



Consultant suggests lines firms for fibre

TOM PULLAR-STRECKER

ELECTRICITY lines companies may be the best partners for a National government building a \$3 billion fibre-optic broadband access network, according to an Auckland consultant who specialises in helping businesses make capital investment decisions.

Paul Winton said New Zealand's 27 lines companies had combined assets of \$8 billion and generally strong balance sheets. That could make them better placed than Telecom or a telco industry consortium to put up the \$1.5 billion required to buy a half share in National's proposed fibre network.

About 70 per cent of homes get their electricity from overhead power lines, many of which would need to be replaced in the next 20 years, he said.

Fibre cables could be tacked to power lines and run into people's homes at less than half the cost that telcos would have to pay and with little visual impact.

"Lines companies arguably have the most to gain from getting control of a multibillion-dollar fibre network."

Dr Winton said they had not so

far taken a coordinated approach to investigating the opportunity, though North Power and Vector had been leaders in their efforts to move into the market.

"The onus is on the lines companies to pull together as a functional group and think about how they might shape the opportunity."

They could act decisively now before the election or "wait until the market evolves".

Council-owned lines company Orion, which connects 186,000 homes and businesses in the South Island, is cool on the idea.

"We have in the past looked at owning broadband infrastructure and we haven't chosen to be a participant in that market as we could not see a very strong business case," chief executive Roger Sutton said.

"It is possible with government intervention or subsidies or other initiatives by Government that it might make an economic proposition and we would watch that carefully."

New Zealand's largest lines company, Vector, would not comment.