INTERNET SERVICE PROVIDERS
ASSOCIATION OF NEW ZEALAND

Open Letter to the Telecommunications Commissioner, Tristan Gilbertson

On 30th June 2026 Tristan Gilbertson, in his capacity as Telecommunications Commissioner, published a document titled “Rural connectivity: a market reset in motion” https://www.comcom.govt.nz/news-and-media/news-and-events/2026/rural-connectivity-a-market-reset-in-motion/. This letter from the Internet Service Providers Association of New Zealand (ISPANZ) invites the commissioner to reconsider his article, which was based on outdated information. We recommend appropriate regulation for LEO service providers and a bigger vision for the future of telecommunications in New Zealand. Separate to this open letter, ISPANZ is preparing a commentary on the Commerce Commission’s 2025 Telecommunications Monitoring Report, published on 29th June 2026, https://www.comcom.govt.nz/regulated-industries/telecommunications/monitoring-the-telecommunications-market/annual-monitoring-report/ about which we have similar concerns.

The Letter:

Kia ora Tristan,

ISPANZ and our members are in favour of fair competition in the telecommunications market as the best way of delivering the best outcomes for end users. We agree that Starlink provides a competitive and disruptive solution to rural connectivity, but we are concerned that lack of regulation will produce unintended consequences, including a reduction in service quality and reliability for customers.

It was encouraging on 30th June 2026 to see you taking the trouble to publish a commentary on the current state of rural connectivity. It was disappointing that:

- Your commentary was based on year-old data. If you had either published your article in 2025 or waited until you had the 2026 data, our members’ reactions would probably have been more measured.
- You seem to support a very laissez faire approach which will result in a single dominant solution – LEO. This will decimate national infrastructure (which the government has invested heavily in) and remove the competition that exists in the market today, leaving large parts of New Zealand relying on connectivity directly owned and controlled by monopoly overseas interests. Connectivity that is subject to risks which do not apply to terrestrial infrastructure on New Zealand soil. Unless this new market is regulated appropriately, we would have “no cards to play” in protecting our sovereign ability to

provide reliable and dependable connectivity to our citizens. This is discussed in more detail below.

- You did not send your document direct to ISPANZ. Instead, we had to rely on an eagle-eyed member bringing it to our attention. We would have appreciated receiving a copy on release. Also, in the future we are most open to commenting on future draft documents to ensure that you can better reflect current market reality.

I have worked with ISPANZ for over ten years. In that time, your 30th June document has generated more correspondence, dialogue and input from ISPANZ members than any other subject. I shall endeavour to summarise for you the significant volume of feedback that I have received. It is fair to say that many were very cross at the content of your document and the assertions that you made. Our members can see the reality in their businesses today, whereas your analysis was based on data dating from a year ago. What follows is a synthesis of our members' views. It does not necessarily represent the views of all individual members.

Market Study

This letter addresses many issues that are outside the Commerce Commission's direct purview to address. You mentioned many of these issues in your address to the recent Connecting Aotearoa Summit. A market study would collate and assess the data needed for government and MBIE to embark on the necessary actions. We note that, in responding to OIA requests 25.157 and 25.158, the Commerce Commission stated that it had not conducted most of the assessments that had been asked about.

Please ask the Commerce Commission to initiate a market study under Part 3A of the Commerce Act. As you have noted, the market is changing rapidly and the latest monitoring report has Starlink as the largest rural ISP. You have stated that more satellite entrants are coming and that they're "challenging long-standing assumptions about where connectivity can be delivered." A market study is needed now to set the stage for the other legislative and regulatory changes that we believe are needed to ensure that end users can access well-regulated, competitive and high quality telecommunications services.

Spectrum

We have written both to the minister and to Radio Spectrum Management about spectrum availability. The problem remains unchanged. For telecommunications service providers such as WISPs to compete effectively in providing high quality and resilient rural connectivity, the appropriate spectrum needs to be made available. You note that "Spectrum policy plays an important role in this regard". Please intervene with the appropriate authorities to do something about it.

