



sapere
research group

Where do you think you are going the Review of the Telecommunications Act

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Introduction

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Outline

- Context
- Vision
- Definition of a good outcome

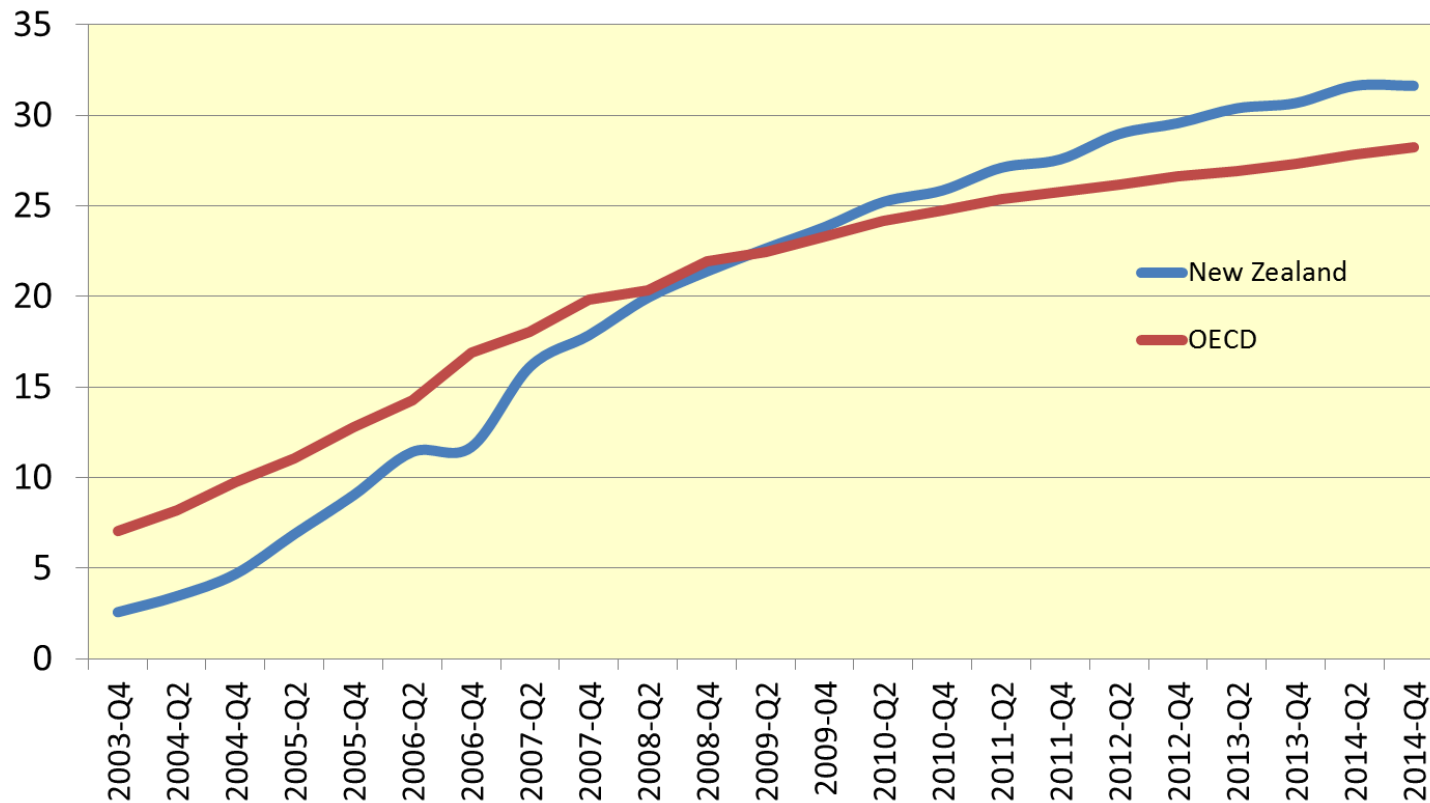
Context

- Hypothesis: this review is very important to the industry but much less important to users than in the past
- A recent history of good decisions
- Growth in competition
- Better outcomes for users
- A more resilient form of progress

