



Your Ref:  
Our Ref: 6560 10 & 5166 02

27 June 2008

Broadband Investment Fund Submission  
ICT Regulatory Team  
Ministry of Economic Development  
PO Box 1473  
Wellington

C/- Tauranga City Council  
Willow Street  
Tauranga

P O Box 14426  
Tauranga Mail Centre  
Tauranga 3144  
P 07 577 7200

Dear Sir/Madam

### **Submission on Draft Criteria and Proposed Process for Consultation on the Broadband Investment Fund**

The following submission is made by BoP LASS Ltd, a combined Council Controlled Organisation of the following Bay of Plenty Councils:

Environment Bay of Plenty  
Kawerau District Council  
Opotiki District Council  
Rotorua District Council  
Taupo District Council  
Tauranga City Council  
Western Bay of Plenty District Council  
Whakatane District Council

#### **1 Passive Infrastructure**

The fund should only be used to support the development of passive open access infrastructure. In effect, this comprises largely underground ducts into which service providers can install fibre optic cables for a rental based on cost recovery and acceptable return on investment for what is effectively a 30 year pipe asset.

Funding of local authorities to become service providers should be avoided.

Where economics do not allow private service providers to provide a service, then partnerships with local authorities and Telco's should be encouraged. New Zealand cannot afford to have 83 local authorities operating as telco service providers.

#### **2 Urban Rural Definitions**

The demarcation of urban and rural funding criteria needs to be made clearer. Where for example would regional backhaul duct networks fit. They connect and go through urban centres while at the same time provide access points in the rural areas for services to be connected.

**BoP LASS Ltd**  
Bay of Plenty Local Authority Shared Services

### **3 Operating definition**

It is presumed that operating expenses would include funding costs of loans. Clarification of what is meant by operating funding is requested.

### **4 Start-up funding**

An indication of \$50,000 has been given as a possible grant to assist with applications for urban fund applications and \$500,000 as "seed" funding for rural projects.

Some initiatives will have no resources to draw on to get started.

Clarity on how start-up funding can be accessed and the levels available is required.

Where local authorities are involved, installing ducts in conjunction with planned road and footpath works of the local authority reduce installation costs of ducts up to an estimated 70%. This contribution should be allowed for in assessing the matching contribution of local authorities when requesting funding assistance from the fund.

The process for accessing start-up funding needs to be accountable but clear and easy.

### **5 Role of local government**

Little mention is made throughout the document of the role of local government.

Rural communities in particular seeking to establish entities to operate open access networks and to use public facilities such as water tanks, reserves, road reserves and public buildings will be looking to their local authorities to take a lead and commit resources to organise and possibly establish legal entities that can negotiate with service providers.

It is recommended that the potential role of local authorities or the role that they would play in accessing this fund, providing access to public facilities, creating necessary legal entities and operating or hosting peering exchanges, be more fully described.

Local authorities have neutrality, natural advantages in terms of infrastructure development, and skills suitable for the installation and management of passive duct infrastructure.

### **6 Length of application period**

The decision point for funding of the first round of applications of June 2009 is an unnecessary delay.

This puts off for another 12 months investment in open access infrastructure. Some initiatives are ready to go now. They should be encouraged by being able to access funding sooner.

7

## **Two Stream Approval Process**

It is recommended that a two stream funding process be applied.

**Stream 1** - for those proposals or initiatives that are already underway and require funding assistance now.

**Stream 2** - for proposals / initiatives that will be generated because of the availability of this funding support.

There needs to be an early and streamlined decision process for proposals that exist now.

Thank you for the opportunity to make this submission.

Yours faithfully

A handwritten signature in black ink, appearing to read 'Bill Bayfield', written in a cursive style.

Bill Bayfield  
**Director**