observe in the retail voice market (comparable options available for consumers) and the relative size of that market, we do not consider either of the risks outlined in paragraph 2.61 to be material.

Costs and benefits of deregulation

- 2.65 In our draft reasonable grounds assessment paper we set out our views on the impact of deregulation of Voice FFLAS in the context of ongoing regulation of other FFLAS, in particular Bitstream.⁵⁰ We identified that deregulation of Voice FFLAS may provide regulated providers with some commercial flexibility and compliance cost savings which could support improved efficiency.⁵¹
- 2.66 However, we also noted that based on our experience of developing and implementing the new regime, we were concerned that net compliance costs of the fibre regime would likely increase as a result of deregulation.
- 2.67 This was because it would be necessary to separate voice-related costs from the FFLAS that remained regulated, as well as develop approaches to allocation of common overhead costs between regulated and unregulated services. As Voice FFLAS are provided using the same infrastructure as other FFLAS (eg, Bitstream), this would increase the complexity of regulating the remaining FFLAS and thus increase regulatory effort and cost on regulated providers.
- 2.68 In terms of regulatory burden, we anticipated that the level of compliance cost and effort involved would be comparable to that of allocating Chorus' FFLAS costs between PQ-regulated and ID-only FFLAS. This would most impact ID-only LFCs who do not currently need to allocate costs within FFLAS assets.

⁵⁰ Commerce Commission “[Fibre fixed line access service deregulation review under section 210 of the Telecommunications Act Reasonable grounds assessment draft decision](#)” (27 August 2025).

⁵¹ As per section 162(c).

- 2.69 During the consultation phase of our reasonable grounds assessment, we did not receive any submissions quantifying the potential costs or benefits. However, several parties who would stand to bear these compliance costs did submit. While they all agreed that competition exists, there was differing views regarding costs versus benefits and whether deregulation should occur:
- 2.69.1 Enable agreed that the compliance costs involved with cost allocation would outweigh the benefits of deregulating;⁵²
 - 2.69.2 Tuatahi stated that the benefit of deregulation would outweigh any increased compliance costs and that any change in these would be insignificant;⁵³ and
 - 2.69.3 Chorus argued that not finding reasonable grounds due to the cost of deregulation creates a bias toward the status quo even when the regulation is no longer fit for purpose.⁵⁴ We outline our response to this point in paragraph 2.88.
- 2.70 Separating out costs for Voice FFLAS would start with costs directly attributable to their provision (direct costs) such as those associated with standalone voice only services. These may be relatively straightforward.
- 2.71 However, for bundled voice/broadband services, this is more complex. The ONT with ATA ports and some service lead ins aside, there are no specific assets for Voice FFLAS, and all operating costs and assets are shared.
- 2.72 In this context, deregulation could increase the upfront and ongoing regulatory burden, particularly if cost allocation is complex and/or if providers needed to undergo audit processes to validate cost allocation. Even if causal allocators and/or proxies were used, these processes still incur transaction costs and introduce new compliance obligations. This would likely add complexity to the overall regulatory environment rather than reduce it.

⁵² Enable “[Submission by Enable Networks Limited to the Fibre fixed line access service deregulation review under section 210 of the Telecommunications Act: Reasonable grounds assessment draft decision](#)” (24 September 2024), page 6.

⁵³ Tuatahi “[Submission by Tuatahi First Fibre Limited on the New Zealand Commerce Commission reasonable grounds assessment draft decision on fibre fixed line access service deregulation review under section 210 of the Telecommunications Act](#)” (24 September 2024), pages 15 and 16.

⁵⁴ Chorus “[Submission on Fibre fixed line access service deregulation review: Reasonable grounds assessment draft decision](#)” (24 September 2024), page 13.

- 2.73 Accordingly, our view is that the benefits of deregulation are likely minimal. Chorus may see some increased commercial flexibility under deregulation (beyond its current ability to change prices while remaining under the revenue cap). However, as they are only subject to ID regulation, the other LFCs already have complete price discretion so would not receive an increase in commercial flexibility.⁵⁵ LFCs may also see some reduced compliance costs such as the cost of meeting ID reporting requirements for Voice FFLAS. However, these ID requirements are currently limited, meaning effort reduction is minimal.
- 2.74 Because of this, and as Voice FFLAS are already a declining part of the market, our view is that such benefits are likely small and would be smaller than the corresponding increased effort required for cost allocation (the costs of deregulating).
- 2.75 Importantly, if compliance costs are not insignificant and end up exceeding the benefits of deregulation, this net increase in costs would likely be passed on to retail consumers in the form of higher prices. This would not align with the purpose of section 162, which is to promote the long-term benefit of end-users.
- 2.76 Table 2.3 summarises the differences between existing regulation and deregulation on providers subject to ID and PQ regulation.

Table 2.3 Impact of deregulation on LFCs

	Regulation	Deregulation
ID regulation (All LFCs)	Costs, assets, and revenues related to voice count towards totals in disclosures. Disclosures that separately itemise voice services continue to apply (eg, Schedule 24 pricing requirements).	Cost and asset allocation rules apply to remove voice costs. Disclosure and validation of allocators would be required. Revenue from voice services not counted towards FFLAS revenue. Line items for voice services removed.
PQ regulation (Chorus)	Assets included in regulated asset base along with other regulated FFLAS. Price and quality controls on Voice FFLAS.	Some increase in commercial flexibility for pricing and specifying voice services.⁵⁶ Cost allocation model required — Voice FFLAS assets must be separated from regulated FFLAS.

