



30 June 2008

Submission on Broadband Investment Fund

1. These comments are submitted by the Trustees of **The Wellington Loop Trust**, a consortium of six Wellington inner-city secondary schools¹, established:
“to create a collaborative learning environment facilitated by fibre optic infrastructure for schools in the Greater Wellington Region and their students and communities” (para 4. Trust Deed)

The Wellington Loop Vision

2. Our vision is to connect all 216 school communities and 70,000 students in the greater Wellington area to a high speed fibre loop and gain the benefits of aggregated Internet access, shared ICT infrastructure (e.g. server farms), collaborative learning opportunities, national and international networking using KAREN, the high speed advanced research and education network, and strengthened engagement with tertiary providers and the business community.

Community Partnership Fund

3. As a beneficiary of the second round of the Community Partnership Fund (CPF), the Trust is appreciative of the support already received from the Government’s Digital Strategy (\$413,000 + GST) and from our project partners (\$463,000). This has enabled us to appoint a project manager for an 18-month fixed term contract and invest in shared server infrastructure and applications as well as provide training for teachers in the six establishment schools.

The 2008 Budget

4. The Government’s announcement as part of the 2008 Budget that they will be investing \$250 million for urban fibre networks over five years in a **Broadband Investment Fund** is indeed welcome. We note with interest that this includes *“facilitating high speed broadband to businesses and local authorities, universities, schools and hospitals in urban centres”*.
5. In particular, we have noted the announcement that *“the government will spend at least \$160 million over the next five years on connectivity in the health and education sectors, including through the KAREN network and through the GSN.”*
6. The inner city Wellington schools have been particularly fortunate in that much of the fibre investment had already been made by CityLink and the Wellington Loop has been able to benefit from that. This contrasts with schools in other urban areas such as Christchurch, Nelson and Auckland where they have relied on the Government’s Broadband Challenge fund to roll out fibre infrastructure. But this investment fund will be critical for the Wellington Loop to reach out beyond the inner city area currently served by CityLink. We already have strong interest from schools in the Northern and Eastern suburbs seeking to connect to The Wellington Loop.

¹ Wellington High School, Wellington Girls College, Wellington East Girls College, St Mary’s College, Wellington College, The Correspondence School

Sustainability

7. At the conclusion of the CPF and partner funding in June 2009, our expectation is that the Wellington Loop participating schools will take shared responsibility for the common infrastructure and services. **The challenge we face is to expand membership of the Wellington Loop to a scale where the sustainability costs do not create too great a burden on any single school.** The rate of expansion will be determined to a large degree by the availability of affordable fibre connections and the Broadband Investment Fund.
8. However, the establishment of reliable network infrastructure requires much more than just laying ducts and pulling in some fibre cables. High performance electronic equipment is required to light the fibre and deliver reliable services, highly skilled IT staff are required to ensure schools get the full benefits from the new interconnected environment and, perhaps of greatest importance, teachers and school administrators require professional development and support to leverage on new collaborative virtual learning opportunities.
9. We have suggested in our submission on the Digital Strategy 2.0 that Government could respond to these needs by establishing a parallel **Broadband Capability Fund**.

Broadband Investment Fund

10. We encourage the Government to continue to give priority to the establishment and expansion of **school fibre loops**, including connections to KAREN.
11. We support the proposed **two-stage application process**.
12. We agree that the Expression of Interest (EOI) stage should be as streamlined as possible designed primarily to separate serious contenders from the opportunists.
13. The Expression of Interest (EOI) stage should focus on the **capability of the applicants** to deliver sustainable solutions. In this regard we believe The Wellington Loop provides an excellent model. Ownership of the network and online applications rests with the establishment member schools but the core infrastructure (ducting, dark fibre) is provided by New Zealand's leader in open access urban fibre networks, CityLink.
14. We support the allocation of funds to assist short-listed applicants develop a robust business case. While grants up to \$50,000 were made available for the Broadband Challenge Fund, we believe that the Government should exercise some flexibility in deciding on this amount on a case-by-case basis. Applicants should be asked to indicate in their EOIs the level of funding support they believed they would need to develop a business case.
15. The indicative timetable – EOIs due by end of August and full applications by March 2009 – should be viewed as a guideline only. We believe that consideration should be given to a more progressive progress – group should be encouraged to submit EOIs on a progressive basis; these should be evaluated by an expert panel and, if endorsed, the bidding party should be invited to proceed immediately with a robust business plan. We understand that the Minister will want to keep up to date with developments, but given this is an election year, we suspect he may have other priorities in the lead up to the election. Our suggestion is that the Ministry accept EOIs at any time and that these are considered on a monthly basis and bidders advised promptly whether they have approval to proceed with a business plan or not.
16. We do not support the suggestion that applicants be prevented from offering Application Services across a supported broadband infrastructure. We are concerned that because of the limited size of the New Zealand market, any unnecessary constraints should be avoided. Sustainability is critical

and applicants should have flexibility to determine the business model that allows them to achieve this.

17. We do not understand the need for such mechanistic assessment criteria and weightings, especially when the introductory paragraph makes it clear that the “decision maker” is not bound in any way by the results of such an evaluation. Our suggestion is that every encouragement and support be given to every bid that is approved at the EOI stage. What we are suggesting is that all bids of merit, i.e. those being accepted at the EOI stage, should be assumed to proceed. We do not accept the concept of a “lottery” at the second stage; rather it should be just a matter of timing within the financial resources available. The Government should continue to work with and support bidding parties until an acceptable business plan is completed, at which point funding should be allocated.

Conclusion

18. The Wellington Loop Trust welcomes the establishment of the Broadband Investment Fund. We believe this will provide a welcome incentive for our infrastructure partner, CityLink, to expand the underlying fibre infrastructure to all of the 216 school communities in the greater Wellington area.