

Submission to Ministry of Economic  
Development

In the matter of DIGITAL STRATEGY 2.0  
From *Local Government New Zealand*

12 May 2008

# CONTENTS

INTRODUCTION.....	3
PROCESS TO PREPARE SUBMISSION .....	3
KEY ISSUES FOR LOCAL GOVERNMENT.....	4
Funding of Infrastructure.....	4
Rural Broadband .....	5
Leadership on the Big Issues.....	5
Framework for Stakeholder Engagement.....	6
Leveraging off Existing Activities.....	7
Performance Targets and Monitoring.....	8
Implementation.....	8
CONCLUSION .....	8

## INTRODUCTION

1. *Local Government New Zealand* appreciates the opportunity to comment on the Draft Digital Strategy 2.0, hereafter referred to as the 'Digital Strategy' or the strategy. This submission outlines a general local government view on the strategy.
2. *Local Government New Zealand* makes this submission on behalf of local government and representing the interests of 12 regional councils and 73 territorial authorities of New Zealand. Councils have significant interest and involvement in various aspects of the Digital Strategy, including regulatory functions, infrastructure investment, community participation and the application of digital technologies.
3. This submission has been prepared on the basis of providing comment on particular aspects of the Digital Strategy in which local government has a view; and recommendations for particular sections of the document .

## PROCESS TO PREPARE THIS LOCAL GOVERNMENT SUBMISSION

4. *Local Government New Zealand's* submission was prepared from knowledge gained and involvement with council interests in the following:
  - Our submission to the first Digital Strategy
  - The work of the local government ICT Advisory Group
  - Findings from the local government Broadband Forum in February 2008
  - Development of a Rural Broadband Strategy framework
  - Development of the Digital Communities Action Plan
  - Membership on the Digital Strategy Steering Group
  - Participation in ICT and Geospatial strategy and project groups of relevance to local government
5. *Local Government New Zealand* also sought comments from all councils by forwarding a copy of the draft strategy and a memo providing the necessary background. There was limited additional comment from councils to what had already been collated from previous exercises. Individual councils were encouraged to also make submissions. Other associations of local government functions such as ALGIM are likely to have particular views also. *Local*

Formatted: Font: 8 pt

*Government New Zealand* encourages the Ministry to carefully consider all council related submissions.

6. The final submission was endorsed under delegated authority by:
  - Mark Farnsworth, as the local government National Council member overseeing the broadband and regional development portfolios and chairperson for the Local Government New Zealand ICT Advisory Group.

## KEY ISSUES FOR LOCAL GOVERNMENT

7. *Local Government New Zealand* is generally supportive of the objectives, content and actions expressed in the Digital Strategy, and commends the Ministry for its consultative approach in progressing a national strategy. Territorial authorities have demonstrated that they are a willing participant in the digital space and wish to continue to be considered as part of the solution in advancing digital objectives. In the draft strategy there are some issues that local government has a particular interest in and others that the sector considers should be strengthened in the final document.

### Funding of Infrastructure

8. The current approach being taken by government in facilitating national broadband connectivity demonstrates that there is a mismatch between the economic imperative for having good broadband infrastructure and the long-term infrastructural investment currently being made. Broadband underpins the economic transformation of the New Zealand economy. In the New Zealand Institute's report it was identified that the economic benefits to the New Zealand economy from broadband range from \$2.7-4.4 billion per year with further upside potential. Yet the investment made to date by government will not see New Zealand realising these benefits in the immediate future.
9. The scale of investment to rollout fibre to the home (FTTH) is well understood. Yet the *Connection Actions* appear heavily reliant on baseline budgets that in themselves can only smooth the investment process, rather than greatly influence the quantum of investment. A willingness to develop new investment

Formatted: Font: 8 pt

models for the funding of telecommunications infrastructure should be signaled in the strategy, particularly in the absence of a commitment of public funds.

10. *Local Government New Zealand* supports a focus on the development of open access urban fibre loops. An accelerant of this objective to date has been access to government funding through the Broadband Challenge Fund (BCF). An expansion of the BCF aligned to the targets in the Digital Strategy is encouraged.

## **Rural Broadband**

11. The private sector (especially Telecom) has clearly signaled that there is no business case for them to invest in high speed broadband infrastructure in rural communities, particularly where subscriber lines are less than 500. Such a business case is based on a pure financial model and takes no account for improved social outcomes, increased business productivity, environmental enhancement or community cohesion. A national benefit or public good aspect consideration can change the investment model to promote the deployment of rural broadband networks.
12. *Local Government New Zealand* would like to see more specific reference in the Digital Strategy to acknowledging the need for a different investment model for rural and remote areas that requires a degree of government funding, in addition to private sector and community contributions.

