

13 November 2008

File Ref. 01-91-34

TO THE CHAIRMAN AND MEMBERS OF THE STRATEGIC PLANNING & DEVELOPMENT COMMITTEE

WHOLE OF WAIKATO BROADBAND STRATEGY

1 BACKGROUND

A Waikato Regional Broadband Governance Group has recently been established with the objective of facilitating enhanced delivery of high speed broadband internet services to the Waikato Region. The Governance group was initially chaired by Deputy Mayor Clint Badderly of Waikato District Council.

Discussions that preceded the establishment of the group focussed on making a regional application for funding from central government's Broadband Investment Fund, which has \$75 million available for improvement of rural broadband services. While this remains a possible outcome, the group now believes that its primary function should be to take a more general and progressive role in facilitating enhanced Broadband services in the region, which may include:

- Investigation, at a regional level, of the business case for enhanced Broadband services. If a robust case is found this could be used to support individual or collective applications for BIF funding.
- Facilitating establishment of supportive and complementary Broadband strategies and policies within individual Councils.
- Possible aggregation of local (Council and other agency) demand for Broadband to create 'anchor tenants' that will provide a degree of financial stability for start-up networks.
- Assisting communities in exploiting opportunities for improved Broadband deployment and use.

Attached is the terms of reference developed by the Governance Group and results from an on line survey conducted in late September for the purposes of gauging community input. The survey points to a strong desire of residents and businesses across the region for improvements in the speed of their internet connections.

The Governance Group is seeking formal endorsement from individual Waikato Councils to continue to meet and develop a strategy that is appropriate for the region.

In particular a mandate is sought to continue investigation of the case for enhanced Broadband for the region, with the intention that the outputs of this process will assist each Council to adopt a strategic position in relation to this matter, upon which further action could be based.

2 FINANCIAL IMPLICATIONS

No funding commitment has been sought by the group to date. Each Council is expected to meet its own costs for the project such as meeting attendance.

3 HAMILTON CITY COUNCIL

At this stage Hamilton City Council is not participating in the strategy but is leading a 'Digital Hamilton' project under its Economic Development Strategy in association with Wintec and the University of Waikato.

The aim of the project is to develop a digital strategy for the city. The strategy will consider the infrastructure required to support high speed broadband networks, the role of the statutory agencies in supporting this, how penetration rates for high speed broadband services can be increased and the potential for Hamilton to build on the ICT expertise and infrastructure that exists in the city to enhance the ICT sector. (pg 11, Ambition for our city, Hamilton Economic Development Strategy)

Staff are maintaining a liaison with Hamilton City Council with respect to the project to identify any opportunities that the District could leverage off. Hamilton City Council have indicated that there may be an opportunity for Waipa to participate in aspects of the project where there are areas of mutual benefit such as Hamilton international Airport and Titanium Park.

Council will be provided with an update if any such opportunities occur.

4 RECOMMENDATION

That

- a) *The report of the Strategic Planning Manager dated 13 November 2008 be received.*
- b) *That Council endorses the Whole of Waikato High Speed Broadband Governance Group to develop a strategy that is appropriate for the region*
- c) *That council endorses Waipa District Council's involvement in the group*

Gary Knighton
STRATEGIC PLANNING MANAGER

Appendix I Terms of Reference

Whole of Waikato Broadband Governance Group Terms of Reference

1. Background and Purpose

The Whole of Waikato Broadband Governance Group was created by a meeting of interested parties comprising community, business, tertiary education and local government representatives at the Waikato Institute of Technology (WINTERC) on Friday 19 September 2008.

The purpose of the Governance Group is to develop an overarching regional broadband strategy, encouraging alignment with other groups and initiatives and driving collaborative and inclusive processes in order to deliver broadband to people living and working in the Waikato Region.

For more information on Vision, Mission and Goals, see Appendix A.

2. Communication

The Governance Group will take responsibility for the wider communication process, which may include development and maintenance of a website, newsletters, regular show-and-tells and other ways of promoting the work of the group and its partners as appropriate.

