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To: THE MINISTRY OF ECONOMIC DEVELOPMENT

On the: THE DRAFT DIGITAL STRATEGY 2008

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**SUBMISSION TO THE MINISTRY OF ECONOMIC DEVELOPMENT
ON:
THE DRAFT DIGITAL STRATEGY 2008**

1. INTRODUCTION

- 1.1 Federated Farmers of New Zealand welcomes the opportunity to comment to the Ministry of Economic Development on its Draft Digital Strategy 2008 discussion document.
- 1.2 Federated Farmers is a member based organisation that represents farmers and other rural businesses. Federated Farmers has a long and proud history of representing the needs and interests of New Zealand's farmers.
- 1.3 The Federation aims to add value to its members' business. Our key strategic outcomes include the need for New Zealand to provide an economic and social environment within which:
- Our members may operate their business in a fair and flexible commercial environment;
 - Our members' families and their staff have access to services essential to the needs of the rural community; and
 - Our members adopt responsible management and environmental practices.
- 1.4 Federated Farmers has a vital interest in ensuring reliable supplies of telecommunications and other utility services are supplied to rural consumers at reasonable prices. Federated Farmers' interest in telecommunications is illustrated by the large number of submissions the organisation has made to select committees and government agencies.

2. GENERAL COMMENT

- 2.1 The Federation relies heavily on phone and electronic means to communicate with its members. Consequently we have first hand experience of the quality and reliability of service in rural New Zealand.
- 2.2 The reality for rural and remote users is that the state of the network in many rural areas is poor. For some, even basic voice service is not available unless at very high capital cost. TSO instruments have clearly failed to deliver adequate levels of telecommunications services to many rural areas.
- 2.3 The standard of services provided under the TSO has been much lower for the rural population than for the urban population. People in remote and rural areas arguably stand to benefit most from the roll-out of more affordable and accessible voice and data services with broadband technologies. As such, the Federation contends that the strategy should address this inequality of provision between urban and rural communities. If it does not, we believe the gulf between the "haves" and "have not's" will continue to increase, seriously disadvantaging the rural community.
- 2.4 The delivery of efficient and reliable telecommunications services is of great benefit to rural communities. In the first instance it is a fundamental health and safety

requirement, but it also allows for active participation in the 'knowledge economy.' Fast and reliable data transfer is becoming increasingly important, as central government, local government, banks and other service and supply businesses rely on electronic means to deal with farm businesses. In the modern environment, fast and reliable broadband access is necessary if rural communities are to realise their opportunities in the global marketplace.

- 2.5 The costs of extending the fibre network yet further into remote and rural areas are such that companies are exploring newer technologies like wireless and satellite broadband. Satellite broadband is the only telecommunications medium available in some rural areas. Unfortunately it costs three times the cost to the average urban resident.
- 2.6 Over half of New Zealand's export earnings are derived from the primary sector and the sector contributes around 17% of GDP. Given the critical importance of primary production to the New Zealand economy the issues raised above should be of national concern.
- 2.7 If the strategy is to achieve an improvement in the quality and quantity of services provided to all consumers, then it is appropriate that a universal standard of service is considered, a standard that would see the same minimum quality of service for all New Zealanders (Universal Service Obligation). Federated Farmers considers this an area worth further exploration by the Ministry.
- 2.8 **Recommendation: Federated Farmers recommends that the Ministry of Economic Development should further explore a Universal Service Obligation for New Zealand telecommunications.**

3. SPECIFIC COMMENT: CONNECTION

- 3.1 The Federation is a member of InternetNZ which works to improve the quality of internet services to New Zealanders.
- 3.2 The Ministry's goal for connection is... *'The Widespread availability of fast and affordable broadband meeting the needs of New Zealanders.'*
- 3.3 It is the goal of connection that is of most importance to the rural community. Before goals for confidence and content are addressed, it is important to ensure that the rural community actually has access to basic voice service, let alone fast and affordable broadband.
- 3.4 The Federation would be concerned if the use of the word 'widespread' in the goal for connection meant that many rural communities could be excluded from access to fast and affordable broadband. Depending on how the word 'widespread' is interpreted it is possible that the above goal could be met without access to fast and affordable broadband for significant numbers of people in the rural community. The Federation therefore suggests this wording be strengthened.
- 3.5 **Recommendation: Federated Farmers recommends that the wording of the connection goal be strengthened to ensure the rural population has fast and affordable broadband access.**

END