

InternetNZ

Exploring Digital Convergence:
Submission on Discussion Document

16 October 2015

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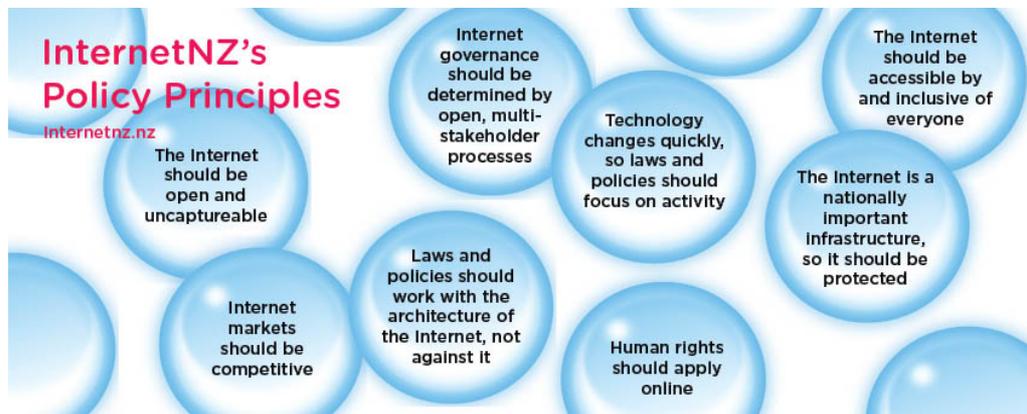
1. Introduction

- 1.1. We welcome the Government’s Convergence programme and we appreciate the opportunity to submit on the *Exploring Digital Convergence* discussion document (Convergence document).

We are committed to an open and uncapturable Internet

- 1.2. Our Mission at InternetNZ is to *promote the Internet’s benefits and uses and protect its potential*. We care passionately about Internet-based communications and the opportunities that the Internet brings to our economy and society in New Zealand.
- 1.3. Our Vision is *a better world through a better Internet* and our comments in this submission reflect our policy principles (set out below).

Figure one: our policy principles



- 1.4. Due to the breadth of this Convergence Programme of work, all of these policy principles are in some way relevant in this submission.
- 1.5. Of particular note though is *Internet governance should be determined by open, multi-stakeholder processes*. This principle is particularly relevant as we are pleased that this process is addressing the range of opportunities and challenges that the Internet is creating in an open, multi-stakeholder fashion. This Convergence document, and indeed the entire Convergence programme of work illustrate a commitment to governing our Internet in a manner that allows for participation, shared consideration and discussion.

- 1.6. We also highlight another principle as particularly relevant: *Technology changes quickly, so laws and policies should focus on activity*. At its heart, this Convergence programme regards considering a variety of different uses of increasingly common technology, in the Internet. Increasingly, the relevant activity in the context of this Convergence programme is data usage, as opposed to previously discrete, more specific activities.

The Internet should be accessible and inclusive of everyone

- 1.7. Finally, our principle that *the Internet should be accessible and inclusive of everyone* is another theme that we will refer to heavily in this submission. We believe that ensuring that all New Zealanders have the skills and ability to utilise converged, internet-enabled services is a vitally important consideration as part of this process.
- 1.8. We understand that this Convergence document concerns outlining a “management overlay” across eight other streams of work. Many of these streams of work are pre-existing, and therefore InternetNZ has an active role in participating in them. Others we have anticipated and are prepared for. Specifically:
- a) **Investment in fast connectivity networks:** we have placed a range of submissions to the Government on both the UltraFast Broadband (UFB) and Rural Broadband Initiative (RBI), and continue to be interested in working with Government and a range of other stakeholders on both ensuring these programmes are a success, and meeting the challenge of driving high quality, productive usage from these investments.
 - b) **Cyber security:** InternetNZ is a *Connect Smart* partner, a member of the New Zealand Internet Task Force (NZITF), an operator of critical infrastructure via our subsidiaries NZRS and the Domain Name Commission, and a strategic partner of NetSafe. We have an active interest in working with the Department of Prime Minister and Cabinet on the forthcoming Cyber Security Strategy.
 - c) **Convergence and content consultation:** We have provided a submission on this matter separately.
 - d) **Spectrum management:** We have also previously provided a submission on these matters, and are keen to understand more about how this may advance through both the Telecommunications framework discussion and that separate process.
 - e) **Review of the framework for Telecommunications:** We are working with the Ministry of Business, Innovation and Employment (MBIE) to ensure that a range of perspectives are presented as part of this process, and have also submitted previously as part of earlier stages of this work.
 - f) **GST (cross border services and intangibles):** We have provided a submission on this matter separately.
 - g) **Study of the creative sector use of the copyright and design regimes:** We are in active discussion with MBIE on the scope of this study, to help ensure that it considers the range of new creative uses of the Internet in this review.

