

Broadband Investment Fund
Consultation Response



Counties Power Limited

To: Ministry of Economic Development
From: Godfrey Bridger, Business Development Manager, Counties Power Ltd
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Submitter

My name is Godfrey Bridger and I am the Business Development Manager for Counties Power Ltd reporting to the Chief Executive. My responsibility is to focus on projects that have synergies with the company's core business of distributing electricity within the Franklin region and part of Papakura - but aren't monopoly regulated.

This submission has been drafted with the assistance of our Data Communications adviser Mr Mike Lancaster and marketing officer Richard Deihl.

Introduction

Counties Power has entered the communications business when it started Wired Country in 2002, the first wireless and fibre optic provider operating in the non-urban and rural sectors. It sold that business in 2006 and re-purchased the fibre network that it had installed in 2007, and laid a further 40km of fibre in 2007 for FX Networks, retaining a proportion of that fibre for itself. Fibre optic communications are a synergistic business for Counties Power as the skills and capabilities required are complementary to those required for electricity lines. Furthermore, a modern electricity network requires high speed communications and Optical Fibre provides that. Finally, we are a community owned organisation (by a Consumer Trust) and commercial operations such as high speed communications will benefit our local owners.

Government Broadband Initiative

We are supportive of the Governments Broadband Initiative and intend to utilize the proposed fund to enable expansion of our access network capability, in line with the Governments overall strategy. We currently operate an open access fibre network in the Franklin District and believe in, and can demonstrate, the value and uptake this type of network can create throughout the community.

We are keen to ensure that smaller regional players that are well connected with their local council and community are able to succeed in applying for funding to assist broadband availability and affordability in our regions. Please find our specific responses below to the proposed Broadband Investment Fund. If you require clarification please do not hesitate to contact us.

Enterprise Franklin Development Trust (Enterprise Franklin)

Enterprise Franklin Development Trust – known as Enterprise Franklin - is the Franklin District's economic development agency. Enterprise Franklin have been consulted and contributed to this document and have endorsed this submission by Counties Power Ltd. Enterprise Franklin sits on the Auckland Regional Broadband Advisory committee (ARBA) collaborating on the delivery of high speed broadband to the whole Auckland Region. Enterprise Franklin has also set up a local working group the Franklin Broadband initiative (FBI) to assess the Franklin Districts needs with regard to broadband. Enterprise Franklin's intention is to support expressions of interest to the Broadband Investment Fund and to seek funding to assist in the development of any final application.

Urban Criteria response

1. The timeframes are suitable
2. We have some concern over the open access being defined at Duct or dark fibre. In a true open access environment a consumer can purchase a mix of services from various parties and have it delivered at the demarcation point. Under the proposed scenario this could mean multiple fibres having to be pulled/blown into a building to allow choice. This will have some practical limitations, say in a multi-tenanted building, and may not allow consumers to have choice where the duct is full. We propose an option to have open access above the physical layer, hence provided as active open access network. Then an access provider can terminate the fibre and distribute multiple service providers from a single demarcation point. This is defined/implied in 3.2 of section A: Eligibility criteria as 'access to bearer services'
3. Successful applicants should be able to offer application services over the underlying funded network, so long as the process is transparent and the cost for the underlying access is the same to all parties.
4. Urban criteria review
 - a. Overall the thrust of the criteria is satisfactory and covers a multitude of situations.
 - b. The need to provide bearer services as well as fibre is covered however there could be conflict as mentioned in section 2 above if multiple fibres are used, or ducts are no longer available due to open access arrangement.

- c. Clause 3.5 / Appendix 1 (Interconnection Requirements): Ability to aggregate local data traffic is only possible if services are provided at an active level, similarly peering. This may be beyond the realm of an access provider.
5. Weighted Criteria
- a. Overall the criteria are reasonably balanced.
 - b. Clause 6.2 d). The degree to which the Network does not unnecessarily duplicate similar infrastructure should be clarified. The use of similar is ambiguous. E.g. a proposal to build over copper with fibre is valid as the fibre can offer a true broadband experience without limitations of distance, and hence is not similar. Both are broadband in the loosest sense, however an ADSL2+ connection will offer 24Mbps close the exchange but a couple of km away drops considerably to 5Mbps or less. The fibre can provide say 100Mbps 5 km away (or significantly more)
 - c. Clause 6.2 e) is excellent.
 - d. Clause 6.2 f) this is where at the EOI stage the MED could potentially identify parties who could or should work together for a full application, this removes the ‘secret squirrel’ effect. We believe that the EOI stage is critical to the funding process and suggest that a list of EOI applicants and regions / TLA identified in EOI should be published so that potential collaboration of similarly placed parties can be addressed.
6. Level of funding – it is critical that funding and assistance is provided to smaller players who do not have the resource or capability to make robust proposals. These small companies, whether new comers or existing access or service providers, can provide significant return on local investment and improve the local economy. Examples include Inspire in Palmerston North, City Link in Wellington and Wired Country in Pukekohe.
- It is therefore imperative that initial funding (\$50k) for such proposal work at the EOI stage (or prior) is retained. Without this financial support, the Broadband Initiative Fund will be predominantly captured by the tier one and larger organisations as they will be able to fund more comprehensive applications. In our opinion this will result in local communities not benefitting as much as they could and should.
- There are several existing policies that Government have in place to encourage innovation, enterprise and value creation through the small to medium business sectors. These policy drivers directly support our submission on this issue.
7. The overall timing is acceptable

Rural criteria response

- 1. The rural fund is a good initiative to expand the capability and availability of Broadband.

2. Voice should be a requirement. There is little money in internet services therefore most service providers will wish to offer voice services. The bandwidth requirements are minimal, and QoS can be provided over wireless access.
3. Rural service bandwidth expectation should be lower. Wireless and copper currently do not, and will never, compete head-on with fibre for high bandwidth services. It is not feasible with today's technology to economically provide shared services beyond 5 Mbps over wireless. Consideration should be given to mandating a solution that has Quality of Service capability that can meet Voice transmission requirements in terms of latency and jitter.
4. Mobile and wireless can provide service that is greater than 1 Mbps and always on, hence are an acceptable solution in rural environments
5. Open access should be provided at the access or bearer level. In most wireless cases this would mean a layer 2 Ethernet solution. It is not possible to share the airways any other way efficiently. The sharing of existing poles and backhaul should be encouraged where economically and physically possible (collocation).
6. Flexibility should be retained by not specifying percentage weightings.
7. The maximum \$\$ amount should not be defined. The definition of community is not provided so it is difficult to be specific; however it is likely that potential applicants at an EOI phase, if not already talking, could combine skills and resources prior to submitting an application. Limiting funds is therefore potentially detrimental as the desired outcome may not be achieved with restricted funding in place. Any development needs a critical mass to succeed, and a desire by service providers to utilise the services. Consequently really small networks (limited by funding) may not get used and this defeats the purpose. . There are several existing policies that Government have in place to encourage innovation, enterprise and value creation. These policy drivers directly support our submission on this issue.
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8. The proposed timeline provides adequate time
9. The proposed time suits our planning process

For further information or to discuss any of the comments above, in the first instance, please contact:

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Or in his absence,

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