

Do you agree with the way this paper defines convergence? Why/why not?

The definition of convergence is a fine start, but over-emphasises technological convergence. There is brief mention of regulation (regulatory convergence), which is good to see but underdeveloped, and only implicit acknowledgement of industrial/economic convergence (e.g., horizontal/vertical integration). This latter facet of convergence needs much more recognition and investigation, and it can lead to significant regulatory issues as well. There are some problematic assumptions as well, such as the claim that "For consumers, convergence means greater choice and lower cost." This is not necessarily the case.

Do New Zealand's current regulations and policies need to change to account for convergence? Why/why not?

Absolutely. As noted above in briefly in the paper, technological convergence -- the sharing of a common digital platform -- will allow media and communication companies to offer a wider variety of services over the same platform/network. This can lead to a significant amount of industrial or economic convergence that can lead to a number of issues. The first is a decrease, rather than an increase, in market competition, with fewer companies involved in offering telecommunications (wired and wireless), Internet, and entertainment services. This regulation will be needed now to prevent the formation of media duopolies or oligopolies that end up being bad for consumers.

The second regulatory issue, one that barely warrants a mention in this paper, is network neutrality, and this is a glaring oversight. New Zealand currently does not have any network neutrality laws, leaving it up to media and telecommunications companies instead. This might have been possible in a pre-convergence era but, as companies such as Spark increasingly offer multiple media services (home phone, mobile phone, Internet, wireless/mobile Internet, Internet-based streaming entertainment services), legislating network neutrality will become more necessary. For example, nothing would prevent a provider like Spark, which has its own streaming media service in Lightbox, from "throttling" (or even outright blocking) similar services from competitors such as Netflix, Quickflix, or Neon, or charging customers more to ensure equal access to those services. Entertainment systems are just one example of why network neutrality is needed. Ignoring network neutrality would lead to the development of a tiered Internet system in New Zealand, one in which only those in a better financial standing would have full access to the Internet. If New Zealand is serious about ensuring access for all, then network neutrality laws need to be established now, not later. Currently, New Zealand does not even have a regulatory body with the capabilities of ensuring network neutrality. An independent body with that power needs to be established immediately.

Do you agree with the proposed convergence work programme?

The programme is a welcome start, and the key section, one that could use even more expansion, is the examination of the existing regulatory framework. Indeed, the challenges posed by convergence might necessitate a wholesale reconsideration of existing regulations such as the Telecommunications/Broadcasting Acts.

Should the Government be doing anything else to address convergence?

An acknowledgement of the importance of spectrum issues was a welcome addition to the paper, as was the need to "maintain and build on competition in mobile markets". In addition,

there was mention of the need to expand broadband internet connectivity, especially in rural areas. I would suggest that, rather than relying on spectrum auctions and market competition, the government should reserve spectrum blocks set aside for mobile (4G/LTE) services and use that space to establish government-run mobile broadband services. Indeed, the the 2013 review (43) predicts that by 2020, 90–99 per cent of the New Zealand population will have access to 4G/LTE mobile broadband. With over three-quarters of the 700 MHz spectrum in the hands of Telecom and Vodafone, the lack of any regulatory influence before 2020 could allow these two corporations to split the mobile broadband subscriber market, with 2degrees, hampered by limited 4G/LTE services and lower per-subscriber revenues, struggling to keep pace. As a result, customers -- particularly those in rural areas -- with little to no choice when it comes to mobile broadband services which are rapidly becoming one of the primary methods for accessing the Internet in New Zealand.

What barriers are you aware of that prevent you from benefiting from, or responding to, convergence?

Something occasionally reflected in discussions on convergence, including in this paper, is an unquestioned belief that "digital technology is opening up exciting possibilities in almost every part of the economy" (5). While there are possibilities, this overly celebratory rhetoric overlooks some of the potential downsides of convergence as well (see comments above about horizontal/vertical integration, market competition in mobile sector). Without regulations to restrict more consumer-unfriendly outcomes of convergence, it will be difficult for people to benefit from convergence without suffering a bit as well. Consultations like this, however, are a welcome opportunity.

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