- 1.9. Given our involvement in these separate streams of work, our submission on this Convergence document is brief and will therefore focus on:
- a) Considering what is meant by convergence, both in definition and in practice
 - b) Our concern that outcomes from Convergence will be limited without consideration of digital divides and digital skills
 - c) The challenge in responding to this range of matters in the timeframes outlined
 - d) The need for clear planning and communication of implementation timeframes for this programme
 - e) Ensuring that this Convergence programme is greater than the sum of its parts.
- 1.10. We welcome the opportunity to discuss our submission with you. Please contact Andrew Cushen, Work Programme Director at andrew@internetnz.nz or on 021 346 408 for further information.



Jordan Carter
Chief Executive

2. Convergence is about realising the potential of the Internet in New Zealand

- 2.1. We are pleased that this Convergence programme of work has been created. As the introduction from the Minister notes at the start of this paper, *“the ever expanding digital world is impacting almost every aspect of our lives.”*
- 2.2. InternetNZ could not agree more with that statement. The opportunities that the Internet is creating to provide better social cohesion, economic opportunity, collaboration and communication are well known and understood. Our organisation exists to help these opportunities become realised.
- 2.3. We are also very conscious of the challenges that the Internet creates. We need to ensure that we work on these challenges collaboratively, to protect what makes the Internet such a positive and powerful force whilst curbing the harder edges of those challenges. Many of the challenges that the Internet creates are reflected in our legislation. Technology moves quickly, ever more so when enabled by the Internet. Our laws should not stand in the way of new opportunity that the Internet creates. We applaud the Government for recognising the same opportunity in this Convergence programme.
- 2.4. For these reasons, we applaud the creation of this programme of work, and are very pleased to have the opportunity to participate in it openly and collaboratively.
- 2.5. We broadly agree with the definition used in the Convergence document:

“Convergence is a term used to describe the common delivery of previously discrete service functions such as broadcasting and telecommunications over shared digital infrastructure, and the consequent reduction of the boundaries between previously separate industries.”
- 2.6. What Convergence means in practice is as we outlined in our introduction – technology changes quickly, so laws and policy should focus on activity. Increasingly these different activities are just different uses of a common data service provided by the Internet. We can outline any number of different challenges that are obviously contemplated in the creation of this document:
 - a) Why should content consumption be classified differently depending on medium of delivery?
 - b) Should purchases made via the Internet attract Goods and Services Tax (GST)?
 - c) Why should spectrum resources be managed according to exclusive management rights based on fixed usage classes, rather than more flexible regimes that may allow greater innovation?
- 2.7. We are therefore very supportive of this Convergence programme of work. We are keen to work on these matters in breadth, and ensuring that we utilise this opportunity to unlock the potential of the Internet.
- 2.8. While therefore we broadly agree with the scope of this Convergence programme and are supportive of its aims, we also highlight that truly unlocking the potential of the Internet in New Zealand requires equal consideration of online skills development and addressing digital divides that are still present in our society.

3. Convergence outcomes should consider digital divides and digital skills

- 3.1. What is missing from this Convergence programme is thinking on how we ensure that all New Zealanders are able to participate in these improvements – that is, addressing digital divides and ensuring that New Zealanders have the skills to derive economic and social benefits from Converged, internet-enabled services.

Digital divides are increasingly severe for those excluded

- 3.2. InternetNZ is proud to support the World Internet Project in New Zealand, through our relationship with the Auckland University of Technology's Institute for Culture, Discourse and Communication. Their report titled *Internet Trends in New Zealand: 2007-2013* included the following summary on digital divides:

"There has been a tendency throughout all four waves of the survey for certain groups to be more engaged with the internet, having a higher percentage of internet users and generally using the internet more widely and more frequently. These groups include those who are younger, more urban, have a higher household income, and are New Zealand European or Asian."

"...Although divides are decreasing, partly as a result of more widespread availability of internet access, it is possible that new difficulties arise for those New Zealanders who do not use the internet – a shrinking minority whose risk of disadvantage may increase as internet use becomes ubiquitous. Additionally, new technology can create new divides, so that even users of the internet may be disadvantaged by not using certain devices."¹ [emphasis added]

Inclusion can build on connectivity improvements

- 3.3. The Government's initiatives, particularly through the UFB and RBI, are ensuring that all New Zealanders experience some improvement in their connectivity. Access-wise, this was traditionally achieved through the Telecommunications Service Obligations (TSO), which is briefly referred to in the *Regulating Communications for the Future* document. We highlight that access is but one of the considerations necessary when considering digital divides, and there remain others; for example divides based on socio-economic factors that are preventing some New Zealanders from fully participating in the Internet-enabled economy and society appear not to be contemplated as part of this Convergence programme.
- 3.4. InternetNZ also highlights that as admirable as this Convergence programme of work is, its outcomes will be limited unless we address online skills to ensure that New Zealanders have the ability to derive social and economic benefit from the Internet.

