

Review of the Local and Cellular Telephone Number Portability Services

Draft decision on whether to commence an investigation under clause 1(3) of Schedule 3 of the Telecommunications Act 2001
Reasonable grounds assessment draft decision

The Commission:

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Date:

17 July 2025



Associated documents

Publication date	Reference	Title
28 August 2006	N/A	Schedule 3 investigation into the extension of regulation of designated and specified services final report
16 September 2011	1236524_6	Final Decision on whether to investigate omitting certain Designated and Specified Services from Schedule 1 under clause 1(3) of Schedule 3 of the Telecommunications Act 2001
30 June 2016	ISSN 1178-2560	Review of Designated and Specified Services under Schedule 1 of the Telecommunications Act 2001
12 May 2021	ISSN 1178-2560	Review of Services in Schedule 1 of the Telecommunications Act 2001 - Final decision on whether to commence an investigation under clause 1(3) of Schedule 3 of the Telecommunications Act 2001
17 June 2025	ISBN 978-1-99-133262-2	Framework for reasonable grounds assessment

Glossary

Table of terms and abbreviations

Act	The Telecommunications Act 2001
Commission	The Commerce Commission
LMNP	Local and Mobile Number Portability - means the designated multinetwork services of 'local telephone number portability' and 'cellular telephone number portability' that are listed under subpart 2 of Part 2 of Schedule 1 of the Act
OIA	Official Information Act 1982
STD	Standard Terms Determination
TCF	NZ Telecommunications Forum

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Executive summary

- X1 The Commerce Commission (the Commission) is required to consider, at intervals of not more than 5 years, whether there are reasonable grounds for commencing an investigation into whether to omit the local and cellular telephone number portability services (LMNP) from Schedule 1 of the Telecommunications Act 2001 (Act).
- X2 These two number portability services have been regulated services since 2001. They allow New Zealanders to switch providers for their local (fixed landline) or mobile (cellular) services, while retaining the same telephone number. We reviewed LMNP in 2006, 2011, 2016 and 2021. None of these reviews found the existence of reasonable grounds to commence a deregulation investigation. We are now required to consider if there are reasonable grounds to commence an investigation by 12 May 2026.
- X3 Our current view is that there are no alternative services comparable to LMNP and thus no competitive constraint on providers potentially exercising substantial market power (SMP) by refusing to port numbers or charging high rates for such services. As a result, LMNP remains important in reducing barriers (time and money) to switching for end-users, and supporting entry and expansion by providers.
- X4 The use of mobile phones remains high, as do the levels of numbers of both fixed and mobile numbers ported. In our view, number portability is still important to promote competition for the long-term benefit of end-users.
- X5 Our draft decision is that there are no reasonable grounds to commence an investigation into whether to omit LMNP from Schedule 1 of the Act.
- X6 This document summarises the reasons for our draft decision and seeks your comment. Submissions should be sent to Toni Shuker, Manager Regulatory Rules and Compliance at telecommunications@comcom.govt.nz and are due by 5pm 25 August 2025.

Chapter 1 Introduction and background

Purpose and structure

- 1.1 This paper sets out our draft decision (under clause 1(3) of Schedule 3 of the Act) on the existence of reasonable grounds to commence an investigation into whether LMNP should be omitted from the list of regulated services (in Schedule 1 of the Act, under section 66(b) of the Act).
- 1.2 To deliver competitive retail telecommunications services, retail service providers may require access to wholesale services. A number of wholesale services are subject to limited or no competition. In such cases, access to these services may be mandated under the Act (in Schedule 1) to promote competition for the long-term benefit of end-users.¹
- 1.3 Market evolution over time can lead to increased competition, changes in market preferences, or technological change. These developments can mean that it may no longer be necessary to mandate access to a regulated wholesale service.
- 1.4 As such, the Act requires that we consider, at least every five years, whether there are reasonable grounds for commencing an investigation into whether the services should be omitted from Schedule 1. We refer to this type of investigation as a “Clause 1(3) investigation”.²

LMNP and the regulatory background

- 1.5 LMNP services were added to the Act as designated multinetwork services in 2001 to enable consumers to take their telephone numbers with them when they switch providers. This supported competition in the local fixed and mobile markets by reducing barriers to switching. A determination currently exists for LMNP which outlines the terms of service for the two regulated services.
- 1.6 LMNP are described in the Act as:
 - 1.6.1 **Local telephone number portability service** - A service that enables an end-user of a fixed telephone network service to change providers of that service but to retain the same telephone number within a local calling area; and

¹ Once a service is included in Schedule 1, regulated terms of access can (but don’t need to) be given effect through a determination or standard terms determination. Regulated services are either designated or specified services. We are able to determine price and non-price terms for designated services. For specified services we are only able to determine non-price terms.