Broadband rankings

Fixed broadband takeup over time

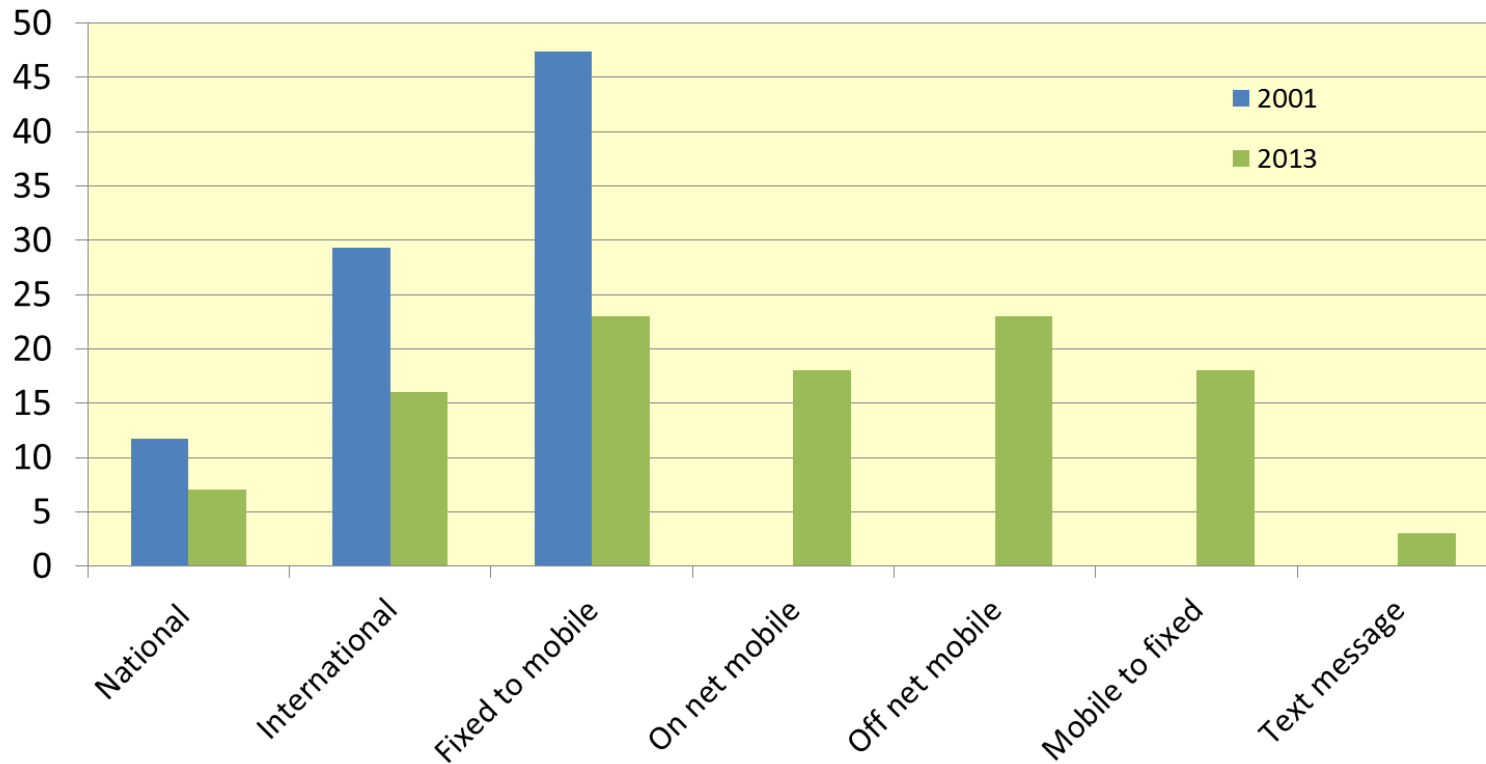
2003-2014, takeup per 100 inhabitants, OECD compared to New Zealand








Calling prices over time






Calling prices over time

Average nominal rates per minute by call type, Commerce Commission



International ICT benchmarks

	Name	Rank	
	Digital Economy Rankings	10	2010
	E-friction index	17	2014
	Global Competitiveness Index	18	2014
	Global Innovation Index	17	2013
	Global Talent Competitiveness Index	17	2013

	Name	Rank	
	ICT Development Index	19	2013
	Network Readiness Index	17	2015
	Web Index	12	2014
	MGI Connectedness Index	43	2012
	Open Data Barometer	4	2014