We could also discuss the relative spectrum costs imposed on domestic operators compared with satellite providers. Our feeling is that spectrum costs as they are do not provide a level playing field for competition and should be adjusted.

As specialists in spectrum use, ISPANZ and its membership would welcome the opportunity to work with you, and with Radio Spectrum Management, on this issue.

Factors Driving Starlink Uptake

The low cost of a Starlink connection, and the apparent simplicity of initial installation, makes it very attractive. Local Fibre Companies have entry level products whose price is regulated, so LFCs charge that regulated price, in some instances making Starlink the cheaper option. As Starlink's pricing is not regulated it is possible for it to play games to attract uptake. Indeed, we note that the Commerce Commission (OIA 25.158) is considering a complaint related to satellite internet pricing.

ISPANZ is aware that in some parts of the country with limited backhaul capacity, customers are switching from LFC fibre to Starlink. We are aware that in one area this is due to congestion in the evenings. In another area a member has counted more than 30 Starlink dishes in the dense urban area of Lower Hutt. The capture of New Zealand's telecommunications market is therefore not limited to rural areas. Work is still needed on the nation's fibre infrastructure.

Monopoly Risks

You state that "the expected entry of Amazon LEO and other providers is likely to increase competition at the satellite layer over time, reducing any risk of monopolisation". The duopoly of supermarket providers in New Zealand has provoked considerable reaction from the government, MBIE and the Commerce Commission, with steps being taken to generate real competition. Two LEO providers are unlikely to demonstrate any more competition than two supermarkets do today. There are clear monopoly risks with LEO satellite services, risks that can only be managed by appropriate regulation.

Recently you yourself identified monopoly risk at the Connecting Aotearoa Summit:

The Commerce Commission's own commissioned expert, Richard Feasey, warned of material monopoly risk in October last year.

For you to downplay monopoly risk is inconsistent with your, and the Commission's, responsibilities.

Outage Risks

Satellite communications carry outage risks which do not apply to terrestrial systems. Whilst none of these risks is significant, the risks exist and probabilities add, so the probability of an outage increases as the number of satellites and LEO networks increase. Also, whilst many of these risks have a very low probability of eventuating, their impact would be significant.

Solar storms, such as the 1859 Carrington event, could disable communications satellites. Damage to terrestrial equipment could also be expected, but that could be repaired much faster than satellites could be replaced.

As the density of LEO objects increases so does the probability of collisions that trigger an unstoppable cascade (the Kessler space debris problem).

Conflict could cause satellites to be destroyed and political interests could limit connectivity. Just look at the Russian Army's use of Starlink, now disabled, and ask yourself what might have happened if in the 1980s we had been reliant on Starlink when the anti-nuclear legislation was passed and the USA cut New Zealand off from most defence and intelligence information sharing.

ISPANZ and its members would welcome the opportunity to work with you to identify the best ways of managing outage risks.

Support Risks

Another issue with the Starlink offering is the lack of support and availability to those with lower digital skills. You need a level of knowledge to even order the service and choose the correct plan etc. We have seen instances where the plans have changed overnight and with minimal warning, making people vulnerable to being trapped on plans they can't afford and with no customer support they can turn to. The recent Debt Practices report from the Commerce Commission recommends more support for customers. We doubt that Starlink will be subject to the same scrutiny as everyone else.

One of our members says:

“We support a lot of people with satellite services who not only don’t want to move to Starlink but also don’t have the digital knowledge base to be able to install, maintain or even operate a Starlink service. These people are not a small portion of rural kiwi either - and they are being left behind with blanket decisions like this and will only be further disadvantaged as Chorus decommissions that copper network - with still 50,000 homes without another option.”