² Clause 1(3) of Schedule 3.

- 1.6.2 **Cellular telephone number portability service** - A service that enables an end-user of a cellular telephone network service to change providers of that service but to retain the same telephone number (including the same cellular network access code).
- 1.7 This is the fifth review (we conducted the previous reviews in 2006, 2011, 2016 and 2021).
- 1.8 In each of these previous reviews, we concluded that LMNP services should remain in Schedule 1 as they were promoting competition in both the local fixed and mobile markets for the long-term benefit of end-users by facilitating the process of switching between providers.³
- 1.9 These conclusions were supported by industry stakeholders.^{4 5}

Requirement to review LMNP regulation

- 1.10 We are required to review each Schedule 1 service at least every five years, starting from the time the service came into force. As LMNP were last reviewed in May 2021, we must complete the current review by 12 May 2026.
- 1.11 This review is limited to considering whether there are reasonable grounds for commencing a Clause 1(3) Investigation into whether any of the relevant services should be omitted from Schedule 1 of the Act.
- 1.12 We can also, on our own initiative, commence an investigation into whether or not Schedule 1 should be altered in any of the ways set out in sections 66 and 67, including amending or adding a service, if we are satisfied that there are reasonable grounds for such an investigation.⁶
- 1.13 At this stage, we do not believe that there are reasonable grounds to alter LMNP (e.g., to introduce a new service, or amend LMNP).

³ Commerce Commission “[Schedule 3 investigation into the extension of regulation of designated and specified services final report](#)” (28 August 2006), paragraph 175; Commission “[Final Decision on whether to investigate omitting certain Designated and Specified Services from Schedule 1 under clause 1\(3\) of Schedule 3 of the Telecommunications Act 2001](#)” (16 September 2011), paragraph 33; Commission “[Review of Designated and Specified Services under Schedule 1 of the Telecommunications Act 2001](#)” (30 June 2016), paragraphs 151-153; and Commission “[Review of Services in Schedule 1 of the Telecommunications Act 2001 - Final decision on whether to commence an investigation under clause 1\(3\) of Schedule 3 of the Telecommunications Act 2001](#)” (12 May 2021), paragraph 85.

⁴ TCF “[TCF Submission to Commerce Commission Re: Schedule 3 Review Publication of the draft decisions for the review of Schedule 1 Services: number portability, co-location, & interconnection with a PSTN](#)” (26 March 2021), see paragraph 3.

⁵ Nova Energy “[Nova Energy Submission to the Commerce Commission: Review of Services in Schedule 1 of the Telecommunications Act 2001](#)” (24 March 2021), see paragraph 4a; and 2degrees “[Two Degrees Mobile Limited – Submission on draft decision on Schedule 3 review of Schedule 1 services](#)” (24 March 2021), see page 1.

⁶ Clause 1(1) of Schedule 3.

1.14 There is an existing LMNP Determination, but this review is not concerned with the status of that.⁷

1.15 Table 1.1 sets out the next steps in the review process

Table 1.1 Next steps	
Milestone	Indicative date
Draft decision published (this paper)	17 July 2025
Submissions on draft decision due	25 August 2025
Final decision published	By May 2026

Information for interested parties on making a submission

1.16 We are seeking submissions on our draft decision by 5pm, 5 August 2025.

1.17 You should address your responses to:

1.17.1 Toni Shuker (Manager, Regulatory Rules and Compliance);

1.17.2 c/o Telecommunications@comcom.govt.nz

1.18 Please include “Number Portability - Submission” in the subject line. We prefer responses to be provided in a file format suitable for word processing in addition to PDF file format.

Confidentiality

1.19 The protection of confidential information is something that we take seriously. If you need to include commercially sensitive or confidential information in your submission, you must provide us with both a confidential and a public version of your submission that are clearly identified. We intend to publish the public version of all submissions we receive on our website.

1.20 You are responsible for ensuring that commercially sensitive or confidential information is not included in a public version of a submission that you provide to us.

⁷ The current LMNP determination documents can be found on our website:
<https://comcom.govt.nz/regulated-industries/telecommunications/regulated-services/copper-services/local-and-mobile-number-portability>.

- 1.21 All 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 Draft decision on the existence of reasonable grounds

Draft reasonable grounds assessment decision

- 2.1 Our draft decision is that there are not reasonable grounds for commencing an investigation into whether LMNP should be omitted from Schedule 1 of the Act.

