

UFB and RBI Public Private Partnerships provide the basis for global connectivity

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"Today's announcement on the roll out of ultra fast broadband (UFB) provides the infrastructure foundation for New Zealand to compete in the global digital economy", says NZCID Chief Executive Stephen Selwood.

"Although resolution of issues has at times been tortuous, acceleration of UFB through a form of public private partnership delivers a solution that is appropriate to New Zealand's unique circumstance.

"Any network is only as good as its weakest link. Since most New Zealand businesses are small businesses, and our communities are widely dispersed, accelerated roll out of ubiquitous high speed broadband was needed. The combined UFB and RBI initiatives achieve this objective.

"Separation of Chorus under the UFB contract enables a national infrastructure network provider of scale. That said, Enable Networks in Christchurch, Ultra-fast Broadband Limited and Northpower Limited have provided competitive bids covering the rest of urban New Zealand. This will provide some basis to benchmark competing delivery models. Telstra Clear, Vector and others will no doubt compete with their own fibre networks, existing or new, and the unbundled copper network gives a further level of competition.

"The public private partnership model enables a performance based payment mechanism. This requires contractually agreed milestones, performance standards and service outcomes to be delivered at an agreed wholesale price. It also requires open access and equivalence of inputs for service providers to enable active competition at the retail end of the market. Commerce Commission oversight is retained. Should the commission regulate the price to a lower level than the contracted wholesale price, the government will bear that cost.

"While there are still some important milestones to be achieved, including the formal structural separation of Chorus, the industry can now move into delivery mode. At an investment of over \$6 billion over the next eight years this will provide a timely boost to the telecommunications infrastructure sector.

"With the path for investment in high speed broadband in New Zealand clearly spelled out, the next most significant challenge is to ensure that we have competitively priced and resilient global connectivity to the world. Kordia's proposed Optikor trans Tasman cable and Pacific Fibre's proposed US cable will deliver between them unconstrained international bandwidth to compete with the existing Southern Cross connection. When one or both of these connections are in place, New Zealand will have the telecommunications infrastructure needed to compete on the global stage", Selwood says.