Another says:

“I obtained a Starlink as a backup for our network, which is all solar indefinite so our clients would at least have email. An interesting finding after a recent test was that the Starlink wifi would not power up which seemed to be a power supply problem so I substituted a POE for the wifi via a switch but the external square panel kept restarting so found a POE that could handle the high power of the panel as well, but it kept rebooting. . . . So for redundant network support in an emergency it is 1-2 reliability ie negative.”

ISPANZ and its members would welcome the opportunity to work with you to identify the best way of minimising support risks.

Security Risks

The only agency to have conducted a substantive risk analysis of Starlink is the Defence Technology Agency, whose April 2023 assessment concluded that the platform was "unlikely to be used as a Primary or Contingency solution" and limited its use to alternative or emergency applications for humanitarian aid and disaster relief. The security basis for that conclusion was withheld in full under the national security provisions of the OIA, alongside seven classified intelligence products on satellite megaconstellations. That position has since shifted, as the New Zealand Defence Force now procures through One NZ, which offers added assurances. It was also noted at the recent Connecting Aotearoa Summit that a decision was made that cabinet papers are not to be transmitted over Starlink. On what basis we do not know.

Data sovereignty, keeping our data under our control, is an important issue. Why are you happy for large parts of the country to become reliant on a telecommunications service that is not trusted by the NZDF and over which the government does not wish cabinet papers to be transmitted? If customers are to be made reliant on such services, the only fair thing would be to publish the NZDF's and the Cabinet's reasoning for not wishing to use them. Please arrange for that reasoning to be made public.

Once we have a clear picture of the Cabinet's and the NZDF's concerns, ISPANZ and its members would welcome the opportunity to work with you to identify the best way of minimising security risks.

The Lack of Regulation

As has been mentioned, the current laissez faire approach to (non)regulation means that there is not a level playing field for competition. The result is the lack of an incentive for service providers to offer resilient and high-quality infrastructure across the country. Unless things change, large parts of the country will lack such infrastructure and, without it, service quality will suffer and pricing will be excessive.

A Way Forward

Starlink is a valuable service and LEO services will be a prominent feature of communications networks in the future. However, the status quo is a recipe for the hollowing out of rural infrastructure and communications becoming less reliable and resilient. To avoid this outcome a number of issues need to be addressed, and changes to the Telecommunications Act, the Commerce Act and the Radiocommunications Act are required.

Wholesale. Currently Starlink do not offer a wholesale service. If they did that would enhance service provision, would let local companies compete, put multiple services on one bill, and use Starlink as part of a broader portfolio. Starlink should be required to offer a wholesale service. ISPANZ believes that a structured wholesale approach by all LEO providers in markets like New Zealand could create better outcomes for customers, for local industry and ultimately for Starlink's shareholders. This is covered in a bit more detail later.

MVNOs. The mobile companies in NZ aren't actually regulated to provide MVNO access — they do it voluntarily and with restrictions, such as limiting satellite texting. The upshot is that MVNOs here are not a significant part of the market; they only make up around 3% of total mobile connections. Compare that to Australia and the rest of the OECD, where MVNOs are closer to 20% of the market. MVNO access should be regulated, including providing equitable access to satellite text services. This would open the door to more small players and promote innovation and competition.

A Bigger Opportunity

It could be argued that the disruption caused by LEO satellite providers isn't about rural broadband anymore. It's about what New Zealand's telecommunications market looks like over the next decade.

ISPANZ sees Starlink an integral part of New Zealand's future telecommunications ecosystem, as part of the answer to a much bigger question that the government should be asking:

> *How should New Zealand structure its telecommunications market when one globally integrated access platform is becoming increasingly dominant across multiple access technologies?*

If you think that Starlink has improved competition, then you also have a responsibility to ask what those same policy settings produce in five or ten years' time.

Will today's settings create meaningful competition tomorrow? If the current framework ultimately allows one vertically integrated global provider to hollow out multiple access markets because there are few practical constraints on that growth, then we haven't solved the competition question. This is not Starlink versus local providers. It's about making sure New Zealand's policy framework evolves as quickly as the technology does.

