

12<sup>th</sup> May 2007

**DIGITAL STRATEGY SUBMISSION**  
**VISION MANAWATU**

This submission is drafted by Richard Forgie, a staff member of Vision Manawatu, which is a regional economic development agency, covering the region within the boundaries of Palmerston North City Council and Manawatu District Council.

1. The four telecommunications providers within this region are Telecom, (who own and control well over 90% of the installed hardware), Telstra Clear, Inspire Net (a proactive, locally owned telecommunications company), and Vodafone, (who are active in the mobile phone market where they aim to attract younger users, but have not as yet installed any fiber optic cabling.)

(Inspire Net has also installed broadband links in every hall of residence at Massey University. Students pay a set up fee and Inspire's student plan starts from approximately \$20 per month.)

2. The area within this region which would gain the most immediate economic benefit from improved broadband services through fiber optic cabling installation is undoubtedly the area within the Palmerston North city's boundaries. Having said that, communities like Feilding and Dannevirke are recognizing the importance of better broadband infrastructure, and are currently taking active steps to improve services in the business centers of these towns.

3. The Government's Project Advance initiative has contributed to improved broadband services to key faculties at Massey University's Turitea campus, and has also enhanced the supply of broadband capable of downloading large volumes of information very quickly (e.g. genetic codes), at Crown Research Institutes located within the scientific research community immediately around Massey University. (These include AgResearch, Hort Research, Fonterra Innovation, Landcare Research, Crop and Food Research, Hopkirk Research Institute, (which specializes in animal health), Leather and Shoe Research Association (LASRA), and the New Zealand Centre for Ecological Economics). There is still a long way to go before the broadband service to this very important community of research organizations is up to the required standard. This standard was set by the Government some years ago as lifting our ranking in OECD countries up above its current position on the edge of the third and fourth quartiles. It is true that we have improved our broadband uptake, but it is an exaggeration to claim that we have improved our international ranking.

4. Many communities internationally are taking proactive steps to install fiber optic cable as an integral part of their infrastructure. The more progressive approaches view fiber optic cable as being as significant an element of urban infrastructure as potable water, sewage systems, storm water systems, telephone cabling, gas supplies, and roadways.

There are over 1,100 kilometers of roads within Palmerston North's city boundaries, which might be conceivably ripped up on both sides to lay fiber optic cable with connections to the edge of each private property which they pass at a guesstimated cost of around \$50 per meter. It follows that the total cost of doing this from scratch might be

\$120 million in a city the size of Palmerston North, which is about 1.33 times the Palmerston North City Council's entire annual budget.

The local beneficiaries of any such an investment are widespread and are not easy to accurately quantify. They include;

(a) The Mid Central Health Board (2,800 employees) who will benefit by being able to communicate x-rays or outcomes of medical tests to specialists across town, or at other centers where medical experts are employed.

(b) The university which would benefit enormously if students flatting throughout the town could all log on to the internet to research topics, download data files, etc. The attraction of all four students in a flat being able to do this simultaneously, whilst their land line is still available for incoming telephone calls would go along way toward establishing New Zealand 's reputation for having world class student friendly communications, and is an important key element in enhancing our position as a preferred international tertiary training supplier.

(c) Businesses would save huge amount of money on courier costs and the country could start to offset the steady increase in petroleum costs, if broadband could be used for purposes like emailing photographs of properties for sale to the newspapers.

(d) Employee productivity for almost everyone who uses a computer as part of their job and who communicates with others via email or over the net would increase significantly. Our cities and our towns need to retain their competitive edge through working quicker more efficiently and smarter.

(e) As videoconferencing assumes the place in society which has historically been the preserve of the telephone conversation, people will use "live on the screen" conversations to keep in touch with friends and family, and they will become an acceptable alternative to the current practice of frequently traveling large distances in cars at costs in excess of 62 cents per kilometer to visit the people they wish to keep in touch with as regularly as we approach the end of the age of plentiful petrochemicals, and find ourselves on the eve of other more expensive and time consuming alternatives to long distance public transport.

Applying this change to the business world locally, we would have the potential to network effectively and internationally with Asia, Oceania and North and South America, without even waking up in the middle night for the meetings. To talk business to Europe will require one party to work between 8am and 10pm to communicate with the other working between 10am and 8pm.

Therefore I am strongly of the view that broadband has been identified as a key enabler to economic growth to the extent that both nationally and internationally it is intrinsically tied to the social, environmental and cultural wellbeing of communities.

To make this plan become a reality requires stronger government leadership, at both central government and local government level. Central government needs to:

- Encourage and or incentivise developers to put fiber optic cable into all new commercial, industrial, and residential developments,

- Financially reward local government organisations for results in improving fiber optic connectivity within the boundaries, which they have fostered through improved communication and coordination between those repairing and maintaining existing infrastructure and those seeking to expand fiber optic networks
- Sponsor research so that the hardware used is suitable for long term purpose and resilient to damage from earthquakes, volcanic eruptions, floods, and other natural disasters when they do occur.
- Stimulate the cooperative installation of tubing containing cabling with rival telecommunications organizations sharing the ducting and the costs, so that consumers have some choices as they do with mobile phones, and the near-monopoly situation which has inhibited Telecom's performance as a change agent in this field does not redevelop.
- Assist organizations like TUANZ to raise the awareness of businesses, investors, and policy makers of the pace at which technology is changing, and the economic social and cultural consequences if we allow ourselves to get even further behind.
- Assure that we close the gap between what we spend of research and development nationally (1.1% of GDP in New Zealand) and what the OECD spends (2.5% and close it as quickly as possible) even if this means abandoning the apparent guiding principal that the government should not do more than match the sum of business and private investment in research and development of new technologies if all possible.
- Require plans for all our key cities to progressively lay fiber optic cable so zones within the city which will most benefit the economic, social and business development of the rest of the community are identified, and prioritised, and planning for their development attracts more widespread attention and energy.

Thank you for your time in reading this submission.

I welcome further discussion, and the opportunity to answer further questions

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