

## New Zealand's Digital Pathway: A fast Broadband

### Future – Consultation Response

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BayCity Communications welcomes the initiatives outlined in New Zealand Digital Pathway Document. As the wholesale supplier of IPSTAR satellite broadband, BayCity Communications has focused on the Rural Criteria outlined in the document and the delivery of broadband to regions currently underserved by terrestrial broadband.

The priority of extending the reach of broadband into underserved regions needs to be considered in the context that IPSTAR satellite broadband is now available virtually anywhere in New Zealand.

A variety of connection speeds are available with low cost residential plans starting at \$49.95+GST per month, through to 2, 3 or 4Mbps corporate connections. While we understand the desire and in some places the need to grow other broadband services to underserved regions, we strongly believe that the connection of individual households via satellite solutions should not be ruled out specifically as per the proposed Rural Assessment Criteria.

The criteria specifically only excludes satellite in this way, with other technologies such as wireless not restricted. This is unfairly penalising a technology that in many cases is the only option for delivering broadband to rural and remote areas of New Zealand. If the connection of individual households is to be excluded from the funding process, then that should be across all technologies, not limited to the exclusion of satellite. The fact that the infrastructure, ie the satellite, is already in place, should not effectively penalise rural communities from taking advantage of this technology, while waiting for more expensive and far less rapidly implemented options to be installed in their area.

We agree that with the TSO review currently underway (which BayCity is actively involved with through the delivery of a satellite based voice service) that the fund focuses on solutions for small communities. We would anticipate that for many small communities, the most cost effective approach would be the installation of satellite broadband as the satellite infrastructure is already in place and all that is needed is equipment to be installed at a user's location.

Again this brings us to the question of why the criteria specifically exclude satellite solutions to individual households. If a small community consists of say 20 people, by

far the most cost effective option to connect them is satellite – a reality that is unlikely to change in the foreseeable future. A relatively small investment of approximately ten million dollars would cover the installation of Rocket Broadband for up to 40,000 new users and enable those unlikely to be able to access any other form of broadband in the foreseeable future to enjoy the benefits.

With regard to the specific questions tabled in the draft:

1. **Do you agree with the proposed outcome of the Rural Fund?** In principle we support the proposed outcome and a focus on health, education and wider government sectors. For many of the sectors identified though we believe that satellite broadband could provide optimum solutions, such as enabling broadband on mobile libraries or mobile medical vehicles. At this point we do not see any restrictions in the criteria that would prevent such applications but reconfirm our disappointment with satellite being specifically ruled out for individual household connections when other technology is not.
2. **Do you consider that there should be a secondary outcome that relates to improving rural voice services?** The TSO is currently in review and specifically tasked with delivering a level of voice/cost service to rural New Zealand. We would encourage the government to consider the benefits of combining rural broadband and voice / TSO services to remote areas. In the case of satellite and many other technologies used to deliver voice services, voice and internet connectivity go hand in hand. Based on this, delivering on rural broadband will positively impact the options for rural voice services regardless of whether it is listed a secondary outcome.
3. **Given the significant cost increases to deploy high-speed broadband in rural and remote areas and the better potential coverage that may be provided at a lower cost but also at lower speeds (including potentially by wireless rather than fibre) should the rural criteria be set at a lower speed than urban?** Yes the rural criteria should be set lower than urban to encourage the uptake of solutions as quickly as possible. For much of rural New Zealand the issue is connectivity at any speed (faster than dialup) and placing speed expectations of 5Mbps is an unrealistic goal in the short-term for people who are still connected at slow dial-up speeds. The focus on the rural criteria initiative must be on achieving connection rather than focusing on speed, otherwise the result will be small pockets of rural New Zealand with ultra fast broadband rather than a consistent level of service to a wider group.
4. **Do you think that mobile/wireless solutions would provide the required level of broadband service?** If you add satellite to the options yes. The question that needs to be answered is why would the government want to pay money to install terrestrial networks when satellite technology is already in place and able to serve individual homes and business for as little as \$49.95+GST per

month. With the ubiquitous coverage offered by Satellite, the case for funding adhoc wireless and mobile networks is questionable as the government would be paying for the replication of a service already able to be delivered effectively by Satellite. In addition New Zealand needs to ensure that any broadband connection has the capability to deliver triple play services that will form part of the internet in the future. The IPSTAR satellite provides the ability to deliver a full services offering with a voice service to be announced in July and the option to deliver IPTV and high definition video duke box services. Already the service has been shown to support full video conferencing with the Prime Minister using the satellite to announce a funding initiative on the Chatham Islands.

**5. Do you agree that rural applicants should be required to offer open access to their infrastructure, bearer and/or application services?**

Yes we fully support this. As overseers of the IPSTAR satellite in New Zealand we make the satellite infrastructure and associated services available to a range of service providers via a wholesale or discount model. Any other infrastructure should be similarly available to enable resellers and customers to have open access to the technologies best suited to their needs.

**6. The rural criteria do not specify percentage weightings but rather are ranked in order of priority. This has been proposed in order to retain the greater level of flexibility that is required in rural areas. Do you consider that percentage weightings should be specified at the expense of flexibility?**

If weightings are used they would need to take account of the diversity likely to be found in different environments. I.e high country farming vs a rural medical practice. Given the flexibility needed to accommodate these environments we wouldn't favour rigid weightings.

**7. Consideration is being given to limiting interim seed funding for a rural project to a maximum of \$500,000, with a proviso that neighbouring communities would be permitted to apply for a greater funding amount where a combined solution leads to a lower overall cost per new broadband access connection. Do you agree with this approach?**

For approximately \$150,000 BayCity could put a satellite dish on every house in a rural community (less than 500 dwellings as defined as not getting terrestrial broadband) and deliver them individually a broadband connection. Therefore limiting a rural project to an amount greater than this would encourage projects that did not economically stack up.

**8. What do you consider to be an appropriate level of applicant assistance (e.g. list of relevant experts, funding, case management)?**

Applicant assistance is important to ensure that balanced proposals are submitted that have already taken account of the services already in place and ensure that the most cost effective implementation of broadband to rural locations, household and businesses is achieved. What the government must avoid is reviewing submissions that clearly present a non workable or substandard broadband deployment or one that is not cost effective when compared to alternative technologies that are either already in place, or proposed via a separate submission. Only by providing expert assistance will

some applicants be able to access the information required to prepare a quality submission that is worthy of funding. We believe there should therefore be consideration given to supplying access to relevant experts, as well as funding to assist in preparation of competent, well thought through proposals.

**9. Will the proposed timeline provide applicants with sufficient time to fully complete the application requirements?**

Yes, we need to act quickly to get rural New Zealand connected with broadband services. BayCity is fully prepared to support applicants with the information they require to complete applications that utilise satellite bandwidth and can provide input into applications quickly.

**10. Does the proposed timing raise any issues for your planning processes?**

Not at this point.