Assessment framework

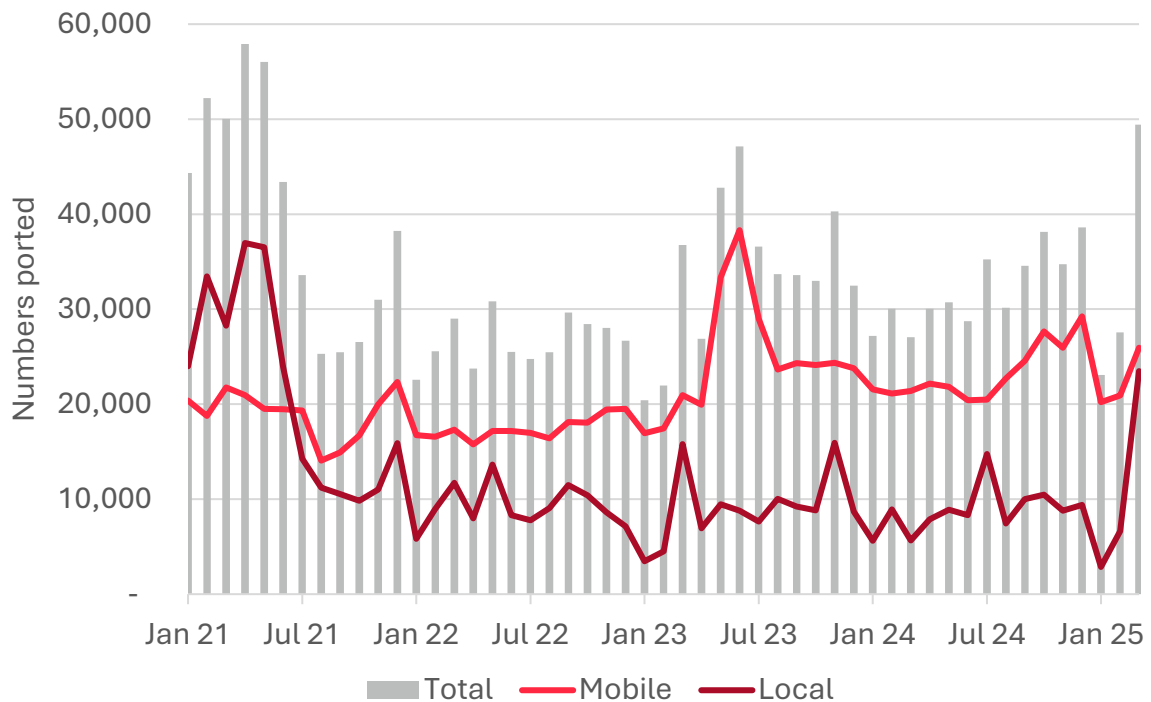
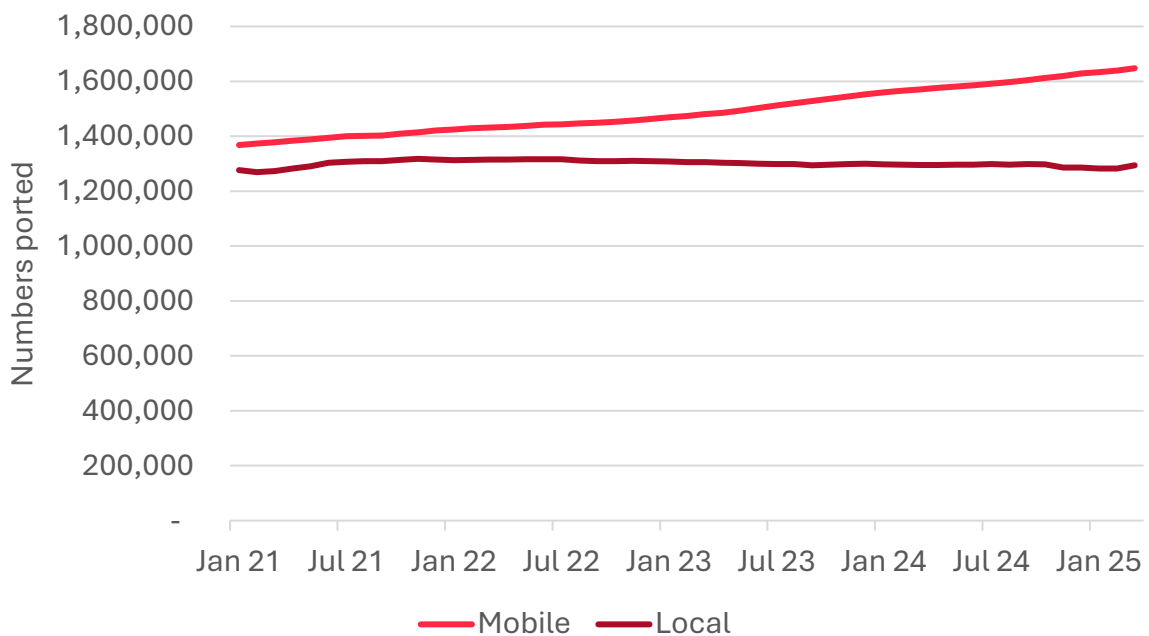
- 2.2 We previously published our Framework for reasonable grounds assessments.⁸ We have applied this framework to this reasonable grounds assessment of LMNP.