3. Membership

The core group will comprise representatives of the following territorial authorities (TAs) in the Whole of Waikato region:

- Environment Waikato
- Hauraki District Council
- Matamata-Piako District Council
- Otorohanga District Council
- South Waikato District Council
- Taupo District Council
- Thames-Coromandel District Council
- Waikato District Council
- Waipa District Council
- Waitomo District Council

In addition, representatives of the following TAs will be invited to attend meetings of the Governance Group:

These representatives are members or invitees of the Governance Group by virtue of their Council position (whether elected or appointed). Specific individuals may therefore be replaced as a consequence of local body elections or

appointments. In each case, the TA will nominate a new member or invitee to the Governance Group.

- Franklin District Council
- Hamilton City Council
- Ruapehu District Council

Representatives of corporates, small business, tertiary education and other sectors may be co-opted by agreement of the Governance Group members. Co-opted members may include representatives from Fonterra, Federated Farmers, Solid Energy, Genesis and WINTEC.

The Governance Group will have the power to create sub-groups in order to maximise the number of people working on the key tasks at any one time, and to ensure wide geographic coverage.

4. Funding

Meeting costs, travel and other expenses incurred by members of the Governance Group in doing its work are to be covered by participating organisations. The support of TAs for this provision is dependent on the approval of the governing Councils.

5. Endorsement

The Governance Group has been created and meets in its own right, and is not separately constituted. However, each TA represented on the Governance Group will provide an appropriate endorsement from their respective Council stating their support.

6. Meetings

The Governance Group propose to meet monthly, at a fixed date and time to be determined, and on an as required basis.

7. Reporting

Governance Group members will report back to their respective Councils via meeting minutes, which are to be prepared and distributed with the assistance of Waikato Enterprise Agency (WEA).

A regular feedback mechanism to stakeholders will be developed in association with WEA, and a one-page newsletter may be produced at some stage in the future in order to communicate progress against the key tasks and implementation of the strategy.

APPENDIX A Vision, Mission and Objectives

Vision

Where do we want to get to? What's the destination?

Broadband across the Whole of Waikato region... to the last mile!

Mission

What do we need to do to get there? What's the major task ahead of us?

1. Accelerate the delivery of open access broadband infrastructure to invigorate business and enrich people's lives throughout the region.
2. Provide better broadband connecting the Whole of the Waikato region to deliver social, economic, cultural and environmental benefits.

Goals

What do we need to achieve along the way? What are the steps we need to take?

- Take an integrated regional approach to broadband development.
- Build a case for broadband coverage in unserved or underserved areas in the Whole of Waikato region.
- Facilitate the deployment of open access broadband by offering access to appropriate Council infrastructure, e.g. ducting or high points for installation of communications equipment, and by targeting the usage of local body facilities such as libraries.

APPENDIX B

List of Governance Group Members and Invitees

Members who have attended meetings and support the concept.

- Environment Waikato
– Junine Stewart, Deputy Chair John Fisher,
Roxanne Miller
- Hauraki & Thames-Coromandel District Councils
– Chris Hale
- Matamata/Piako District Council
– Paula Rolfe, Tracy Plane
- Otorohanga District Council
– Dale Williams, Dave Clibbery
- South Waikato District Council
– Melanie Potter, Amanda Scott, Rosalie Lunsdon
- Taupo District Council
– Andrew Williams
- Waikato District Council
– Clint Baddeley (Elected Interim Chair)
- Waipa District Council
– Bobbie Blenkarne, Gary Knighton
- Waitomo District Council
– Cathy Davidson

Appendix II Whole of Waikato Broadband Survey Analysis

Introduction

The Labour Market Analysis team in the Work Directions group of the Department of Labour has been asked to assist with the analysis of a survey of regional stakeholders for the Whole of Waikato Broadband Governance Group and project team (WOW).

