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Committee Wellington Regional Strategy Committee
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Wellington Regional Strategy - Broadband Update

1. Purpose

To provide the WRS Committee with an update on development of broadband in the region.

2. Significance of the decision

The matters in this report **do not** trigger the significance policy of the Council or otherwise trigger section 76(3)(b) of the Local Government Act 2002.

3. Background

The Wellington Regional Strategy has highlighted two projects that could deliver significant leverage in the economic development area: the role of the airport (use of new generation aircraft to provide direct connections), and broadband.

Broadband technology, i.e. the availability of fast, affordable communications, was and is seen as a key enabler of the knowledge-based industries we are encouraging. It is especially important for the Wellington region because we are remote from the rest of the world and heavily reliant on the intellectual capacity of our workforce – that is our natural resource.

There are a number of base assumptions:

- further investment from existing companies will occur, but not fast enough
- fibre-optic should be the base technology – mobile and wireless will be complimentary
- fibre to the home is the goal we are seeking, and next steps should be consistent with that vision
- open access to base level (passive) infrastructure should be a bottom line.

There is a very natural role for councils in essential community networks, which have monopoly characteristics and are long-life, high-cost assets. Over

the past few years cities in the region have participated in urban fibre networks that have mainly serviced their CBD areas. For Hutt, Upper Hutt and Porirua, this has been undertaken by SmartLinx3, and in Wellington City by CityLink, which was originally part-funded by Wellington City Council but has been a private sector company since the late 90s. Kapiti and Wairarapa are part of the planning for broadband going forward.

4. Broadband roles

The Wellington Regional Strategy identifies broadband as a top priority, and this has flowed through to the Grow Wellington Statement of Intent. Broadly this means that Grow Wellington will focus on “demand” aspects, such as ensuring Wellington businesses realise the potential for broadband to enhance their businesses. Councils themselves will address the “supply” side, i.e. the infrastructure planning and possible provision of some aspects like urban fibre networks. This approach is consistent with the government’s Digital Strategy, which separates “content” and “confidence” (in use) from “connection”.

Existing council workstreams in the broadband area include:

- i) considering use of low cost deployment methods such as shallow trenching
- ii) alignment of District Plan rules
- iii) use of abandoned pipes and other council assets
- iv) duct installation programmes in conjunction with existing works programmes
- v) policies for greenfields and brownfields development
- vi) development of business models for investment in passive infrastructure (duct and fibre-optic cable)
- vii) advocacy for any new trans-Tasman cable to land in Wellington, on the basis this would improve the resiliency of New Zealand’s international connections.

There is a good case for public sector investment in broadband infrastructure, particularly where a primary goal is fast services to health and education. However given the current financial constraints on councils, and the national public good involved, we have been looking to central government for funding support for vi) and vii) above.

5. Budget announcements

On 22 May 2008 the government announced a \$500m package for broadband, including:

- A \$340m Broadband Investment Fund for fibre build proposals in urban and rural areas (\$250m for urban, \$75m rural, \$15m for a trans-Tasman cable)
- \$163m for health and education initiatives (\$8m for the KAREN network, \$60m for health, \$45.5m for education (appears to be additional

to \$65.3m for ICT in schools), and \$50m for the Government Shared Network).

The application process for grants envisages an approval date of 1 July 2009, with up to 30% of the fund being available in any one year and spread over five years (presumably including the “planning year”).

The objectives of the package and draft criteria for the Broadband Investment Fund are closely aligned with councils’ planning in this area. We plan to apply for a significant grant or grants, preferably for a region-wide project. This is likely to link to more than one part of this funding, particularly the \$250m for urban fibre networks and allocations for health and education.

6. Next steps

The co-ordination function for the WRS undertaken by the Senior Officers’ Resource Team (under the auspices of the CEOs’ Group) makes that an appropriate place to co-ordinate all of these workstreams. We have held officer workshops on 6 December 2007 and 20 May 2008 to develop these areas.

At the 20 May workshop it was agreed that a specific group of officers from the SORT be tasked with:

- development of a regional broadband plan
- preparation of a regional funding application
- consistent approaches to policy across the region, i.e. i) to v) above.

Some work on best practice guides across all of local government is being funded by the Ministry of Economic Development, and this process is linked to our work so that we benefit from thinking across the sector.

7. Recommendations

That the Committee:

1. ***Receives the report.***
2. ***Notes the content of the report.***

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