Digital skills can unlock economic growth

- 3.5. Recent research commissioned by the Innovation Partnership highlighted the potential of improving business use of the Internet. The relevant findings from this report are summarised as:

"2. Across the economy, firms that make more extensive use of Internet services are 6% more productive than average firms in their industry. This is a significant positive impact. According to Statistics New Zealand (2013a) labour productivity growth in New Zealand averaged 1.5% a year from 1996 to 2012. So one way of expressing it is to say that firms that use Internet services more extensively are four years ahead of the average in their industry in terms of business competitiveness.

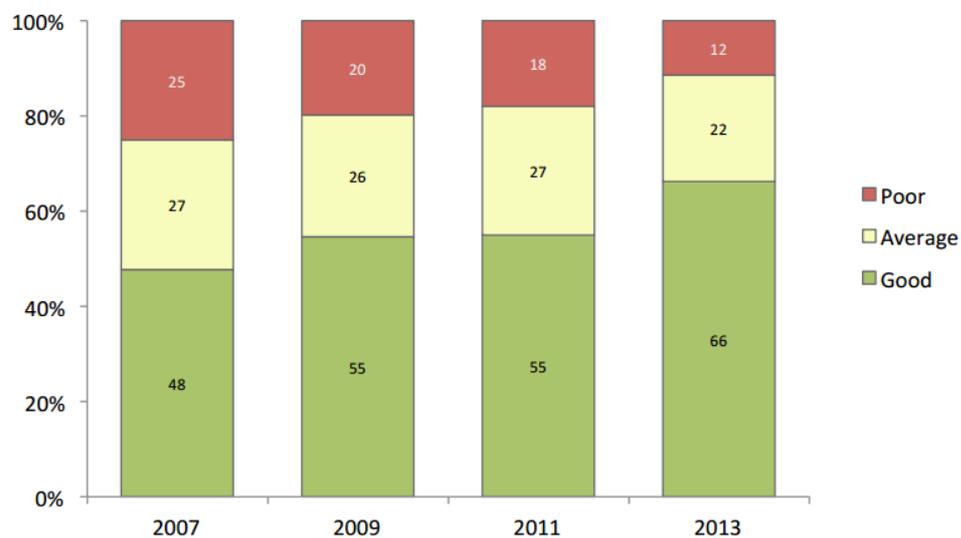
3. We also look at the additional economic impact that might be available from greater use of Internet services by firms. We estimate that if firms currently making low use of Internet services became more like high-using firms, it could be worth an additional \$34 billion in productivity impacts,

¹ http://www.aut.ac.nz/__data/assets/pdf_file/0005/473576/ONLINE-WIPNZ2007_20137-0702a.pdf, page i.

*initially for those firms and through them for the nation's economy as a whole.*²

- 3.6. Unlocking these opportunities is not likely to happen spontaneously. Deliberate action is instead required to target the training needed to equip New Zealand businesses with the knowledge and skills that they need to take advantage of the matters considered in this Convergence programme. We urge consideration of including business skills training as part of this programme of work.
- 3.7. In terms of personal Internet use, World Internet Project is again useful in demonstrating that there is a substantial, though shrinking proportion of New Zealanders that self-rate their own ability to use the Internet as “poor”, and over a third of respondents that do not consider themselves “good”.³

Rating of ability to use internet



Base: All respondents.

- 3.8. As the Minister’s foreword states, the motivation of this Convergence programme is:
- “[T]o ensure New Zealanders are fully able to realise the potential benefits and opportunities presented by convergence...”*

- 3.9. InternetNZ believes that consideration of this skills challenge is a vital part of this.

4. Planning consultation timeframes to get great engagement

- 4.1. We support the Government in considering the range of issues that have been included in the Convergence programme. However, we recommend careful and considered mapping and sequencing of the various public engagements and consultation. This is important to avoid both consultation fatigue and ensure that New Zealanders have enough time to consider and make fulsome, and thoughtful submissions.

² http://www.innovationpartnership.co.nz/wp-content/uploads/2014/03/Sapere-Google-Internet-The-value-of-internet-services-to-New-Zealand-Businesses_-_Report-31-March-2014.pdf, page 4.

³ http://www.aut.ac.nz/__data/assets/pdf_file/0005/473576/ONLINE-WIPNZ2007_20137_7-0702a.pdf, page 9.

