

Co-funding broadband developments

TO	Economic Development Committee
FROM	Ben Dunbar Smith - Economic Development Programme Manager
DATE	19 May 2015
SUBJECT	Co-funding broadband developments

1 Purpose of Report

This report is to update the ED Committee on the work towards the bid for the TCDC's share of the Government's \$350 million broadband upgrade package, and to propose a number of co-investments to improve local broadband services.

2 Background

The Government has announced a \$350 million package for broadband upgrades, and is asking local authorities throughout New Zealand to make supporting bids for this funding. This will include:

Ultra-fast broadband: The Government plans to spend an additional \$152 million - \$210 million on extending the Ultra-Fast Broadband (UFB) programme, which will deliver fibre-to-the-premises. The towns that will be eligible to receive this funding (and the order of the roll-out) will be determined through a competitive bid process, which will take into account the cost of deployment, strength of consumer demand, and regulatory and other assistance from local authorities.

Based on the methodology used for the original roll-out, the Government has identified two TCDC towns - Thames and Whitianga - as potential candidates to receive this funding. However this is not guaranteed and depends on the strength of the case presented to the Government. TCDC may also bid for other towns which it believes should qualify.

Rural Broadband: In addition to the \$200 million for urban broadband with fibre, the Government is also establishing a new \$100 million fund to extend the Rural Broadband Initiative (RBI) to rural areas outside the UFB (town) footprint. The RBI operates over either copper networks, or wireless broadband

Cellphone blackspots: In addition, the Government is creating a \$50 million Mobile Black Spot Fund to extend mobile coverage in the more remote parts of New Zealand, and fill black spots on main highways and in key tourist areas.

3 Issue

TCDC staff are working on making a competitive bid in order to receive the upgrades to fibre for towns, and also better connectivity for rural areas. Local authorities are required to show areas they believe should have priority, and why - and also to demonstrate that they are willing to support broadband rollouts in their areas.

This will require TCDC to demonstrate that its District Plan and consenting processes are aligned and supportive for broadband upgrades. In addition councils are required to develop a Digital Enablement Plan to show how the upgrades will work with the community. Another factor in the bid process is Government's option for councils to co-invest with the Crown in order to secure upgrades within the territorial authorities' district.

The Government's Registration of Interest requirements states that:

"There may be opportunities for local authorities to co-invest with the Crown. Co-investment is not mandatory, but may assist in achieving Ultra-fast Broadband deployment in towns within the local authority's district. You may also consider making grants to the provider of broadband within your district or a separate direct investment."

Among other issues which MBIE expects local councils to consider are:

- working with residents and businesses to identify opportunities for broadband use and support rapid uptake
- developing a Digital Enablement Plan for the community
- facilitating consent processes for new infrastructure
- providing information about existing infrastructure that could be used to make deployment quicker and less expensive
- Councils can also provide assistance in developing or operating new sites, for example by making land available, or providing access or track maintenance.

One key issue to note at this stage are the timeframes:

- Indicative bids from local authorities are required by 3 July 2015
- Once these have been received, the information is shared with the suppliers of infrastructure, who are then asked for RFPs by mid-August
- By 18th September, the council's Digital Enablement Plan must be submitted to the Ministry
- MBIE will evaluate the bids in October-November for selection of towns, with decisions confirmed in December.

Note that once decisions on the bids are made, experts predict that it may still be 18 months to 2 years before the rollout of fibre broadband is available in selected towns.

4 Discussion

At its recent LTP deliberations, Councillors agreed to provide loan funding of \$125,000 in the 2015/16 year for co-investment (subject to the bids being successful, and the specific projects deemed suitable for co-investment). This ability to co-invest is deemed an important factor in helping to sway priority allocation of funds.

Another area where advantage can be gained is in drawing attention to past and future co-investments in improving broadband uptake. This is where reference to the Kopu cabinet upgrade, where the investment of \$5520 saw improved broadband access to many Kopu businesses.

New co-investment proposals:

Since the publicity about the Council's Kopu co-investment (which was with Chorus), two other co-investment proposals have been received.

- **Kauaeranga Valley:** This is from Vodafone for a wireless tower in the Kauaeranga Valley, which will improve wireless broadband reception up the entire valley. This tower has been consented since 2013, but Vodafone have been unable to build the site because they cannot get mains power to the site due to access issues over one property.

Vodafone are considering getting around this problem by instead building a solar powered site with a diesel generator as backup. The cost of this alternative is more expensive than the traditional mains power option, and Vodafone have asked if council would consider a small grant towards the building of this \$650,000 tower. (see

attached letter).

- **St Johns:** The other is for a fibre connection to St Johns in Thames, which will enhance their emergency response capabilities, and also allow for better training through the ability to undertake video conferencing. The cost of this fibre connection is estimated to be approximately \$15,000. However the co-benefit of this investment will be the construction of a wireless network to provide high-speed internet access throughout the Thames CBD area. This will be installed by a company called Lightwire, who will use the fibre connection to St Johns to build a wireless network that can benefit Thames businesses and homeowners who want to sign up to improve their broadband speeds. (see attached letter from St Johns, and the Lightwire company).

The provision of these two services will not only enhance broadband services to St Johns and Kauaeranga valley residents, but will provide further examples that TCDC can provide in its bid to Government to demonstrate that it is already investing in broadband upgrades within its community.

The St John's proposal has asked for \$15,000 to provide fibre to their Thames premises. It is proposed that Council makes a grant of \$12,500.

Vodafone have not stated the anticipated quantum of the grant they are seeking, but given the project is substantially more expensive than the Kopu broadband project, it is proposed that Council offers a grant of \$7500.

5 Suggested Resolution(s)

That the Economic Development Committee:

1. Receives the "Co-funding broadband developments" report dated 18 May 2015.
2. Approves the grant of \$12,500 to provide fibre access to the St Johns headquarters in Thames, noting that this will also have the co-benefit of enhancing high speed broadband to those customers in the Thames CBD and environs who wish to purchase it.
3. Approves the grant of \$7,500 to provide co-funding towards the provision of a solar-powered Vodafone tower up the Kauaeranga Valley.
4. Delegate staff to sign a contract for service conditional upon the project proceeding.

References-Tabled/Agenda Attachments

Attachment A *Vodafone Letter re Kauaeranga Valley tower co-investment proposal*

Attachment B *St John's letter re co-investment proposal*

Attachment A

[Attachment A - Vodafone letter re Kauaeranga Valley tower co-investmen...](#)

Attachment B

Attachment B - St John's letter re co-investment proposal