Reasonable grounds assessment

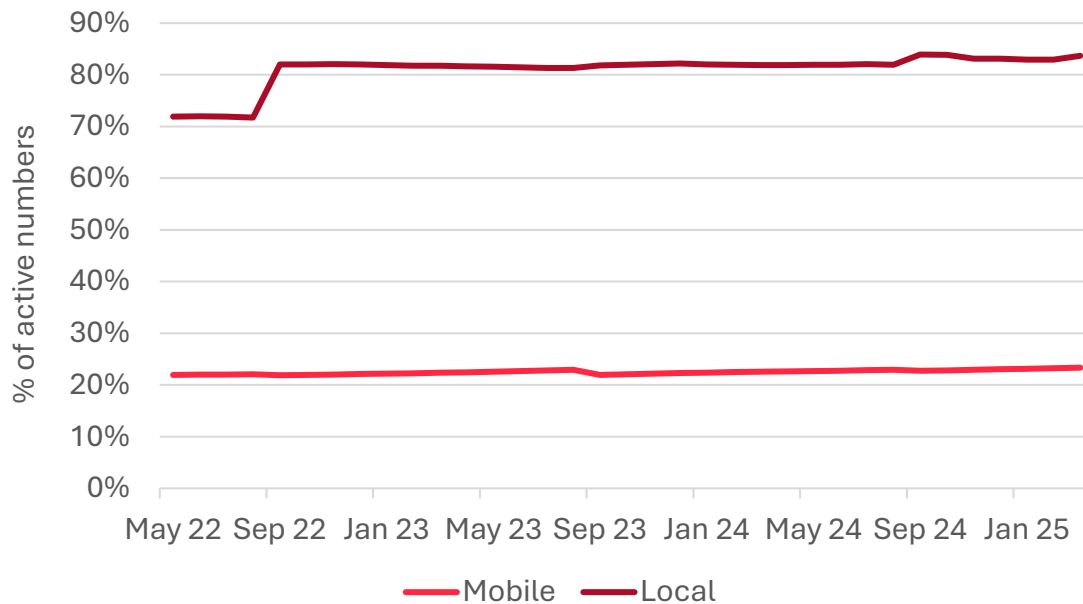
Description of the services

- 2.3 We described LMNP in paragraph 1.6. For ease of reference, these are described in the Act as:
- 2.3.1 **Local telephone number portability service** - A service that enables an end-user of a fixed telephone network service to change providers of that service but to retain the same telephone number within a local calling area; and
 - 2.3.2 **Cellular telephone number portability service** - A service that enables an end-user of a cellular telephone network service to change providers of that service but to retain the same telephone number (including the same cellular network access code).
- 2.4 The TCF reports on porting activity on a quarterly basis. Figures 1 and 2 highlight that porting, particularly for mobile numbers, remains popular with consumers. On average, the industry handles over 7,000 porting events a week. Figure 2.3 highlights that as new numbers are added into circulation, porting levels remain steady.

⁸ Commerce Commission “[Framework for reasonable grounds assessments](#)” (17 June 2025)

Figure 2.1 Monthly porting activity**Figure 2.2 Cumulative porting activity⁹**

⁹ The TCF tracks cumulative porting as how many numbers are with a different operator than the one they were originally with. Thus, if a consumer goes back to their original provider (porting their number), it would no longer be counted as a port and would decrease the total (as we can see for local numbers at points in Figure 2.2).

Figure 2.3 Cumulative porting activity as a % of active numbers¹⁰

Alternative services

- 2.5 There are no wholesale or retail alternatives to the two regulated number portability services.
- 2.6 Were the services not regulated under Schedule 1 of the Act, there would be nothing to prevent providers from either charging consumers to port their numbers or outright refusing to do so.
- 2.7 Charging consumers to port a number would represent a commercial variant of LMNP and would likely differ in process and cost by provider (more complex for consumers to switch).