Background

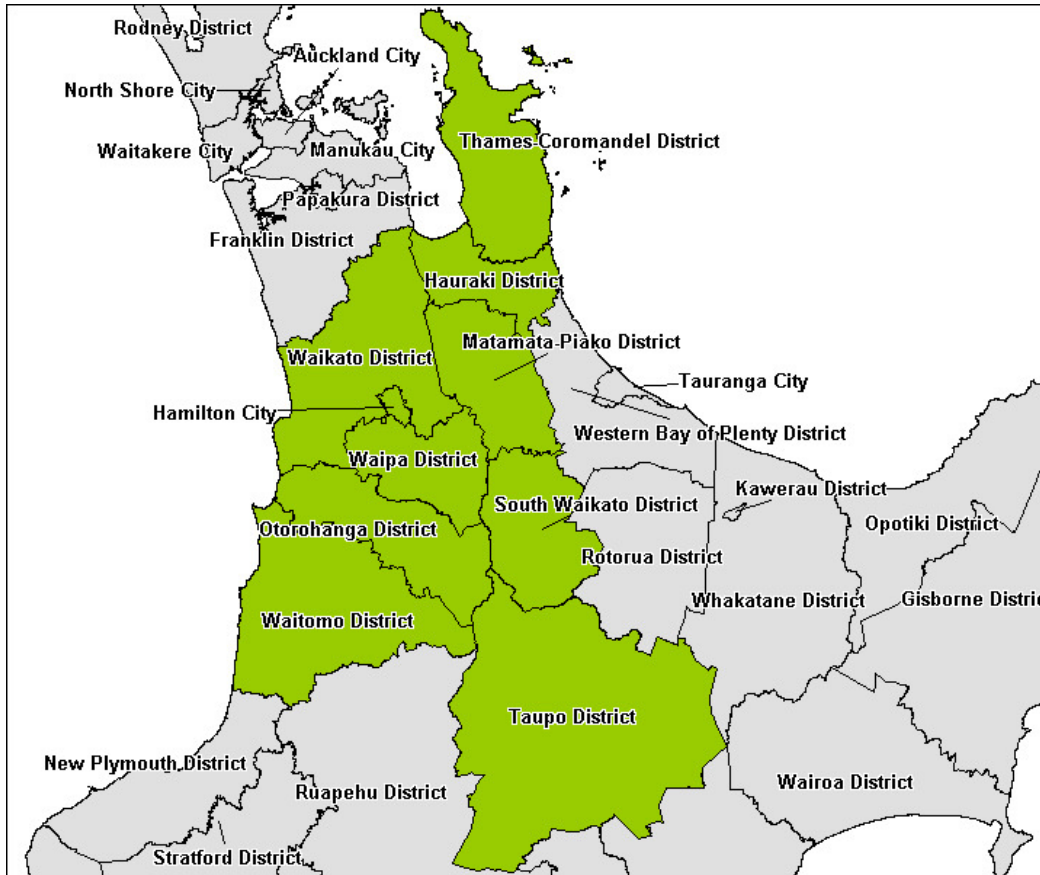
The WOW survey was conducted in late September 2008 through the <http://www.touchingbase.co.nz/> website and around 800 responses were received. The survey was sent out through contacts in the public (eg, district councils) and private sectors (eg, through Waikato Chamber of Commerce).

Descriptive statistics

The proportion of females in the WOW survey was 54%, slightly higher than their 51% share of the Waikato working-age population as a whole.¹ The age distribution of survey respondents was skewed towards those aged 36 to 65 years compared with the overall working-age population of Waikato. The ethnic statistics are more difficult to interpret. Of the 800 respondents, 72% said they were New Zealanders (Statistics NZ now allocates these people to an other or miscellaneous group), 16% were European, 7% were Maori and small numbers were Australian (12 people), American (7 people), Asian (4 people) and Pacific Islander (4 people). The share reporting Maori ethnicity (7% of respondents) was the same as the proportion who belonged to an iwi (7% of respondents) and slightly higher than their 5% share of the Waikato working-age population. The most common iwi for respondents to the WOW survey included Ngāi Tahu, Waikato, Ngāpuhi, Ngāti Maniapoto, and Ngāti Porou.

The Waikato region includes the following territorial authorities: Thames-Coromandel district, Hauraki district, Waikato district, Matamata-Piako district, Hamilton city, Waipa district, Otorohanga district, South Waikato district, Waitomo district, Taupo district, and parts of the Franklin and Rotorua districts. Respondents were spread across the region in terms of where they live, with 27% in Hamilton city, 15% in the Waikato district, 14% in the Taupo district, 11% in the Waipa district, 10% in the South Waikato district, 6% in each of Waitomo and Hauraki districts, 3% in each of Thames-Coromandel and Matamata-Piako districts, 2% in Otorohanga district, and 1% in each of Ruapehu and Franklin districts, with a small number living outside the region. Where people worked was also spread across the region, although a higher proportion of people in Hamilton city (29%) likely reflects people commuting into the city. About 3% of respondents were not in work, including students. Although most respondents were on salary (61%), the proportion of respondents who owned their business was high (28%) relative to the general working-age population of Waikato.
Map: Territorial authorities of the Waikato region and surrounding areas

¹ Figures are taken from the 2006 Census of Population and Dwellings from Statistics NZ and refer to the working-age population (15 years and over, although WOW survey starts at age 16 years).



