

30 June 2008

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

Dear Sir/Madam,

Please find attached the Nelson Marlborough InfoRegion's comments on 'New Zealand's Digital Pathway: A Fast Broadband Future'.

Yours faithfully,

Bill Findlater
Chief Executive Officer

Attachment:

- A. NMi Comments on New Zealand's Digital Pathway: A Fast Broadband Future

COMMENTS ON NEW ZEALAND'S DIGITAL PATHWAY: A FAST BROADBAND FUTURE

Introduction

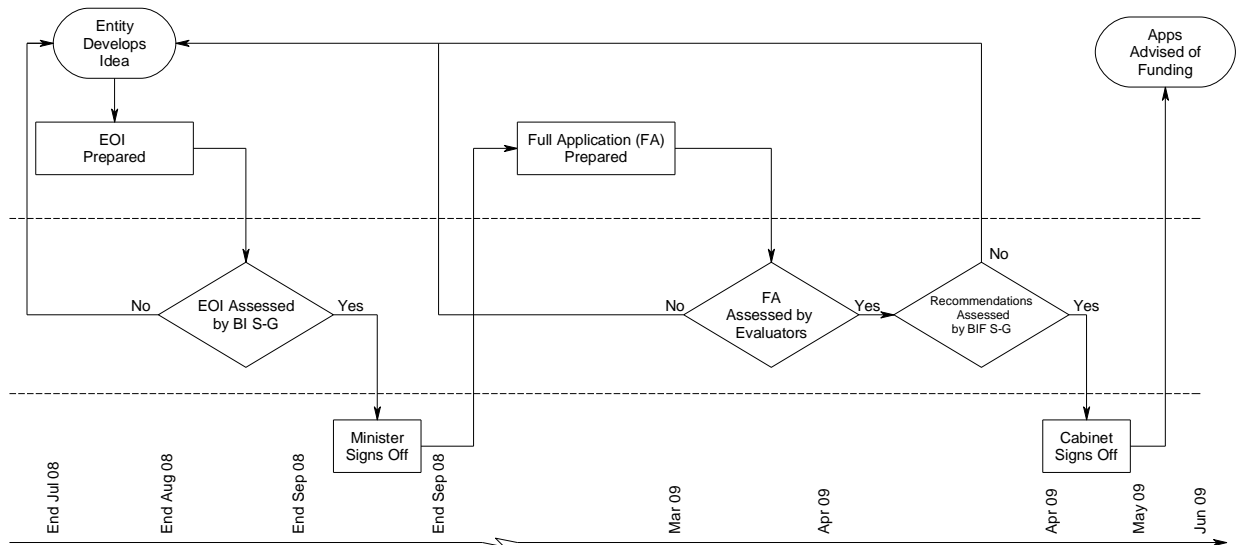
The Nelson Marlborough Inforegion (NMI) is the organisation that has stimulated further development of an open access optic fibre network across the 'Top of the South'. The open access network, based on significant investment by Network Tasman Ltd, is an optic fibre network that spans Tasman, Nelson and Marlborough effectively linking the region with 1 Gb connectivity.

Money from the Broadband Challenge Fund has facilitated the building of extensions to the network and the introduction of an internet exchange to activate New Zealand's first regional open access network. There are still some operational matters to be addressed in getting this functioning but the key elements are in place and soon the local commercial and residential population will be able to use services provided on this network in a true broadband environment.

The publication 'New Zealand's Digital Pathway: A Fast Broadband Future' introduces the Broadband Investment Fund (BIF) which present opportunities for further development of broadband infrastructure in the region. NMI is anxious to explore further prospects with funds from the BIF. The region has unique characteristics in terms of having an established open access network that provides the opportunity to roll out innovative infrastructure solutions for improving connectivity along with applications and services which are only at the planning stage for most other regional networks.

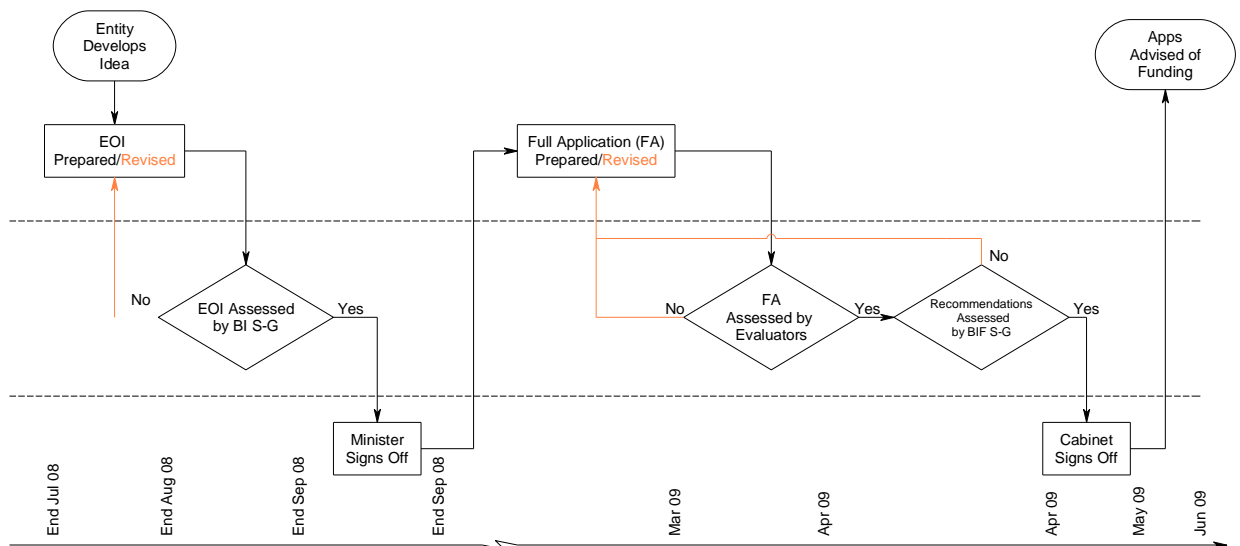
BIF Procedures

The flowchart attached illustrates the funding process as laid down in the discussion document.



NMi has concerns about the length of time between developing the EOI until funds are allocated and would prefer that the timeframes be reduced.

NMi's experiences with the Broadband Challenge Fund demonstrated that feedback loops were very important. As time passed each party in the funding process got to better understand what was proposed by the applicant and the rules by which funds would be allocated. The following model illustrates a possible solution by introducing feedback loops.



Note: If the applicant cannot meet the cut off times for revision they will have to wait until the following cycle

Possible Funding Assistance

There is reference to possible funding to assist applicants with their applications. NMi strongly recommends that funds be allocated for this

activity. It is suggested that a one-off grant of \$20,000 be paid to applicants for the preparation of an Expression of Interest (EOI). This should be made on the basis that if the application is not completed on time the applicant repays the money. If the applicant completes a robust application within the required period of time but is not successful the funds should be written off.

NMi suggests that a further grant of \$60,000 be allocated to applicants who have EOI's approved, under the same arrangements detailed above, to assist with the compilation of the Full Application.

If the applicant succeeds with an EOI and later with a Full Application their final funding should be rebated by \$80,000, the sum of the two grants.

Clarification

NMi requires further clarification on one-to-one funding and what constitutes acceptable in-kind contributions. This information is critical for local authorities to understand before they make commitment decisions.

Conclusion

The BIF presents exciting opportunities for NMi. There is much enthusiasm in developing ideas to a stage where they may be considered under an EOI. NMi looks forward to embarking on this process as soon as the BIF funding requirements are confirmed.