



Economic Development Association of New Zealand

Response to Ministry of Economic Development
Discussion Document: *Telecommunications Service
Obligation Regulatory Framework*

19 October 2007

1. Introduction

- 1.1. This submission is from EDANZ, the Economic Development Association of New Zealand, Inc, in response to the MED's "Telecommunications Service Obligations (TSO) Regulatory Framework: Discussion Document".
- 1.2. EDANZ is a membership based organisation with various stakeholders who all have a role in facilitating sustainable economic development and increasing prosperity in regional and local communities. Our members are the regional and local Economic Development Agencies (EDAs) throughout New Zealand. Other significant stakeholders are local government and the central government agencies that influence and contribute to economic development.
- 1.3. EDANZ's mission is to provide thought leadership to enhance New Zealand's economic development at national, regional and local levels. We provide our Members with the knowledge and capability to successfully develop sustainable platforms for economic growth and prosperity in their regional and local communities for the benefit of New Zealand as a whole.
- 1.4. We are not specifically addressing the questions raised in the Discussion Document. In line with EDANZ's objectives and mission, our focus is on the issue of broadband Internet provision for economic development.
- 1.5. Our response is therefore at an issues level, with specific reference where appropriate to the more detailed submissions made by InternetNZ and Local Government New Zealand.
- 1.6. The views expressed in this Submission are those of EDANZ and are not necessarily those of any one EDA.

2. Background

- 2.1. For the purposes of this submission, we agree with the broad thrust of the InternetNZ and Local Government New Zealand submissions, in that our focus is on the need to ensure the delivery of broadband Internet to all New Zealanders.
- 2.2. Like InternetNZ and Local Government New Zealand, we agree that ubiquitous broadband is essential both for the economic development of the country and to provide for efficient delivery of e-Government and modern social services such as healthcare and education. We believe the debate is about how best to deliver broadband, not whether to deliver or not.

- 2.3. The involvement of EDANZ and its members in regional broadband provision has already been wide-ranging, with many of our members acting as Regional Coordinators for Project PROBE.
- 2.4. Following the completion of Project PROBE, a specific focus on improving rural broadband provision has been initiated in Northland, Southland and Wairarapa, with an audit of service delivery and remaining gaps in provision currently underway across these regions.
- 2.5. As befits an association of economic development agencies, we are especially concerned to ensure that all businesses, large and small, urban and rural-based, have the ability to connect to and use high-speed broadband. This is a necessary condition to achieve higher sustainable growth.
- 2.6. We note that the New Zealand Institute's September 2007 report¹ predicts national economic benefits from broadband of at least NZD \$2.7–\$4.4 billion per year. We also note that a significant proportion of this benefit is projected to occur through use of telepresence applications and services.
- 2.7. The Business Telepresence Network under development by the three largest metropolitan economic development agencies is designed to deliver such benefits for business users. Any extension of this network to smaller centres and rural areas will rely on the delivery of affordable, high-speed broadband.
- 2.8. We share the view of InternetNZ that is not possible to determine at this stage, and on the evidence available, whether there should be a broadband TSO/USO. We agree that it is appropriate for the Ministry to go to further consultation.
- 2.9. Given that with the retirement of the PSTN system all voice data will be carried as bitstream traffic, a broadband TSO/USO review must encompass all rural telephony services, and must be wide-ranging in its participation in order to include existing and potential service providers.
- 2.10. We note that Local Government New Zealand supports in principle the merits of having a TSO as part of the regulatory framework. We however believe that rather than rework the TSO at this stage, the usefulness of this mechanism should be evaluated as part of a wider review of rural broadband provision.
- 2.11. We note that one of our members Venture Southland suggests a specific reworking of the TSO as a contestable fund for rural broadband investment. While this approach has been endorsed by Local Government New Zealand, we see this position best evaluated as part of a wider consultation process, including options for investment.

¹ The New Zealand Institute, *Defining a Broadband Aspiration: How much does Broadband matter and what does New Zealand need?* September 2007
<http://www.nzinstitute.org/Images/uploads/Broadband%20aspiration%20Sept%202007.pdf>

3. Recommendations:

- 3.1. EDANZ broadly supports the recommendations of InternetNZ, with the proviso that our focus is primarily on economic development.
- 3.2. EDANZ specifically supports the Ministry's framework to assess broadband USO and other potential solutions.
- 3.3. EDANZ agrees with the recommendation that the Ministry produce a further consultation paper, outlining options for achieving fast, affordable broadband access for all businesses, wherever they are located.
- 3.4. EDANZ agrees that a rural broadband strategy including subsidy mechanisms be advanced via a separate consultation work stream, involving key stakeholders and coordinated in conjunction with central Government's Digital Strategy Refresh Initiative.
- 3.5. EDANZ agrees that the Ministry support the TCF proposal to seek consensus on voice and dial-up TSO.

4. Stakeholder Consultation on Rural Broadband

- 4.1. EDANZ would welcome being part of a group of stakeholders with a particular interest in ubiquitous availability of broadband in rural and regional areas.
- 4.2. EDANZ is prepared to use its Member contacts in the regions to help build participation and awareness of the consultation process, should this proceed.



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