Note: Parts of Franklin and Rotorua districts are in the Waikato region

Internet at home

Almost all respondents (95%) had an internet connection at home. This is higher than that reported in the Waikato region in the 2006 Census (54% of households had access to the internet), perhaps as people who have internet access at home were more likely to answer this survey, although the gap may have closed in the two and a half years since the last Census was conducted in March 2006.

The majority of respondents (81%) had the option of obtaining broadband where they live, and a further 3% provided other responses, particularly “Satellite only” or “Don’t know”. Of those who had an internet connection, many said their primary internet connection at home was broadband of some description: for example, 57% had telephone line based broadband (ADSL), 12% had broadband (fibre to business/home). Wireless was the primary internet connection for 7% of respondents, while 2% answered for each of mobile connection, satellite dish, and aircard/datacard. One fifth of respondents said their primary internet connection at home was dialup.

There were a wide range of responses to the question about what the internet was used for at home. As would be expected, many were related to non-business activities: 15% said for home recreation, 12% said for general knowledge and 11% were for news and views. However, many responses were also related to business activities, including: 9% for business to business, 3% for advertising their business,

and 1% for industry importing/exporting. Of the 2% selecting other responses, many were related to activities that were potentially related to work, particularly working from home and banking. Some responses were also related to community activities, including 7% of respondents using their home connection for community group contacts.

Respondents were asked about the speed of their internet connection at home and were allowed to choose more than one speed (presumably because speeds vary from time to time). Of the 848 responses, 32% said the speed of their home internet connection was OK, 14% said it was fast and 1% said it was superfast, bringing the total of positive responses to 47%. The remaining responses fell under choices that had a negative tone (53%): slow (23%), frustratingly slow (18%) and inconsistent/intermittent (12%). Almost all respondents (87%) would like to improve their internet connection at home.

There were a large number of comments (521) on why people wanted to improve their internet connection at home. The comments were generally related to improving speed, saving time and reducing frustration: time (mentioned 189 times); slow (150); speed (129); faster (105); frustrating (41); efficient (11); and quicker (6). The quality of the connection was also mentioned: inconsistent (6) and intermittent (3). A few comments were also related to the cost: cost (15); cheaper (6); and expensive (3). Some typical responses were:

- "Faster is better" (there were several instances of this exact response)
- "To make my business more efficient."
- "If it is on a real go slow it tends to time out, This is very frustrating. When using it for business you can get very very cross."
- "so that i can be guaranteed a consistent connection"

In terms of cost, a slim majority (51%) said they paid between \$25 and \$49 a month for their home internet connection, 22% paid between \$50 and \$74, 11% paid between \$11 and \$24, 5% paid under \$10, 4% paid between \$75 and \$99, 2% paid \$100 or more, while 5% were unsure. The general feeling was that charges were too high, with 52% saying their current home internet charge was too expensive, 32% saying it was a fair price, and 8% saying it was very reasonable (8% were unsure).

Internet at work

Only 3% of respondents said they did not have an internet connection at work, with 84% having access at work and 12% having access but working from home. Of those who had an internet connection at work, many said their primary internet connection was broadband: 40% had telephone line based broadband (ADSL), compared to 57% for at home, and 42% had broadband (fibre to business/home), compared to 10% for at home. The primary internet connection at work was wireless for 7% of respondents, aircard/datacard for 1% of respondents, and some did not know or did not understand the question. Only 2% of respondents said their primary internet connection at work was dialup (compared to 20% for at home). The major difference between the internet connection found at home and work is that workplaces were much more likely to have broadband access and much less likely to have dialup access.

In terms of what the internet was used for at work, many answers were related to business activities: 22% for business to business, 9% for local government work (government activities such as tax returns, immigration, etc), 6% for advertising my business, 5% for tertiary learning, 4% for industry importing/exporting, and 3% for on line trading. Of the 3% selecting other responses, many were potentially related to work activities, including research, banking, and emailing.

