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Public

Submission for Chorus on the Discussion Document:

Exploring Digital Convergence – Issues for Policy and Legislation
(2015)

SUBMISSION

- 1 The green paper on Exploring Digital Convergence kicks-off a cross-government programme of work on the impact and implications of convergence for New Zealand. Given the impact of digital technology on our economy and the increasing reliance on the infrastructure that supports it, we welcome this broad programme of work.
- 2 The disruptive influence of digital technology cuts across huge swathes of New Zealand industry and will continue to do so into the future. Suppliers become more productive as a result and consumers benefit from greater competition and innovation in the market. The potential for economic growth and efficiency gains that can come from this digital disruption will benefit every single New Zealander.
- 3 In order to leverage the benefits of digital convergence we need fit-for-purpose, coherent and consistent regulation across the value chain. We encourage the Government in its efforts to gain a better understanding of these dynamics and the impact on its regulatory settings.
- 4 In a converged world, the digital economy and positive growth rests on, and is supported by, the underlying infrastructure. Infrastructure needs to do the heavy lifting to enable these changes in demand and the way we work, live and play.
- 5 For convergence to continue to flourish, it will be important that this infrastructure keeps up with demand. We are already seeing broadband as an essential utility. There are heightened expectations that telecommunications networks are “always on” and that content and data can be downloaded and streamed without delay or interruption. This requires network investment for resilience and provisioning for bandwidth capacity. Without that infrastructure, there will be no Uber or Trade Me or any other similar disruptive competitor to shake up other markets and continue to grow New Zealand’s economy.
- 6 There are important steps that the Government can take to provide a regulatory environment that creates efficient incentives for this ongoing investment – a subject that we will address in detail in our submissions on the review of the regulatory framework for telecommunications, which is part of the cross-government programme of work. Given that infrastructure underpins convergence and the digital economy, we think the telecommunications review should be the first priority in the broader programme of work. Once clarity on this question is achieved, this will enable more focus from industry and Government on the broader enabling environment for convergence and what more can be done to promote the use of this infrastructure to enhance New Zealand’s economy.
- 7 In addition, across the broader programme of work, there are likely to be a number of common themes.
- 8 Firstly, a challenge for policy makers in the converged environment is creating a regulatory environment that supports investment while also providing flexibility to keep up with rapid technology change. It will be highly challenging for regulators to fully comprehend or anticipate market developments, given the speed of technology and

business change. We need environments that enable and encourage capital to be attracted and ageing investment to be made. New Zealand is already leading the world on its deployment of better broadband through its rollout of a fibre to the home broadband network to 75% of the country. Four years in, we're already talking about what more we need. Different and more realistic considerations need to be made to provide the stability required to support investment while also enabling us to keep pace with this rapid change.

- 9 Secondly, there is also likely to be a more prominent role for industry and consumer engagement in a future regulatory environment. We need to anticipate future demand, and that involves complex and interrelated decisions that involve investment, price and quality together and these decisions will be better informed through consultation with all interested parties.
- 10 Thirdly, the policy objectives of governments around the world will differ, meaning there might not be a "one size fits all" model that we can adopt for New Zealand.
- 11 Finally, the Government's broad programme of work also provides an opportunity for the Government to consistently implement the Productivity Commission's recommendations on regulatory institutions and practices¹.
- 12 New Zealand is already striding ahead of many other countries. The UFB and RBI initiatives recognise the pressing social and economic need for better infrastructure, better broadband connectivity and keeping ahead of rapidly shifting end user behaviour, activity and needs that we need to efficiently progress. For example, rather than promoting fixed line infrastructure duplication, the new fibre to the home infrastructure is open access and the core focus of the network operators is wholesaling.
- 13 The UFB build is a multi-generational upgrade with the network likely to have a life well in excess of 50 years. At the completion of the UFB and RBI build, New Zealand will have solid and resilient fast broadband infrastructure in place for approximately 97% of its population.
- 14 The regulatory framework needs to evolve adequately to support this opportunity while also encouraging ongoing investment in better broadband, including delivering broadband to all New Zealanders. We therefore support the Government's initiative to set up its programme of work across the different convergence issues and ensure our legislative and regulatory frameworks are fit for purpose to deliver positive change and benefits for all New Zealanders.

¹ <http://www.productivity.govt.nz/sites/default/files/regulatory-institutions-and-practices-final-report.pdf>