⁵⁵ We welcome evidence from non-Chorus LFCs on how ID regulation is constraining their voice service.

⁵⁶ Subject to the limitations imposed by the voice anchor service discussed below.

- 2.77 With respect to parts (a)–(c) of section 162, with costs of deregulation expected to be greater than the benefits, retaining regulation of Voice FFLAS would minimise the net compliance costs for regulated providers, improving (or not lessening) efficiencies for the remaining regulated FFLAS which could be shared with end-users.
- 2.78 With respect to part (d), our view is that regulated providers are likely already limited in their ability to extract excessive profits on Voice FFLAS. This would likely remain were Voice FFLAS to be deregulated. However, our view is that regulated providers may still be able to pass some increase in compliance costs, such as that discussed in paragraphs 2.66–2.68 and 2.70–2.72, onto RSPs and thus end-users of the remaining regulated FFLAS.⁵⁷
- 2.79 Accordingly, our draft view is that retaining regulation, for the time being, best gives effect to section 162 of the Act, the purpose of which is to promote the long-term benefit of end-users in markets for FFLAS by promoting outcomes that are consistent with outcomes produced in workably competitive markets.
- 2.80 As stated previously, we have not received any data or evidence from stakeholders regarding the potential scale of compliance costs involved in separating the cost of providing Voice FFLAS from other regulated FFLAS. We also received limited evidence on possible benefits that deregulation might deliver.
- 2.81 We are specifically seeking stakeholder data and evidence on any potential benefits and costs (both compliance and the potential separated voice asset costs) of deregulation to inform our final recommendation.

Recommendation

- 2.82 For the reasons outlined in this draft report, our view is that Voice FFLAS should continue to be regulated under Part 6 of the Act in order to best give effect to section 162 and 166(2)(b). Accordingly, our draft recommendation is to not deregulate Voice FFLAS at this time.
- 2.83 We want to emphasise that our draft recommendation, based on the evidence we have before us, is a finely balanced one. Although we have found that competition exists, ultimately we must ask whether deregulation would best give effect to the purpose in section 162 of the Act. In this case, that involves assessing the costs and benefits of deregulating these services in the wider fibre regulation environment. Our current view is it is likely the costs would outweigh the benefits of deregulation, and consumers could suffer harm as a result.

⁵⁷ As per section 162(d). We note this would only be possible to a certain level due to the competition we see existing.

- 2.84 As part of submissions, we are seeking further evidence from submitters regarding the costs and benefits of deregulation to inform our final recommendation. Evidence from industry on the potential size and impact of costs and benefits, and potential solutions to the issues we have raised, would be valuable in forming our final view.
- 2.85 We are conscious that this review is the first of the four FFLAS we are reviewing. The other three reviews (of Transport, Point-to-Point, and Co-location and interconnected services) are being undertaken currently and consultation will follow.
- 2.86 The costs and the benefits of deregulating Voice FFLAS may be impacted by the regulation of other FFLAS as well as by the anchor service regulation which is separate and is not in scope of this review. We discuss the anchor voice service in more detail in paragraphs 2.91–2.93.
- 2.87 If other FFLAS were deregulated, cost allocation would be required to separate out costs for those services from the remaining regulated FFLAS. This could present opportunities to also undertake cost allocation for Voice FFLAS, minimising the costs involved in doing so and potentially meaning the benefits are greater than costs, which would then warrant a deregulation recommendation.
- 2.88 We also acknowledge Chorus’ point that retaining regulation where competitive constraints exist may seem counter intuitive, particularly for a service with a low level of consumption. However, our reviews are guided by the purpose set out in section 162 and 166(2)(b) of the Act and must consider what best meets this. This consideration, as outlined above must include all aspects of potentially deregulating, including the upfront and ongoing compliance costs imposed by deregulating the service.
- 2.89 If it could be shown that benefits were likely to outweigh the costs of deregulation and/or that consumers would benefit in the long-term (or at least not be worse off) from the deregulation of Voice FFLAS, then deregulation would likely best align with the purpose in the Act.
- 2.90 If our final recommendation is not to deregulate, we note we must consider whether there are reasonable grounds to review Voice FFLAS before the next regulatory period starts (1 January 2029). Were aspects of the wider regulatory environment that affect Voice FFLAS to change, such as evidence that benefits would likely be greater than costs as the result of the deregulation of other FFLAS, we could bring forward our next review of Voice FFLAS.

Impact on the voice anchor service

- 2.91 Anchor services, including the voice anchor service, are declared under section 227 and detailed in the Telecommunications (Regulated Fibre Services) Regulations 2021. Chorus, as a PQ-regulated provider, must supply these services at capped prices. The obligation to provide an anchor service is tied to the provider being subject to PQ regulation, not to the specific FFLAS being subject to PQ/ID.

- 2.92 Therefore, even if Voice FFLAS were deregulated under section 210, the voice anchor service would remain in force unless changed through the separate anchor services review process in section 208. This reflects the distinct purpose of anchor services: ensuring affordable base-level services (particularly as consumers transition off of copper) and constraining prices for other fibre services.
- 2.93 Were this process (following the provision of further evidence on cost-benefit considerations) to reach a deregulatory recommendation that was accepted by the Minister, we would look to commence a review of the voice anchor service under section 208 of the Act.