Telecommunications Users Association of New Zealand Inc.

(TUANZ)

Submission on the Ultra Fast Broadband 2, Rural Broadband Initiative 2 and Mobile Black Spots Programmes

Non-compliant response

3rd July 2015

TUANZ

1. The Telecommunications Users Association of New Zealand (TUANZ) has been in existence for over 28 years, advocating for the continued improvement of the use and supply of telecommunications technology and services to all end users of such services. We have always advocated that connectivity, and fast connectivity will enable businesses to improve productivity and to deal far more efficiently with well-connected customers. Families, wherever they live, will become far better connected. Smart young Kiwis will be much more attracted to living here rather than overseas. The world's capitals will be on our electronic doorstep, while we will become earlier adopters of leading-edge services like fibre-powered television on demand and the widespread use of cloud services for businesses such as on-demand accounting and file storage.

2. TUANZ is a not-for-profit membership association with over 150 members, predominantly large organisations with a strong dependency on telecommunications technology as well as small enterprises and individual members. These small businesses and residential users are the customers of our large corporate members, who are just as focused on the quality of their customers' connectivity as their own.

Our Submission

3. TUANZ appreciates the opportunity to provide the Ministry for Business, Innovation and Employment (MBIE) with our members views on the proposed extensions to UFB and RBI. This response will be more focused on the RBI and Mobile Blackspots programme. We intend to approach this in line with our values of positive leadership, credibility and collaboration.

4. We are also guided by our principle of focusing on outcomes which is why this submission does not deal directly with possible technical solutions but on criteria and priorities that should be applied to selecting solutions.

5. As part of gathering the views of members, and in particular rural users, we hosted a one day Rural Connectivity Symposium in May 2015. This was undertaken as a partnership with the Rural Health Alliance Aotearoa New Zealand. The event was a success, being sold out a week before the date and with over 160 attendees on the day. The day was a mix of presentations and workshop sessions which provided significant feedback on issues and solutions for rural connectivity.[1]

6. We have seen and support the submission by the Rural Health Alliance Aotearoa New Zealand, of which we are also a member.

Our Consistent Message

7. As far back as 2005 TUANZ has been at the forefront of advocating for improvements to connectivity and broadband in rural and regional New Zealand. Our first Rural Broadband symposium held in Timaru in 2005 set out to establish a vision of how the rural economy and productivity could be improved, and rural lifestyles enhanced, if farms and agribusiness had broadband connectivity.

8. We recognised that rural businesses had a bigger opportunity than most to make big gains in productivity and contribute to the New Zealand economy. At the time, the IPStar satellite had been launched and it was the latest in broadband access for those rural users unable to connect to DSL or wireless from BCL or Woosh.

9. The aim of that original symposium was basically the same as this year's - by getting knowledgeable representatives of all the potential stakeholders together it hoped to paint a big picture and make a compelling case for early and widespread uptake by every farm and agricultural business. Sectors such as rural health and education also had a part to play and there was coverage of uses that reduce the disadvantages of remote living and thereby make the rural lifestyle more appealing.

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[1] Copies of presentations made at this symposium are available on our website for members and participants

10. Every year since 2005 up until 2011, TUANZ hosted an annual Rural Symposium which continued to bring like-minded people together with a view to continuing the dialogue around the original objectives.

11. In 2008, TUANZ published a manifesto for the general election of that year which included the following challenge:

> "**Challenge: To arrest the decline of rural and provincial communities**
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> *Regional development is a key element of economic policy in this country as in many others. As communications technology continues to exert its pervasive impact on our lives, dealing with the urban/rural digital divide becomes vitally important. If rural and provincial communications are as good as those in urban areas are, this has a significant positive impact on education, health, community services, security and people's way of life. Conversely, if rural communications decline relative to those in the cities, this will encourage a population drift in the other direction.*
>
> *The relative economic contribution of rural communities in New Zealand is far greater than it is in most countries, adding weight to the need for universal connectivity. The provision of fibre-enabled broadband to farms may sound expensive, but the economic return over the life of the investment will be massive.*
>
> *Just as rail and road opened up regional New Zealand to early settlers, the way we deal with ICT deployment in the early settlers, the way we deal with ICT deployment in the early part of the 21st-century will have an enormous impact on where people choose to spend their lives."*

12. Our message has been consistent and clear: **The availability of good quality high speed broadband in all parts of NZ is a critical economic enabler for the future of the NZ economy.**

The rural sector

13. As defined by the RBI programme, rural New Zealand is that part of the population that is outside the current and planned UFB roll out footprint.

14. This means that 25% of the population is considered to live in the rural sector. This area represents 14% of New Zealand households, and 23% of New Zealand's businesses.

15. The rural sector is not just about farming as, according to the 2013 Census, only 30% of people living rurally work directly in primary

industries. The same Census shows that 73% of rural businesses are sole traders (compared with 63% in urban areas).

16. In the 2006 Census there was some indication of growth in some areas, particularly around rural 'lifestylers' but there was a struggle to retain young working age people (20-39 year old representing only 19% of the rural population compared to 26% of the urban population).

Recap of Current Concerns of Users

17. There were seven themes that arose from the recently held Rural Connectivity Symposium which asked participants to articulate their current concerns.

18. **Theme One: Quality of Connectivity** - rural people's experience is one of frustration, perception of low speed and general lack of a quality connectivity. There are too many gaps in cellphone coverage that leave people not only unconnected but vulnerable to poor health and safety outcomes.

19. **Theme Two: Affordability** - there is a recognition that it costs more to service geographically isolated people and while some effort is made to 'average' out pricing, there is still a sense that affordable quality services are more difficult to attain in rural New Zealand.

