



Report 08.516
Date 23 July 2008
File WRS/09/01/01

Committee Regional Sustainability Committee
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Broadband Update - Wellington Regional Strategy

1. Purpose

To provide the Regional Sustainability Committee with an update on broadband initiatives and the development of a regional approach to broadband. A similar update was provided to the Wellington Regional Strategy Committee in June 2008.

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

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.

The Wellington Regional Strategy (WRS) 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.

The WRS identifies that there is a significant positive relationship between investment in broadband and GDP growth, especially when a critical mass of telecommunications infrastructure is present. Outside the Wellington CBD, broadband coverage is inadequate. This is a constraint on growth and conflicts with the region's innovative strength.

The WRS also identifies that broadband may assist in retaining and attracting business and individuals to the region. Achieving region-wide broadband availability is a priority which will involve councils either facilitating private sector development, or owning and operating the infrastructure themselves, as they do with other essential services.

Broadband can add to the resilience of the community by enabling people to work from home in emergencies, create successful and ‘wired’ small-medium enterprises outside the Wellington CBD, and reduce or spread reliance on public or private transport to and from centralised work places during peak traffic times.

There are a number of base assumptions in the area of broadband, including:

- further investment from existing companies will occur, but not fast enough
- fibre-optic should be the base technology – mobile and wireless will be complementary
- fibre to the home is the long term 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 Lower Hutt City, Upper Hutt and Porirua cities, this has been undertaken by SmartLinx3, and in Wellington City by CityLink.

CityLink was originally part-funded by Wellington City Council but has been a private sector company since the late 1990s. Kapiti and Wairarapa are part of the planning for broadband going forward.

Broadband is a highly technical area and many of the terms used are new to our language. To assist the Committee, **Attachment 1** has been included to provide definitions of key terms used.

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 work-streams 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.
- viii) active network deployment
- ix) network planning.

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 Kiwi Advanced Research and Education Network (KAREN), \$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").

Expressions of interest are due by 30 August 2008 and full applications by March 2009.

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

See **Attachment 2** and **Attachment 3** for further details about the fund.

6. Regional broadband approach

Two officer workshops were held on 6 December 2007 and 20 May 2008 to develop ideas around regional broadband collaboration.

At the 20 May workshop it was agreed that a sub-group of the Senior Officers Resource Team (SORT) would be established to collaborate on the need for and development of a regional broadband plan and to establish a business planning framework that would provide the basis for any applications for central government funding. .

The Broadband Operating Group (BOG) is comprised of a cross section of local government, central government and district health board representatives across the Wellington region with interests in the telecommunications sector. There are core SORT members within the group. It is intended that reporting on this work will be made through SORT, CEG (Chief Executives Group) and WRS (Wellington Regional Strategy) Committee. The Regional Sustainability Committee will also be kept updated on progress with this work.

BOG has been tasked with three priority action areas:

1. To enable collaborative work across the region in the area of Broadband and to assist in the provision of fast and affordable broadband for the region.
2. To develop a regional action plan for Broadband and to promote greater investment in Broadband in the region.
3. To access funding in a coordinated manner taking into account the interests of the region as a whole.

BOG meets fortnightly, and is working towards submitting an Expression of Interest (EOI) to the Broadband Investment Fund (BIF) by the end of August for regional funding. Elements of what could go into a bid include “national good” with an emphasis on links to schools, medical centres and hospitals.

A broadband map showing the location of existing broadband information is being developed by State Services Commission and is to be released at the end of July. This will provide the basis of further mapping for the region on what links we might need to have. There needs to be across-council agreement on a regional broadband plan as well as the need for some private sector funding. There is still some clarifying on what councils’ broadband policies and long-term goals are, what arrangements exist with current partners and what the scope of a regional plan might be.

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 own 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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Attachment 1 – Definition of Key Terms

Attachment 2 – Broadband Investment Fund Q&A

Attachment 3 – Broadband Investment Fund – Draft Urban Criteria