



Report 10.632
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Committee Wellington Regional Strategy Committee
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Broadband Update

1. Purpose

The purpose of this report is to provide the Committee with an update on the current work of the Broadband Operational Group (BOG).

2. Significance of the decision

The matters for decision in this report **do not** trigger the significance policy of the Council or otherwise trigger section 76(3)(b) of the Local Government Act 2002.

3. Background

The Broadband Operational Group continues to progress the five workstreams that have been previously outlined to the Committee and which are discussed below. Key results since the last update in September 2010 include finalising reports on trenching technologies and access to assets; Grow Wellington completing a business survey on the likely uptake of ultra fast broadband in the region; Grow Wellington and Greater Wellington commissioning a report by BERL on the economic development impacts of the roll-out of ultra fast broadband for the region; on-going meetings with potential local fibre companies, the Ministry of Economic Development (MED) and Crown Fibre Holdings Ltd. And finally we have participated in two workshops in the Wairarapa, which is a possible contender for the Rural Broadband Initiative (RBI) through Chorus.

4. Deployment Standards Initiative

In June 2010 the Ministry of Economic Development released a discussion document entitled “Deployment Standards Initiative” (DSI). This is a joint project being developed by the Ministry of Economic Development, Crown Fibre Holdings Limited and the Digital Auckland Working Party. It aims to develop nationwide fibre deployment standards and to test those standards through a number of pilot initiatives at selected locations. This is part of a programme to facilitate the roll-out of broadband infrastructure.

Previously the WRS Committee made a submission on the Deployment Standards Initiative. The Ministry has since released a Request for Proposal seeking proposals from various parties to undertake seven pilot projects using a range of new deployment techniques. These include mini trenching in various soil types; micro trenching and aerial installation on existing poles.

These pilot trials will not examine long term impacts of the new deployment technologies on corridor infrastructure, so it is intended that at the same time most of these issues will be examined through indoor laboratory testing. These trials and laboratory tests are intended to inform the development of nationwide standards enabling a range of deployment techniques to be applied in the road corridor. These standards will include consistent rules to be applied by all utility operators and corridor managers in relation to fibre deployment.

Following discussions with BOG, Chorus made an application to undertake a micro-trenching trial in the Hutt City Council area, which is planned to be completed in January 2011. This application was accompanied by a letter of support from Hutt City Council with additional support from the region's chief executives. The Ministry has not yet made any announcements on the trials.

5. Crown Fibre Holdings

Executives of Crown Fibre Holdings met with the region's chief executives and BOG in August. Crown Fibre stated that they will prioritise regions on the basis of low deployment cost and high demand. Grow Wellington and Greater Wellington commissioned a report from BERL on the economic development benefits of early roll-out of ultra-fast broadband to the region. In addition, Grow Wellington undertook a business survey of key clients to investigate the level of demand for ultra fast broadband in the region. Crown Fibre will meet with BOG in late November to discuss these reports.

From an economic perspective, there are three key factors that support the Wellington urban area case to be a prioritised region in the Government's Ultra Fast Broadband Initiative. These are based on the demographic, industry, and geographic shape of the region.

Demographics

The Wellington urban area has a large population (374,000, 9% of total). Compared to the rest of New Zealand, the area's population tends to be younger, more highly educated, more highly paid and more diverse in terms of ethnicity and nationality. These characteristics mean Wellingtonians are likely to support high levels of demand for network access, thereby supporting the demand for, and uptake of, ultra fast broadband.

Industry

The Wellington urban area employs a large number of people (198,000, 11% of total). A relatively larger proportion (25%) of these people are employed in industries that will take up and derive greater benefit from ultra fast broadband (18 % of aligned industries nationally).

Geography

The Wellington urban area's density, urban form, existing assets and prioritised local government planning, mean that implementing ultra fast broadband will be cost effective and deliverable in a timely fashion.

The report is attached as Appendix 1.

6. Meetings with potential Local Fibre Companies

On 9 September, Crown Fibre Holdings announced a shortlist of parties for consideration as part of the Ultra Fast Broadband Initiative (UFBI). Two parties remain in contention in each of the following areas: (i) Wellington/Hutt/Porirua, (ii) Kapiti and (iii) Masterton urban areas. Chorus (Telecom) is a common contender in all three urban areas.

A number of meetings have been held with both CityLink and Chorus as the two contenders for the Wellington/Hutt/Porirua urban area. These meetings have helped inform the work being undertaken in the separate workstreams.

As Crown Fibre Holdings gets closer to making recommendations on selection of a preferred bidder for the region, our discussions with the contenders are becoming more detailed which are requiring increasing input from technical specialists in the councils.

7. BOG Workstreams

7.1 Region-wide rules for new trenching technologies

Work has been undertaken to investigate the development of common regional standards for the use of new and existing trenching technologies for fibre deployment. A report of the outcomes of this work and recommendations was tabled to the Chief Executives meeting on 19 November.

Further work in this workstream will be driven by the outcome of the pilot trials of new trenching technologies and responding to the proposed nationwide standards initiative under the Ministry of Economic Development.

7.2 Region-wide rules for aerial deployment

A stocktake of the various councils' district plan rules for aerial deployment was completed and a report of the findings and recommendations tabled to the Chief Executives meeting on 16 April.

Whilst potential local fibre companies advised no initial intent to deploy fibre in this way, recent discussions with them have identified that aerial deployment in urban areas, where there are existing aerial assets, is now being seriously considered for cost reasons. Crown Fibre Holdings is putting increasing pressure on candidates to reduce their costs in the region and indications are, for both candidates, that this could result in up to 40% of the fibre build likely to be by aerial deployment.

A workshop with the councils' consents staff and environmental planners is scheduled for 30 November to discuss this prospect. This will then be followed with separate workshops with each of the local fibre company contenders.

7.3 Coordination of road openings

This workstream is focussed on determining how road openings could be better coordinated around the region. This will reduce the compliance costs for the operators and enable greater cooperation between the councils in the region.

The project aims to provide councils with an outline of the implications for them of a significant increase in the number of road openings as a result of a potentially dramatic increase in operations to deploy fibre. It will also provide an analysis of what is needed across the region to provide better road opening coordination.

The work to date has involved roading engineers from the region's councils and involvement of local fibre company contenders. A report is nearly completed and will be provided to the chief executives by mid-December

7.4 Regional agreed policy for access to local government assets

An initial stocktake of asset access policies for each of the region's councils was completed and reported to the chief executives in January 2010. Further work has been undertaken to consider in more detail, the key issues in this area and the level of interest from the perspective of the local fibre company contenders.

A report on these findings is nearly completed and will be provided to the chief executives by mid-December.

7.5 Rural deployment

The Rural Broadband Initiative (RBI) was released on 17 March 2010. Funding for this initiative is set at \$300m. During October BOG members participated in two workshops run by Chorus and held in Wairarapa. These focussed on developing broad community engagement with Chorus.

8. Communication

Projects and other activities will continue to be communicated as the opportunity arises.

9. Recommendations

That the Committee:

- 1. Receives the report.*
- 2. Notes the content of the report.*

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Attachment 1: BERL Economics “The Economic Benefits of Early UFB Roll-out in Wellington”, October 2010