- 4.2. The current grouping of consultation process has taxed the ability of our Issues team, a professional group of analysts and advisors, to consider the consultation documents, engage with members of the Internet Community and then thoughtfully submit on time.
- 4.3. There are four Convergence submission processes with closing dates within a six week period:
 - a) GST on intangibles (submissions were due September 25 September)
 - b) Convergence document (this submission) (submissions due 16 October)
 - c) Content regulation consultation (submissions due 16 October)
 - d) Telecommunications Act Review (submissions are due 27 October, extended to 3 November)
- 4.4. Combined these papers contain hundreds of pages of information with dozens of questions. There is still spectrum management, RBI 2, GST on cross-border goods and copyright regime projects for further public engagement.
- 4.5. Our team, like other teams around the industry, is also currently heavily involved in the Final Pricing Principle process for the Unbundled Copper Local Loop and Unbundled Bitstream Access services, through the Commerce Commission.

Stage submissions to allow considered input

- 4.6. In order to ensure that submitters have enough time to consider and submit, we encourage you to stage any further convergence processes so that no more than two public consultation processes are seeking submissions at any one period of time.

5. What will the timeframes for implementation be?

- 5.1. One thing we have been wondering is what the timeframe is for these convergence workstreams going forward. There is a lot of legislative change and a number of conversations yet to be had. Is the Government planning on making law changes in 2016 and 2017 or are some of these projects on a longer timeframe?
- 5.2. We know that the Government needs to have some of these pieces in place for certain dates - for example 2020, in the case of a new fibre-appropriate telecommunications framework.
- 5.3. However, following on from our observation about currently overlapping consultation periods, we consider that it would aid interested parties and organisations to have a roadmap of the timeframes for the Convergence workstream over the next 18-24 months.

6. Making the programme greater than the sum of its parts

- 6.1. Linked to the programme timeframes over the next 18 -24 months is the desire to ensure that the Convergence programme will deliver benefits over and above a series of separate consultation processes.
- 6.2. One of our major observations (which we have previously blogged about) is that how the lessons and ideas from the different projects and proposed changes will interact and be 'stitched' together. We consider that tidying up things at the other end will require considerable effort and analysis and collaboration from the agencies involved.
- 6.3. Again, how this will be done is not currently clear. We encourage you to show New Zealand how the Convergence programme will work as a whole, as well as providing the clarity about when the individual projects within the programme will be operating.

7. Answers to consultation questions

7.1. The Convergence document poses the following questions as a means of stimulating responses. For ease of understanding this submission, we have cross referenced these questions with our detailed responses in this submission.

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

Yes. Our more detailed response is in Section 2 of this submission, particularly parts 2.5-2.7.

7.3. ***Do New Zealand's current regulations and policies need to change to take into account convergence? Why/why not?***

Yes. Section 2 outlines why we believe so.

7.4. ***Do you agree with the proposed convergence work programme?***

Yes, as detailed in parts 2.1-2.4 of our response.

7.5. ***Should the Government be doing anything else to address convergence?***

Yes. We believe that digital divides and skills training also needs to be considered in this programme of work, as we have explained in Section 3 of our response.

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

As per our response above, we believe digital divide considerations and skills deficits are barriers to responding to convergence.

About InternetNZ

A better world through a better Internet

InternetNZ is a voice, a helping hand and a guide to the Internet for all New Zealanders. It provides a voice for the Internet, to the government and the public; it gives a helping hand to the Internet community; and it provides a guide to those who seek knowledge, support or any other method of benefiting the Internet and its users.

InternetNZ's vision is for a better world through a better Internet. To achieve that, we promote the Internet's benefits and uses and protect its potential. We are founded on the principle of advancing an open and uncaptureable Internet.

The growing importance of the Internet in people's everyday lives means that over the last twelve months we have significantly reoriented our strategic direction. The Internet is everywhere. We are a voice for the Internet's users and its potential to make life better.

InternetNZ helps foster an Internet where New Zealanders can freely express themselves online - where they can feel secure in their use of the Internet. We foster an Internet where a start-up can use the web to develop a presence and customer base for a new product, and we foster an Internet where gamers can get online and battle it out.

We work to ensure this Internet is safe, accessible and open.

The work we do is as varied as what you can find on the Internet.

We enable partner organisations to work in line with our objects - for example, supporting Internet access for groups who may miss out. We provide community funding to promote research and the discovery of ways to improve the Internet. We inform people about the Internet and explain it, to ensure it is well understood by those making decisions that help shape it.

We provide technical knowledge that you may not find in many places, and every year we bring the Internet community together at NetHui to share wisdom, talk about ideas and have discussions on the state of the Internet.

InternetNZ is the designated manager for the .nz country code top-level domain and represents New Zealand at a global level through that role.

InternetNZ is a non-profit open membership incorporated society, overseen by a council elected by members. We have two wholly owned subsidiaries that ensure that .nz is run effectively and fairly - the Domain Name Commission (DNC) develops and enforces policies for the .nz domain name space, and .nz Registry Services (NZRS) maintains and publishes the register of .nz names and operates the Domain Name System for .nz

For more information visit: <https://internetnz.nz/about-us/internetnz-group>