

24 April 2009

*File No: 1-CO-1*

ICT Regulatory Group  
Broadband Investment Submissions  
Energy and Communications Branch  
Ministry of Economic Development  
PO Box 1473  
Wellington 6140

Dear Sir or Madam

**Re: Submission to Broadband Investment Initiative**

Thank you for the opportunity to make a submission to the Cabinet paper on the Government's Broadband Investment Initiative. The Rangitikei District Council applauds the objective of investment to "accelerate the roll-out of ultra-fast broadband to 75% of New Zealanders concentrating in the first six years on priority broadband users such as businesses, schools and health services". The Council is well aware of the needs of these priority users in our district.

We respectfully request that the Government reconsiders its investment in achieving the objective, both in terms of the extent of investment and the priority.

The Rangitikei District Council had a successful expression of interest (EOI) pending in the former Broadband Investment Fund (BIF) which was directed at increasing connectivity to high-speed broadband locally of school students from 24% to 92%. At the same time, it would have connected the remaining primary health care centres in the District and any businesses based in the area covered. Whilst Rangitikei is not eligible to apply to the scheme outlined in the current Cabinet paper to fund this proposal, we trust that it will fit the criteria for the rural funds when these are announced in due course.

The Council saw that programme as a first step in enabling access to ultra-fast broadband across the District. Particularly it was seen as a necessary precursor to address the more intransigent problem of connecting the businesses which make a primary contribution to our local and national economy, namely dairy, beef and sheep farming. Currently many farm businesses in the Rangitikei can only access the internet through dial-up. Access to broadband requires the use of satellite - the technology of last resort.

The project from Rangitikei District Council to the BIF covered the main centres of Marton, Taihape, Bulls, Hunterville and Ratana, comprising approximately 60% of the District's population. Focussing on the population centres is the quickest, easiest and cheapest way to boost the connectivity rate and the Council can understand the Government's focus on population clusters in the Cabinet paper. But we question whether the balance is right.

The Cabinet paper suggests an investment of \$1.5 billion targeting connectivity of 75% of the population and a \$48 million investment for the remaining 25%. Is this the right focus for the huge majority of government investment given the importance of farming businesses to the national economy and the complexity of the solutions required to achieve connectivity? Even a straightforward 75:25 split of investment means that the rural pot should be ten times the amount put forward in the discussion document i.e. \$400 - \$500 million.

However, our submission is that Government should consider the application of the Pareto Principle, otherwise known as the 80:20 rule. This would require that 80% of the available funding should be applied to addressing the “hardest to reach” 20% in rural communities<sup>1</sup>. Primarily the benefits would be accrued by the farming businesses which are the backbone of our national economy. The opportunity is here to leapfrog these businesses directly from dial-up to ultra-fast broadband. There would be additional social and economic benefits, not least that those who are geographically isolated need not also be technologically isolated.

Our submission is, therefore, that rural connectivity should be seen as the priority and focus for government investment in ultra-fast broadband technologies. Anything less means an implicit acceptance that the current digital divide between those who can and those who cannot access broadband (setting aside access to ultra-fast broadband) will increase.

Yours faithfully

Clare Hadley  
Chief Executive

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<sup>1</sup> The Council has followed the progress made in “Fibre to the Farm” at Mangamaire through a partnership between the local authority and an experienced ICT company. It believes that the development of further models of good practice encompassing a range of technologies and partners is the way forward for rural areas.