When a global business with enormous scale, capital and reach enters a relatively small domestic market, without well thought out and appropriate policy settings it becomes extremely difficult for other providers to play a meaningful long-term role, regardless of how innovative they are.

This is not just a Commerce Commission issue, it's a telecommunications strategy issue for government. Government should be asking whether our current policy framework is still fit for purpose when global communications platforms can increasingly provide services directly into New Zealand at scale. Our focus should be on the market we want in ten years' time, not simply whether today's market appears competitive.

Noting our earlier comments on wholesale, the government needs to have a direct conversation with SpaceX about providing meaningful wholesale options to New Zealand's service providers. This means a genuine wholesale or open-access framework that allows local providers to build sustainable businesses by adding real value through installation, managed networking, Wi-Fi, cybersecurity, farm connectivity, IoT, resilience planning, business integration, monitoring, field support and long-term customer relationships. That would give customers the best of both worlds: world-class satellite infrastructure backed by local expertise, local accountability and local investment.

This is an opportunity for Starlink. As they continue to mature, and particularly as they move through their next phase of commercial growth, they should explore how domestic wholesale partnerships could strengthen their position while also strengthening local markets. That doesn't change Starlink's success; it builds a stronger ecosystem around it.

Without appropriate legislation and regulation enabling meaningful wholesale options, we risk slowly hollowing out New Zealand's regional telecommunications capability. Once the local engineering skills, field workforce and operational knowledge disappear, they're incredibly difficult to rebuild. That's not just a commercial issue; it's a resilience issue for New Zealand. This is not about rural connectivity, it's about whether New Zealand is preparing for the telecommunications market of the future or simply regulating the one we've had in the past.

Also, we should not dismiss sovereign or sovereign-partnered LEO capability out of hand, even if it's years away. It deserves serious consideration as part of New Zealand's long-term telecommunications and critical infrastructure strategy.

New Zealand's Leadership Opportunity

New Zealand has an opportunity to lead here. Rather than waiting until market concentration becomes an irreversible problem, we could be one of the first countries to develop a modern framework that encourages global innovation while preserving meaningful competition, local capability and long-term resilience. If we get that framework right, other countries facing exactly the same challenge may well look to New Zealand as an example of how global LEO providers and local telecommunications ecosystems can successfully work together. That is worth exploring.

ISPANZ has a wide and diverse membership with significant expertise in a range of technologies and markets. We would welcome the opportunity to contribute to discussions about the future structure of New Zealand's telecommunications market.

Finally

You finish your commentary on rural connectivity by saying:

"The disruption created by LEO satellite is real. But the evidence so far suggests that competition is becoming stronger, technologies are becoming more diverse, and consumers have more choices than ever before. That is exactly what effective competition should deliver."

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We disagree with your conclusion. Starlink's runaway success is causing other rural connectivity solutions to become uneconomic and to wither away. At the same time, the lack of almost any regulation leaves customers exposed to less choice, reduced customer service and price exploitation. To call the current situation "effective competition" is not correct. Our members are not happy with your 30th June document. However, we believe there is already enough confusion in the market when it comes to the benefits of LEO and its place in the New Zealand connectivity space. Retracting your document at this stage would just add to that confusion. We would like to become more involved in helping you provide meaningful and accurate communication on this subject and drive change that benefits providers and consumers alike.

Officials from the Commerce Commission will be addressing our annual conference on Wednesday 26th August. Conference attendees are highly likely to ask about your 30th June document. We would welcome your personal attendance at the conference to discuss these issues directly with our members and to share your vision for New Zealand's future telecommunications market and the place of Starlink Wholesale in it. You could also discuss the need for a market study. You can book your conference ticket here: https://www.ispanz.org.nz/ispanz-2026-annual-conference/

I look forward to meeting you then.

Nāku iti noa, nā

David Haynes
Chief Executive

8th July 2026