

Sub # 22

Absolutely

POSITIVELY

ME HEKE KI PŌNEKE
WELLINGTON CITY COUNCIL

Wellington

Submission on the Draft Digital Strategy 2.0

WELLINGTON CITY COUNCIL

May 2008

About the 4 Cs: Connection, Confidence, Content and Collaboration

The Wellington City Council welcomes the opportunity to comment on the Draft Digital Strategy 2.0.

The Council supports the strategy's continued focus on the three enablers of Connection, Confidence and Content – and is pleased to see the new enabler of “Collaboration”, which recognises the wide number of agents that must work together to ensure New Zealand's digital future is achieved.

However, the Council believes that the first step in creating consumer confidence and attracting entrepreneurs to develop content is through the rollout of a fibre network to connect every single home in New Zealand to the rest of the world. While all four “Cs” are necessary for a successful digital strategy, the infrastructure represented by Connection is a prerequisite for other activities. It is very unlikely that a primarily “demand-led” approach will deliver on the aspirations in the strategy.

Our Vision: Open Access and Affordable Broadband for Wellingtonians

As stated in its submission on the original Digital Strategy, the Council believes it has an integral role to play in enabling the government's broadband vision. We also have our own vision:

“By 2012, all of Wellington city will have affordable access to an interactive and open broadband network capable of supporting applications and services using integrated layers of voice, video and data, with sufficient two-way capacity in the city, and out to the world, to meet the ongoing information and communications needs of the city's residents, businesses, investors and institutions.”

The Council encourages the government to adopt a similar vision and timeframe. Wellington aspires to be an affordable, internationally competitive city. The targets of rolling-out urban fibre networks in 15 cities and towns by 2012 and achieving FTTH within a decade will not deliver this aspiration – particularly as cities in countries already providing FTTH (e.g. South Korea and Japan) are already benefiting from early adopter advantages.

Connection Needs to Come First

The Council is pleased that broadband connectivity has been given an increased emphasis in the refreshed strategy and that the government is indicating it will continue to take an active role in facilitating broadband deployment. We need to maintain the sense of urgency around broadband. New Zealand and Wellington's economic transformation goals depend upon it. The government sector itself, as a significant ICT user and applications developer, stands to benefit substantially from improved broadband infrastructure both within Wellington and nationally.

Why do we need to intervene? Because there is a market failure.

The key rationale underpinning Council and central Government involvement is that incentives are weak for the private sector to open their networks and to invest in upgrading inadequate infrastructure.

The new regulations in place and Telecom's operational separation was a step forward but as the Minister mentioned during the digital summit "it is not good enough". The new regulation stimulated Telecom to roll out fibre up to cabinets but the incumbent's step forward decelerated any potential further investment that might have come from competitors and service providers.

A staged approach: MUSH entities first

The Council agrees that the FTTH vision is best achieved through a staged approach. Such an approach enables the government to meet the challenge of accelerating new investment in fibre and providing a vehicle for greater sharing of base-level infrastructure without distorting the market or pre-empting private sector investment.

The Council also agrees that an urban fibre network based around MUSH entities is the natural first stage of broadband roll-out. We believe that councils should be key partners at a local level – government funding should be provided to local government (preferred but not exclusively) for prioritisation at a local level. Funding models like those used for transport could be utilised for this purpose.

The Council has prepared a comprehensive, peer-reviewed business model (which is based on connecting approximately 250 MUSH entities by 100 km of fibre) that has enabled it to understand both the economics and viability of the broadband infrastructure market and how a Wellington based broadband network could operate.

Through this work the Council has concluded that the following critical factors are required for such a venture to be successful:

- Local government support – facilitating roll out processes, giving access to Council assets and facilities and investigating low cost deployment methods
- Central government support – funding the basic infrastructure and undertaking a leading role aggregating its demand across the health and education sectors
- Substantial private sector partner/s.

While we acknowledge that the 2006 Broadband Challenge was an important catalyst for ensuring broadband projects were initiated in a number of city centres, the Council believes that government needs to partner with territorial authorities in order to obtain open access and affordable urban fibre networks in cities throughout the country.

Recommendations:

1. That 2012 be included in the vision as a more aggressive timeframe for establishing open access, FTTH broadband infrastructure – particularly in New Zealand's main cities.
2. That the government work closely with its co-collaborators to consider the options that would enable a FTTH network to be rolled out by 2012.