20. **Theme Three: Digital Architecture** - the structures that underpin digital services are complicated and lack a consistent language and standard to enable what might be a best fit solution for a rural community to integrate with the more national providers.

21. **Theme Four: Network Capability** - current rural networks seem to lack the capability to deal with demands made upon them, particularly at peak times.

22. **Theme Five: Lack of awareness** - rural people may have a higher level of "digital literacy" than urban counterparts because they learn to

overcome simple access barriers by using local knowledge, but many people living rurally do not have a clear understanding of what is currently available or possible.

23. **Theme Six: Perceived lack of engagement** - despite 4 years of consultations and information sharing, there is still a feeling that the needs of communities are not being assessed or addressed.

24. **Theme Seven: No "one size fits all" option** - if there was a single solution to the problems of rural access, life would be easy but there isn't and the previous RBI solutions have not appeared to take this into consideration.

We need to have an Ambitious Vision

25. The issues raised above and our consistent message leads us to the conclusion that as a nation we need to have an ambitious vision when it comes to rural connectivity. We define connectivity as being the user able to access the service that they wish to use, when they wish to use it. This definition covers both fixed and mobile services.

26. We welcome the ongoing investment through the Rural Broadband Initiatives but it is only a beginning. We believe that the time is here for us to define a future path that will guide future investment.

27. **New Zealand should have the vision of meeting the aspiration that the rural connectivity experience is the same as the urban connectivity experience.**

28. This ambitious vision would be truly transformative change. It requires political will and effort and education is key:

    a. New Zealand needs to accept that connectivity is now seen as a right, not a want

    b. New Zealand should aim for equity of access across any perceived rural/urban divide

c. New Zealand should develop a long-term, cross party strategy for rural connectivity

29. The aim should be couched in terms of outcomes and experience, and not technology or infrastructure terms.

30. This vision is backed by recent research in which the overriding message from rural New Zealand users was that the urban experience was the rural aspiration.[2]

31. TUANZ recognises that this is outside the current Rural Broadband Initiative process and will continue to take a lead in advocating and educating around this vision.

Immediate Solutions and Priorities

32. In this section we outline the criteria and priority that participants at the recent rural connectivity symposium believe should be applied to any preferred solution under the RBI2 ROI process.

33. The overriding criteria is that any solution should be "**fit for purpose**" with the following characteristics:

a. upgradeable and future proofed

b. locally adaptive

c. technology neutral

d. affordable

e. 100% coverage as ultimate aim

f. prioritised to where it is needed and makes the most difference

g. socially responsible and community engaged.

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[2] Research commissioned by Chorus and undertaken by Colmar Brunton in 2014 presented at the TUANZ/RHAANZ Rural Connectivity Symposium

34. **Priority One**: Current definition of high speed broadband for Rural NZ needs to be redefined along the lines of the USA Federal Communications Commission's newly revised definition of broadband[3] - 25 Mbps download and 3Mbps upload and that any proposed project meet this new sustainable speed target.

35. **Priority Two**: Funding should be put into informing rural NZ as to what is already available. We need to make efforts to improve the knowledge amongst rural communities on how best to use the technology and infrastructure that is already in place.

36. **Priority Three**: Access to existing infrastructure such as power poles, and already laid fibre to schools needs to be better defined and widely available at affordable rates for farms, medical facilities, community centres, marae and local service providers including local wireless solution providers.

37. **Priority Four**: Projects that increase access of health services to high speed broadband services especially those locations where fibre infrastructure is readily accessible. This also includes targeting the Mobile Black Spots funding to where best outcomes for health and safety issues are identified - particularly heavily trafficked state highways and rural roads.

38. **Priority Five**: Projects that look to ensure easy upstream integration to increased number of retail service providers to provide service competition should be encouraged

39. **Priority Six**: All RBI projects should be classed as open access at the lowest possible infrastructure level to enable local solutions to utilise installed technology

40. **Priority Seven**: Projects that looked to offer similar terms to rural users as they do to urban users should be priorities. Examples might be higher data caps, and low installation costs.

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[3] https://www.fcc.gov/reports/2015-broadband-progress-report

41. **Priority Eight**: Projects that cost-effectively increase coverage of high speed broadband and mobile coverage should be encouraged. This includes serious investigation and support of local high speed wireless solutions as well as better and more affordable satellite services.

Alignment with other processes

42. TUANZ has submitted, or is about to submit, on a number of other consultation processes currently underway which are aligned with this submission.

43. In February 2015, we provided to MBIE a broad list of issues we considered should be dealt with as part of the current review of the Telecommunications Act. The issues that we considered in that paper that are relevant here are:

    a. We should have an aim of an on-going world class communications network supporting our economic growth and social development
    b. The need for a TSO and the services included post 2020 should be debated
    c. Urban and Rural planners need to consider Telecommunications as a basic infrastructure along with roads and water
    d. Fair and sustainable competition at the service level should be the focus to encourage continued investment in infrastructure
    e. The costs of civils needs to be reviewed to ensure efficient deployment
    f. The access to private property, particularly multi-occupied premises should be easier

44. The Government has already moved on the issue of access to private property with its current discussion document around Land Access, which TUANZ will be submitting on separately, generally supportive of the proposals.

45. We also generally support the extension of UFB to cover a further 5% of New Zealand's population.

Concluding comments

46. TUANZ welcomes the opportunity to provide MBIE with a non-compliant submission on the current Ultra Fast Broadband 2, Rural Broadband Initiative 2 and Mobile Blackspots Programme ROI process. This paper provides a summary of feedback from actual rural users. We have attempted to provide a succinct and clear enunciation of the views of our members.

47. We look forward to being part of the discussion going forward.

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