Effectiveness of competition from alternatives

- 2.8 As no alternative services exist, there is no direct competitive constraint on LMNP.
- 2.9 Some indirect competitive constraint is likely provided by downstream retail services like over-the-top (OTT) apps such as Facebook Messenger and WhatsApp. These apps allow users to make calls and send messages using the internet, and either don't require a number, or numbers can be switched without affecting use of the app.

¹⁰ Data only goes back to May 2022 for this chart.

- 2.10 If the cost or effort to port a number was too high, consumers could switch away from voice and text services and use OTT apps for communication. While the use of mobile data is increasing, and voice and text messages are declining, OTT apps wouldn't address other reasons why consumers switch providers and port their number such as coverage, resilience, customer service or cost. As such, our view is that the indirect competitive constraints provided by OTT apps are likely limited at best.
- 2.11 Were LMNP unregulated, providers would have SMP, particularly over long standing customers whose numbers are known/used more widely (e.g., by a large number of people and/or as part of two-factor authentication processes). This could result in high costs, and complex, lengthy processes for consumers to take their number when switching providers. It could also result in consumers being unable to take their number when changing provider.

Alignment with the section 18 purpose

- 2.12 Under the section 18 purpose, we must consider whether the regulation best promotes competition in telecommunications markets for the long-term benefit of end-users.
- 2.13 LMNP are important services that promote competition in downstream retail local fixed and mobile markets by reducing the barriers to switching for end-users, supporting a process that is affordable, easy to undertake and ensures customers are not left without communications for a long period of time.
- 2.14 Customers often prefer to keep their number when changing telecommunications provider. The absence of regulated number portability (if porting were only available commercially) would likely hinder the competitive process. Providers would be incentivised to either not allow consumers to port numbers away, or charge for the ability to take their number creating barriers to switching.¹¹
- 2.15 High switching costs would likely undermine competition and not promote the long-term benefit of end-users who may be less likely to switch to a better service due to cost and/or complexity. High switching costs for the consumer are also likely to make market entry and expansion more difficult (as existing providers could exercise SMP), thus further making markets less competitive.

¹¹ No country that introduced number portability regulation has subsequently deregulated it, as it is widely seen to improve consumer choice, and the competitiveness of providers offers. Some countries have recently reviewed and improved their number portability regulations (e.g., India and Portugal). See PIB "[Telecommunication Mobile Number Portability \(Ninth Amendment\) Regulations, 2024 comes into force from July 01](#)" (28 June 2024); and ANACOM "[Regulation No. 38/2025](#)" (9 January 2025).

- 2.16 Recent Commission publications highlighted the continued low level of switching by consumers between mobile providers and the low satisfaction levels of consumers who do switch.¹² Consumers already face barriers to switching, with for example, 31% of mobile consumers deeming it is ‘too much effort to change providers’.¹³ Removing LMNP from the Act would likely increase financial and logistical barriers further, which would not support competition for the long-term benefit of end-users.
- 2.17 The cost of regulation, along with the cost of undertaking an investigation, and the potential costs that would result from removing regulation are all relevant considerations we may take into account in reaching our draft decision. While the costs to port numbers under the LMNP regulations are borne by mobile providers, the systems and process required to undertake this activity are now well established. Our view is that ongoing costs to port numbers (i.e. the costs of regulation) are likely minimal.
- 2.18 We would also expect any direct costs from omission of the service to be minimal (at most); there would likely be no adjustments to processes, systems or accounting needed. We also consider that, taking account of the scope of the investigation, the potential costs of conducting an investigation do not materially impact our assessment.
- 2.19 We therefore consider it is not a realistic possibility that, in order to best promote the section 18 purpose, LMNP should not be regulated.

Draft decision and next steps

- 2.20 For the reasons given above, our draft decision is that there are not reasonable grounds for commencing an investigation into whether LMNP should be omitted from Schedule 1 of the Act.
- 2.21 We are seeking views on our draft decision. After considering submissions, we will publish our final decision.
- 2.22 If our final decision is different to our draft decision, we must commence the investigation no later than 15 working days after making that decision.¹⁴

¹² Commerce Commission “[Improving Retail Service Quality: Draft Switching Issues Paper](#)” (20 March 2025), paragraph 29; and Commission “[NZ Telecommunications Customer Satisfaction Tracking 6 monthly report July - December 2024](#)” (March 2025), page 31.

¹³ Commerce Commission “[NZ Telecommunications Customer Satisfaction Tracking 6 monthly report July - December 2024](#)” (March 2025), page 32.

¹⁴ Clause 1(5) of Schedule 3 of the Act.