Content and Confidence – after Connectivity is sorted out

Pervasive, affordable, unconstrained and symmetrical broadband alone will provide the impetus to take Content and Confidence focused initiatives to the next level – where communities, business and government will be able to fully realise the social, economic and environmental benefits of ICT.

The Council has been progressing significant Content and Confidence initiatives – but pervasive broadband is required to enable them to provide a step-change. For example:

1. **The Wellington Loop** (which is also supported through a CPF grant) is highlighting what can be achieved in education with the availability of unconstrained broadband.
2. **The Wellington Community Network** (www.wcn.net.nz) provides a free website hosting service for community groups and organisations based in Wellington.
3. **Leveraging the Council's GIS assets** by partnering with Google has enabled easy access to the city's detailed aerial photography.

However, the success of these initiatives can only be achieved when those communities have access to the broadband infrastructure needed to support them.

Support for communities

The Council recognises that the strategy's new priorities of increasing labour productivity and ICT innovation are critical to our city and region's economic development. However, we also encourage the Government to increase its commitment to ensuring that all communities and individuals have the skills they need to fully participate in ICT.

Such initiatives as the Aotearoa People's Network are important for reaching potentially disadvantaged communities and individuals. We believe that existing community facilities, which already receive a high level of community patronage and support, are natural places for people to gain access to new technologies and the skills to help them use them.

The Council also encourages the government to consider extending the funding it has previously provided through the Community Partnership Fund – though alternative models for distributing funds may need to be considered to ensure it is focused on grassroots-led initiatives and is not overly absorbed in the creation of duplicate governance structures.

The Council agrees that sustainability should be a key outcome of the refreshed Digital Strategy. The Council believes communication methods that reduce the need to travel are key to encouraging sustainable practices for both communities and business. Such facilities as videoconferencing can both achieve significant emissions reductions as well as increase productivity. However, the availability of such facilities to communities and business needs to be better understood.

The Council encourages the government to undertake an analysis of videoconferencing facilities across New Zealand's main cities and towns and, as appropriate, work with key public and private organisations to ensure a publicly accessible network is provided.

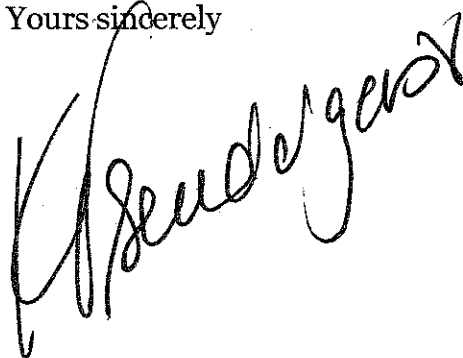
Recommendations:

1. That consideration is given to extending the Community Partnership Fund, with an increased focus on grass-roots organisations.
2. That the government analyses the availability and accessibility of videoconferencing facilities in New Zealand's main cities and towns and works with key public and private organisations to ensure a publicly accessible network of facilities is provided.

Conclusion

The Council is continuing to work on its funding model for achieving an urban fibre network in the immediate short-term and a FTTH network by 2012. We would welcome the opportunity to work with the Government to realise our vision and ensure both this city, and New Zealand, can be ensured of maintaining international competitiveness

Yours sincerely



Kerry Prendergast
MAYOR

12 May 2008

Digital Strategy 2.0 Submission
Digital Development Group
Ministry of Economic Development
PO Box 1473
Wellington

Dear Sir/Madam

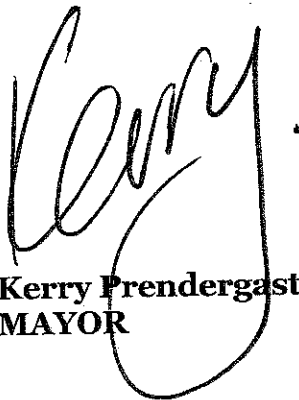
RE: Wellington City Council's submission on the Draft Digital Strategy 2.0

I am writing to you on behalf of the Council regarding the request for submissions on the Draft Digital Strategy 2.0.

Please find attached a copy of the Council's submission.

Thank you for the opportunity to comment on the draft strategy.

Yours sincerely



Kerry Prendergast
MAYOR