



## COVERSHEET

<b>Minister</b>	Hon Dr David Clark	<b>Portfolio</b>	Commerce and Consumer Affairs Digital Economy and Communications
<b>Title of Cabinet paper</b>	<b>Reviews of Commerce Commission Levy Funding Under the Telecommunications Act and Part 4 of the Commerce Act</b>	<b>Date to be published</b>	25 May 2021

### List of documents that have been proactively released

<b>Date</b>	<b>Title</b>	<b>Author</b>
25 May 2021	<i>(Cabinet Paper) 'Reviews of Commerce Commission Levy Funding Under the Telecommunications Act and Part 4 of the Commerce Act'</i>	<i>Office of the Minister of Commerce and Consumer Affairs Office of the Minister for the Digital Economy and Communications</i>
25 May 2021	<i>(Minute of Decision) 'Reviews of Commerce Commission Levy Funding Under the Telecommunications Act and Part 4 of the Commerce Act'</i>	<i>Cabinet Economic Development Committee</i>
25 May 2021	<i>'Cost Recovery Impact Statement for the Cost Recovery of Funding for the Commerce Commission's Regulation of Telecommunications, Electricity, and Gas Markets'</i>	<i>MBIE</i>

### Information redacted

**NO**

Any information redacted in this document is redacted in accordance with MBIE's policy on Proactive Release and is labelled with the reason for redaction. This may include information that would be redacted if this information was requested under Official Information Act 1982. Where this is the case, the reasons for withholding information are listed below. Where information has been withheld, no public interest has been identified that would outweigh the reasons for withholding it.



# Cabinet Economic Development Committee

## Minute of Decision

*This document contains information for the New Zealand Cabinet. It must be treated in confidence and handled in accordance with any security classification, or other endorsement. The information can only be released, including under the Official Information Act 1982, by persons with the appropriate authority.*

### Reviews of Commerce Commission Levy Funding under the Telecommunications Act and Part 4 of the Commerce Act

**Portfolio** Commerce and Consumer Affairs

On 7 April 2021, the Cabinet Economic Development Committee:

- 1 **noted** that the regulation of telecommunications, electricity lines, and gas pipelines services by the Commerce Commission is funded by levies on businesses that operate these services;
- 2 **noted** that one of the Commerce Commission's core functions is to set price-quality paths that last up to five years;
- 3 **noted** that the timing of the Commerce Commission's expenditure across each regulatory pricing period is uncertain and lends itself to an approach that utilises the flexibility provided by multi-year appropriations;
- 4 **noted** that the Commerce Commission consulted regulated suppliers, consumer groups and other interested stakeholders from December 2020 to February 2021 on the appropriate level of funding to efficiently and effectively regulate the provision of telecommunications, electricity lines, and gas pipelines services in New Zealand;
- 5 **noted** that officials from the Ministry of Business, Innovation and Employment have reviewed submissions on the Commerce Commission's preferred funding proposal, and support the following levy funding for the regulation of telecommunications, electricity lines, and gas pipelines services:

	\$m – increase/(decrease)				
	2021/22	2022/23	2023/24	2024/25	2025/26
<b>Vote Business Science and Innovation</b>					
<b>Minister of Commerce and Consumer Affairs</b>					
<b>Minister for the Digital Economy and Communications</b>					
Non-tax revenue: Levy on Regulated Parties	28.476	30.693	29.490	27.321	26.863
	<b>2026/27</b>	<b>2027/28</b>	<b>2028/29</b>	<b>2029/30</b>	<b>2030/31</b>
	26.394	26.675	27.590	27.321	26.863
	<b>2031/32 and outyears</b>				
	26.969				

- 6 **agreed** to fund the regulation of telecommunications, electricity lines, and gas pipelines services in line with the Commerce Commission’s preferred funding proposal, as outlined in paragraph 5 above;
- 7 **agreed** to amend the Telecommunications Operators (Commerce Commission Costs) Levy Regulations 2019 to ensure that only those telecommunications operators who are subject to regulation relating to the new fibre broadband services regime bear the costs of administering the regime from financial year 2022/23;
- 8 **invited** the Minister for the Digital Economy and Communications to issue drafting instructions to the Parliamentary Counsel Office to give effect to paragraph 7 above;
- 9 **directed** the Ministry of Business, Innovation and Employment to write to all levy payers and other parties that submitted on the Commerce Commission’s discussion papers advising them of the outcome of the reviews;
- 10 **agreed** to establish a new Non-Departmental Output Expense *Regulation of Telecommunications Services for the Period 2022-2025* as a multi-year appropriation in Vote Business, Science and Innovation, for the three financial years 2022/23 to 2024/25;
- 11 **agreed** that the scope of this appropriation be ‘This appropriation is limited to the regulation of telecommunications services under the Telecommunications Act 2001’;
- 12 **approved** the following changes to appropriations to give effect to paragraphs 5 and 10 above, with no impact on the operating balance or debt:

Vote Business, Science and Innovation Minister for the Digital Economy and Communications	\$m – increase/(decrease)					2026/27
	2021/22	2022/23	2023/24	2024/25	2025/26	
Non-Departmental Output Expense: Regulation of Telecommunications Services 2022-2025	-	64.074			-	-
Non-Departmental Output Expense: Enforcement of Telecommunications Sector Fibre and Broadcasting Transmission Service Regulation	5.218	-	-	-	-	-
Non-Departmental Output Expense: Communications: Enforcement of Telecommunications Sector Regulation	<b>2021/22</b>	<b>2022/23</b>	<b>2023/24</b>	<b>2024/25</b>	<b>2025/26</b>	<b>2026/27</b>
	9.821	(6.000)	(6.000)	(6.000)	14.384	14.336
	<b>2027/28</b>	<b>2028/29</b>	<b>2029/30</b>	<b>2030/31</b>	<b>2031/32 and outyears</b>	
	14.500	15.787	15.787	14.384	14.959	

13 **noted** that the indicative spending profile for the new multi-year appropriation described in paragraph 12 above is as follows:

Indicative annual spending profile	\$m – increase/(decrease)		
	2022/23	2023/24	2024/25
	20.500	21.787	21.787

14 **approved** the following changes to appropriations to give effect to paragraph 6 above, with no impact on the operating balance or debt:

Vote Business, Science and Innovation Minister of Commerce and Consumer Affairs	\$m – increase/(decrease)					
	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
Non-Departmental Output Expense: Commerce and Consumer Affairs: Regulation of Electricity Lines Services 2019-2024	26.215			-	-	-
Non-Departmental Output Expense: Commerce and Consumer Affairs: Regulation of Electricity Lines Services	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
	-	-	-	9.001	9.822	8.541
	2027/28	2028/29	2029/30	2030/31	2031/32 and outyears	
	8.673	9.001	9.001	9.822	9.008	

15 **noted** that the indicative new spending profile for the remaining financial years in the multi-year appropriation described in recommendation 14 above is as follows:

Indicative annual spending profile	\$m – increase/(decrease)		
	2021/22	2022/23	2023/24
	8.541	8.673	9.001

16 **approved** the following changes to appropriations to give effect to paragraph 6 above, with no impact on the operating balance or debt:

	\$m – increase/(decrease)					
<b>Vote Business, Science and Innovation Minister of Commerce and Consumer Affairs</b>	<b>2021/22</b>	<b>2022/23</b>	<b>2023/24</b>	<b>2024/25</b>	<b>2025/26</b>	<b>2026/27</b>
Non-Departmental Output Expense: Commerce and Consumer Affairs: Regulation of Gas Pipelines Services 2019-2024	9.821			-	-	-
Non-Departmental Output Expense: Commerce and Consumer Affairs: Regulation of Natural Gas Services	<b>2021/22</b>	<b>2022/23</b>	<b>2023/24</b>	<b>2024/25</b>	<b>2025/26</b>	<b>2026/27</b>
	-	-	-	2.533	2.657	3.517
	<b>2027/28</b>	<b>2028/29</b>	<b>2029/30</b>	<b>2030/31</b>	<b>2031/32 and outyears</b>	
	3.502	2.802	2.533	2.657	3.002	

17 **noted** that the indicative new spending profile for the new multi-year appropriation described in paragraph 16 above is as follows:

	\$m – increase/(decrease)		
<b>Indicative annual spending profile</b>	<b>2021/22</b>	<b>2022/23</b>	<b>2023/24</b>
	3.517	3.502	2.802

18 **agreed** to establish a new Non-Departmental Output Expense *Review of Commerce Act Input Methodologies for Economic Regulation for the Period 2021-2023* as a multi-year appropriation in Vote Business, Science and Innovation for the three financial years 2021/22 to 2023/24;

19 **agreed** that the scope of this appropriation be ‘This appropriation is limited to the review of input methodologies for economic regulation under Part 4 of the Commerce Act’;

20 **approved** the following changes to appropriations to give effect to paragraphs 6 and 18 above, with no impact on the operating balance or debt:

	\$m – increase/(decrease)				
<b>Vote Business, Science and Innovation Minister of Commerce and Consumer Affairs</b>	<b>2021/22</b>	<b>2022/23</b>	<b>2023/24</b>	<b>2024/25</b>	<b>2025/26</b>
Non-Departmental Output Expense: Commerce and Consumer Affairs: Review of Commerce Act Input Methodologies for Economic Regulation for the Period 2021-2024	8.000			-	-

21 **noted** that the indicative spending profile for the new multi-year appropriation described in paragraph 20 above is as follows:

Indicative annual spending profile	\$m – increase/(decrease)		
	2021/22	2022/23	2022/23
	2.082	4.018	1.900

22 **authorised** the Minister of Finance, the Minister for the Digital Economy and Communications and the Minister of Commerce and Consumer Affairs to jointly approve the establishment of future multi-year appropriations in succession to those outlined above;

23 **authorised** the Minister of Finance, the Minister for the Digital Economy and Communications and the Minister of Commerce and Consumer Affairs to jointly approve any adjustments to appropriations that correspond to adjustments to the levy.

Gerrard Carter  
Committee Secretary

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**Present:**

Hon Grant Robertson (Chair)  
 Hon Dr Megan Woods (Deputy Chair)  
 Hon David Parker  
 Hon Nanaia Mahuta  
 Hon Poto Williams  
 Hon Damien O’Connor  
 Hon Stuart Nash  
 Hon Kris Faafoi  
 Hon Willie Jackson  
 Hon Michael Wood  
 Hon Dr David Clark  
 Hon Phil Twyford  
 Rino Tirikatene, MP  
 Deborah Russell, MP

**Officials present from:**

Office of the Prime Minister  
 Office of the Chair  
 Officials Committee for DEV