## **Leadership on the Big Issues**

13. Despite wide consultation in the development of the draft Digital Strategy 2.0, *Local Government New Zealand* is of the view that this document better reflects the government's position and areas of influence, rather than a sector wide stance. That accepted, the strategy provides an opportunity for government to provide stronger leadership on the vexed questions that have often constrained broadband capability and access to date; and have resulted in many disconnected or ad hoc responses throughout the country.
14. Areas where more leadership and certainty could be provided in the strategy include:

Formatted: Font: 8 pt

- The development of, and policy regarding, open access national networks. Open access criteria under the Broadband Challenge Fund for example, are not reflected at a national level in the Digital Strategy.
  - Recognition of broadband telecommunications infrastructure as a core element of national infrastructure, as with roading, water, energy and waste infrastructure. This in turn would influence the funding and ownership models.
  - Timeframes and processes for the deployment of FTTH.
  - Clarity of roles and responsibilities. Local government for instance receives varying ( and often conflicting) messages from the telecommunications sector, government, business and the wider community as to its role in the digital world. The draft Strategy provides no more clarity than already exists, which will result in a continuation of varied regional responses and effort.
  - International connectivity. Currently the cost of getting digital content to offshore markets is prohibitive. Should this continue it will affect how the educational and business sector and key institutions are able to trade and provide globally competitive educational and business services to offshore markets? The interests of New Zealand are best served by keeping skilled people in New Zealand and enabling them to collaborate effectively on offshore educational development opportunities via national and international broadband networks.
15. There is also a widely supported view that the draft Strategy is not ambitious enough in its goals and targets:- where these even exist in some sections. Urgency in having access to high speed broadband at a reasonable price has been recognised by many regions that are facilitating and/or investing in solutions that far exceed targets in the strategy. Such stretch targets need to be reflected in the national strategy. This observation also applies to other areas of the strategy such as up-skilling users, advanced content and productivity gains.

### **Framework for Stakeholder Engagement and Collaboration**

16. National strategies are generally regarded as one mechanism to engender stakeholder support toward achieving a common objective/s. Whilst the concept of collaboration is stated in the strategy, and supported by local government, the case for the private sector interests to be involved beyond business as usual, is not immediately evident. The same might apply to iwi and other key influencers.

Formatted: Font: 8 pt

17. *Local Government New Zealand* considers that the Digital Communities Action Plan (still draft - a collaborative exercise by the ICT Advisory group), provides a more inclusive framework to help promote connection, confidence, content and collaboration goals. This framework also encapsulates the productivity, sustainability and community elements that effectively sit as a tack-on set of activities in the draft strategy. The rationale for wide regional, business and public agency involvement is more explicit in the Digital Communities framework than in the draft Digital Strategy. Having the Digital Communities Plan underpinned by a robust research and monitoring programme, is another element largely absent from the Digital Strategy.

### **Leveraging Off Existing Activities**

18. The section on *Achieving Our Digital Potential* at the back of the draft strategy would provide a platform to make the necessary connections with government's key agendas around sustainability, economic transformation and social inclusion. This contextual material may be more appropriately placed at the front of the document to help provide further rationale for involvement in the Digital Strategy by the various stakeholder interests. Such an approach would also enable the demonstration of linkages to other related and enabling national strategies. eg. Unified Skills Strategy, Geospatial Strategy, Productivity Agenda.
19. Local government is already heavily involved in the deployment of infrastructure, community digital initiatives and related regional development projects. These will be highlighted in the soon to be published *Councils in the Digital Age* that gives a snapshot of councils' involvement across all regions. These activities include a list of projects supported by the Broadband Challenge Fund and Community Partnership Fund. Many regional projects are well advanced, and can be either undermined or accelerated by government policies, funding and programmes. Thus *Local Government New Zealand* recommends that the Strategy formally acknowledges progress being made across the regions and to further leverage off successful initiatives. This would extend to a continuation of financial incentives such as the Community Partnership Fund.

Formatted: Font: 8 pt

## Performance Targets and Monitoring Performance

20. There is an inconsistent approach to measures attributed to each of the four Enablers. While *Connection* has defined targets that can be easily measured, the other sections present high level objectives with no reference to any measures that might indicate progress. *Local Government New Zealand* considers that more work is required in providing a set of targets/indicators that provide a sound basis for any implementation projects and monitoring regimes. Without such targets policy, programmes, funding and collaborative activities become more difficult to justify.
21. The *Collaboration* section is even further weakened by the lack of an action component. Reference to supporting existing collaborative efforts and providing mechanisms for collaboration would be a useful start point. Monitoring and/or benchmarking regimes are available internationally ( eg. e-City Index). *Local Government New Zealand* recommends that developing a national monitoring programme that recognises the collective outcomes from all the strategy activities, be included as an action in the *Collaboration* section.

## Implementation

22. The draft strategy includes actions that will be undertaken by various government agencies, yet is silent on the implementation of the strategy as a whole. *Local Government New Zealand* is aware of the proposals being developed regarding governance and implementation arrangements aligned to the Digital Strategy. These proposed arrangements that involve and engage with all the key stakeholders are supported by local government. Reference to governance arrangements and implementation of the strategy needs to be included in the final document. Implementation also links backs to earlier comments on targets, leadership, roles and monitoring.

## Conclusion

*Local Government New Zealand* , in representing the local government sector, is generally supportive of the intent and approach outlined in the draft strategy, however some suggested improvements are provided.

Formatted: Font: 8 pt

There are areas of particular interest to local government that require greater focus, particularly around the investment models and funding of broadband infrastructure.

*Local Government New Zealand* has also recommended additions or changes for the final Digital Strategy. These include a framework for more inclusive engagement to drive collaborative action; the provision of targets /measures for each of the enabling areas; demonstrating greater clarity of roles; providing leadership on key issues such as open access national networks; and developing different investment and funding model for national broadband deployment.

We welcome the opportunity to provide comment and anticipate further involvement in the development of the final version of the Digital Strategy, and in supporting its implementation.

Please contact Colin Drew at *Local Government New Zealand* for any points of clarification or further comment.