Vision

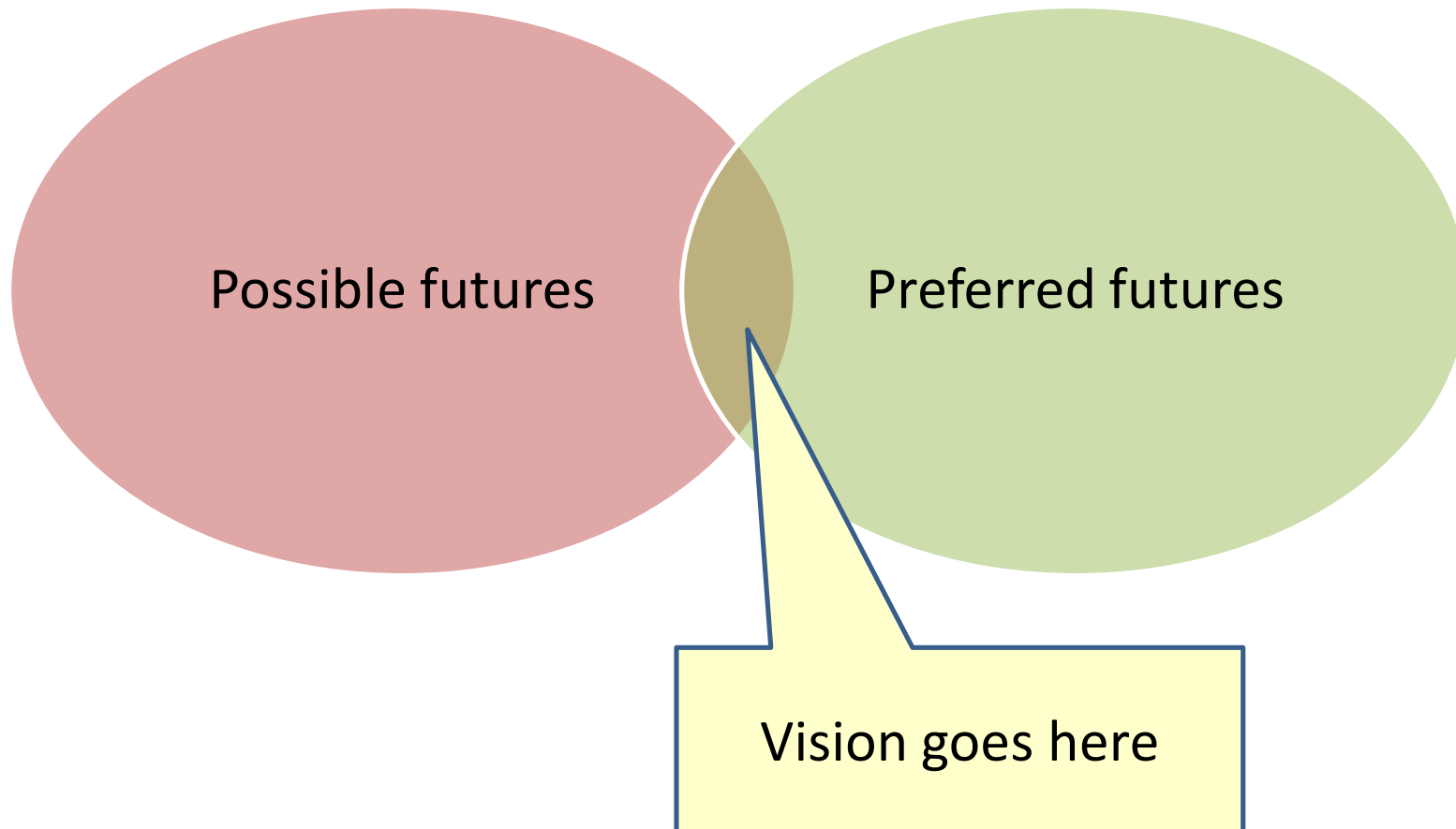
The Government's long-term vision is for a vibrant communications environment that provides high quality and affordable services for all New Zealanders, and enables our economy to grow, innovate and compete in a dynamic global environment. In the future:

- high quality fixed and mobile broadband connectivity at competitive prices should be readily available to all New Zealanders, and to sectors critical for growth (for example, business, education, health and government);
- players in the communications environment should be able to innovate, invest and compete, without being tied down by out of date regulatory approaches;
- business and the broader economy should be able to take advantage of the opportunities provided by high speed connectivity to expand and compete in new markets; and
- key communications infrastructure and networks should be reliable, secure and resilient.

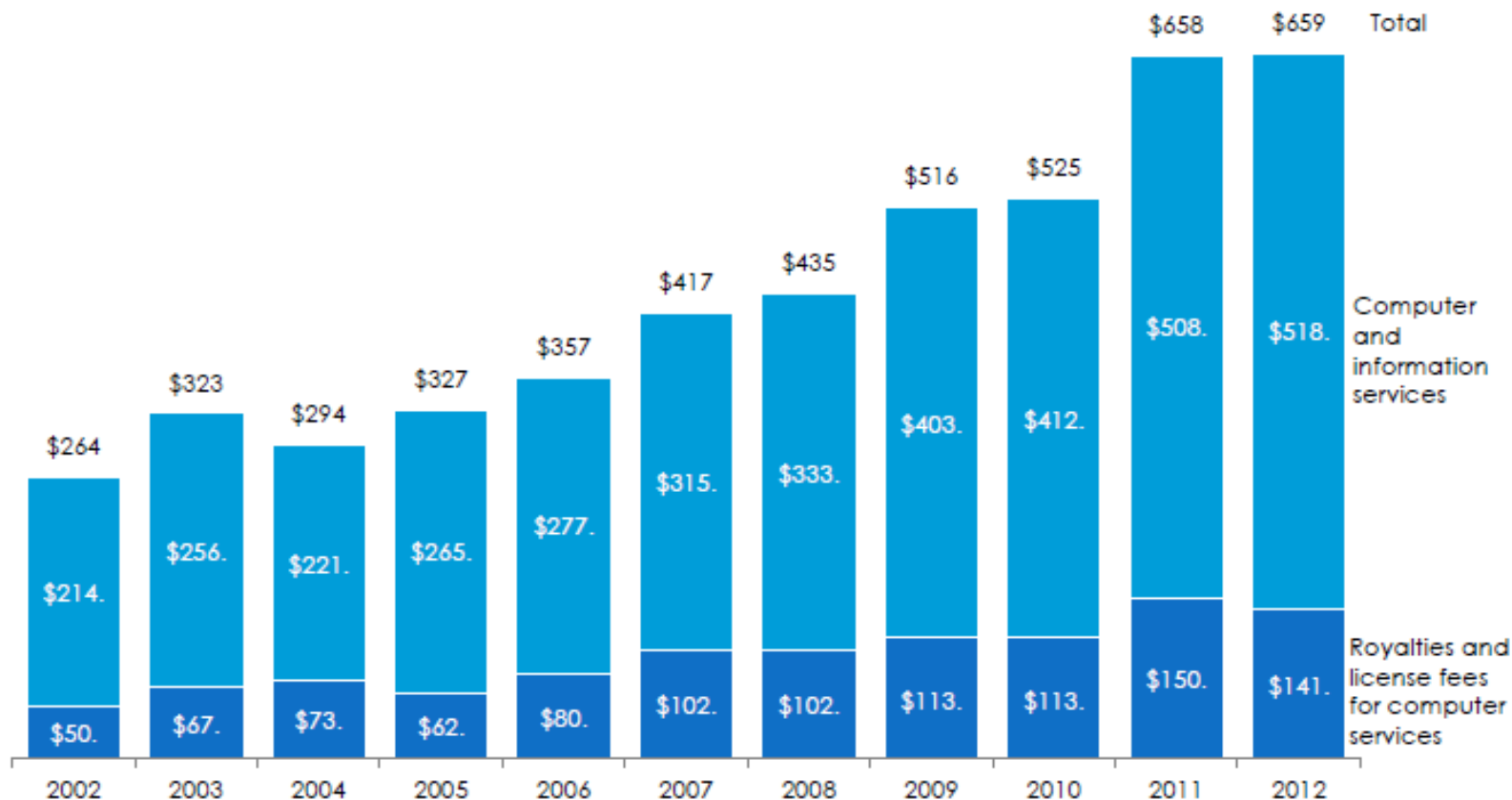
Good regulatory settings are critical to achieving this vision. Regulation should only be implemented where it is necessary, and the regulatory environment must be clear and predictable – supporting the evolution of this fast-moving sector.

- MBIE (2015), "Regulating communications for the future: Review of the Telecommunications Act 2001", page 8

Vision as direction



Option: Focus on ICT services exports



- MBIE (2013), "New Zealand Sectors Report 2013: ICT", page 63

Option: Focus on how businesses use ICT

“The gains that firms – and thus the economy as a whole – can reap from the Internet depend overwhelmingly on the extent to which firms use the Internet to reorganize the way they do business.”

Hal Varian

Chief Economist at Google

Option: Focus on data use within businesses

Cost of 1GB of storage
1956 to 2010



Source: <http://t.co/sx0C3VIDJx> (@ValaAfshar)

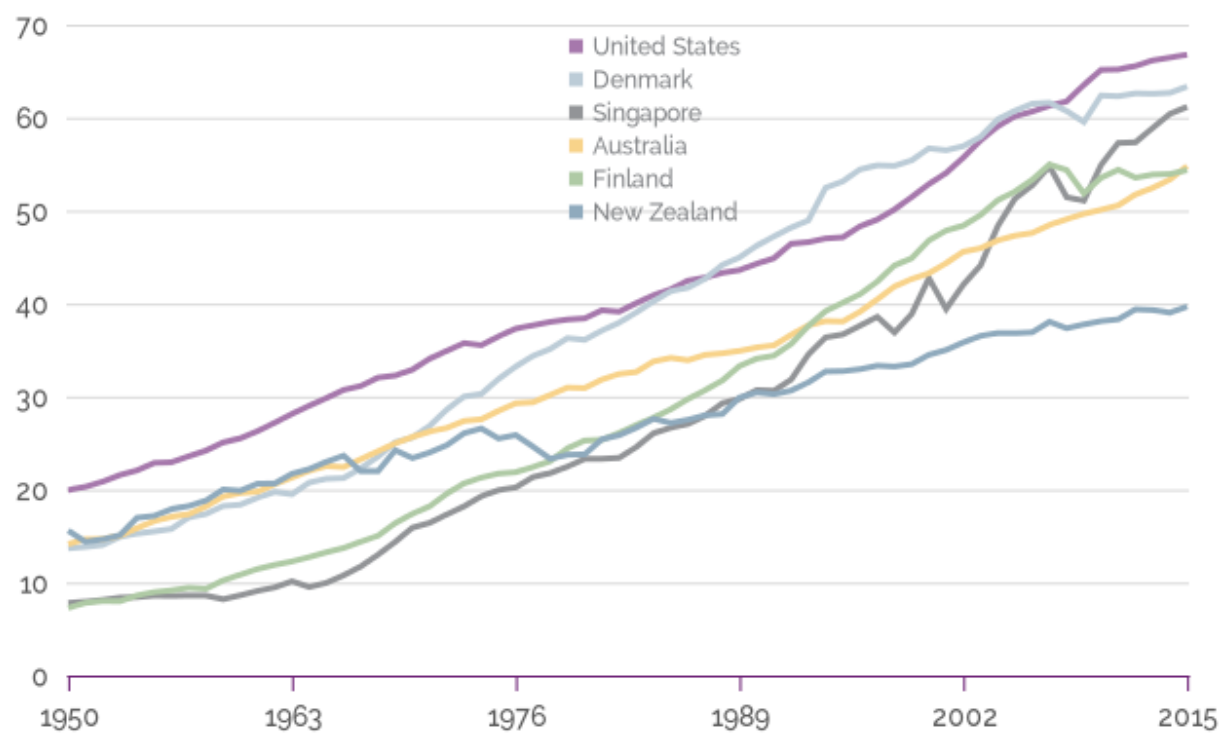
Linking a vision to New Zealand's economic position

Figure.NZ

Labour productivity per hour worked for select countries

1950–2015, 2014 USD per hour

Source: The Conference Board



Issues for the review

Area	Assessment
Purpose	<ul style="list-style-type: none"> • Use Commerce Act wording
Convergence	<ul style="list-style-type: none"> • Good to be thinking about this
Structural separation	<ul style="list-style-type: none"> • Great
Fixed-line price setting	<ul style="list-style-type: none"> • Rollback copper regulation • Price cap fibre on a RAB basis
Access regulation in general	<ul style="list-style-type: none"> • Simplify
Other	<ul style="list-style-type: none"> • Patchwork framework needs a tidyup
Copper to fibre transition	<ul style="list-style-type: none"> • Be customer-led

Sources of disagreement

- Fundamental trends
- Structural factors
- Poor policy choices

Overall

- Great opportunity to improve
- But housekeeping not foundational change
- Industry has a history of making big arguments from small ones – think about how to minimise