For the workplace, respondents were asked about the speed of their internet connection. Of the 667 responses, 37% said the speed of their work internet connection was OK, 31% said it was fast and 7% said it was superfast, bringing the total of positive responses to 75%, much higher than for at home (47%). Negative responses were less common: slow (12%), frustratingly slow (8%) and inconsistent/intermittent (5%). A majority of respondents (60%) would like to improve their internet connection at work, although this was much less than the 87% wanting to improve their internet connection at home.

There were 304 comments on why people wanted to improve their internet connection at work. As with the home connection, the comments about the work connection were generally related to improving speed, saving time and reducing frustration: time (mentioned 79 times); slow (77); faster (56); speed (51); efficient (14); quicker (13); and frustrating (10). The quality of the connection was also mentioned (inconsistent mentioned 3 times). A few comments were also related to the cost: cost (8); cheaper (2); and expensive (2). Examples of responses about work internet connections:

- "So you can work faster"
- "to make things easier"
- "improve productivity. We utilise remote access and are handicapped by the poor slows the major telco's offer with the mobile broadband"
- "Can then work more efficiently and cost effectively."

A majority of respondents (65%) said they were unsure of the cost of their internet connection at work. Of the remaining respondents (35%), 10% paid over \$100 a month for their work internet connection, 10% paid between \$50 and \$74, 7% paid between \$25 and \$49, 6% paid between \$75 and \$99, 2% paid under \$10, and 1% paid between \$11 and \$24. For those who did know the cost of their connection, work internet was more expensive (generally above \$50 a month) than for the home connection (generally below \$50 a month). There was no general feeling on the appropriateness of work charges given the high proportion of people who did not know about the charges at their work, although 22% said their current work internet change was too expensive and 17% said it was a fair price or very reasonable.

Other internet and technology

Voice over internet protocol (VoIP) was understood by 61% of respondents and 85% would be interested in VoIP if it reduced the amount paid on phones so the total spend was the same or less. Many were interested to learn more about it.

Some respondents access the internet in other ways. Around a quarter said they accessed the internet in any other way (eg, internet cafes) and around three quarters said they did not. In contrast, 98% of survey respondents have a mobile phone, a high figure given the Census showed that 72% of households in the Waikato had access to a cellphone. Given the answer to the previous question, we can assume that not many respondents use their mobile phones to access the internet. A large number of respondents are located outside Hamilton city where modern technologies are not as readily available, meaning it is likely that many people with cellular phones cannot access the internet using their phones because of poor coverage.

Around 60% of respondents subscribe to Sky TV. Although they were not asked whether this was UHF or digital satellite, responses to a question about what Sky TV plan they subscribe to indicate that digital satellite was the service used by almost all of them. We cannot say if there is an issue with people being happy to subscribe to a satellite service for TV but not for the internet. The proportion of respondents with dialup at home (20% of those with the internet at home) or without the internet at home (5% of total respondents) is much lower than the proportion of respondents who subscribe to Sky TV and we do not what sort of internet connection those with Sky TV have.

Conclusions

A survey of around 800 respondents was conducted in the Waikato region in September 2008 to find out about access to broadband. The sample was not representative of households or businesses in the Waikato region and will be biased towards people who have internet access (needed to fill in the survey) and have difficulties with this access, if these people are more likely to fill in this survey. However, extreme responses were somewhat excluded as the survey missed out people whose internet access was not good enough to fill in the survey as there was not enough time to send paper-based surveys to those with inadequate internet access. The sample also has a bias towards those living in more rural areas of the Waikato region. The WOW sample is therefore likely to be more internet savvy and rural than the general Waikato population. These people are of most interest given the focus of the WOW group has been on broadband access to “the last mile”.

Many households had access to broadband where they live and many of these households had broadband as their primary connection to the internet. However, one fifth of respondents had dialup as their primary connection, 87% of respondents wanted to improve their connection, and over half thought their current home internet charges were too expensive.

Workplaces were far more likely to have a broadband connection and this connection was generally much better than that seen at home. Nevertheless, 60% of respondents still wanted to improve their connection at work and many answers were

linked to wanting to improve their productivity. The link between home and work connections was also evident, with 12% of respondents working from home and many home connections being used for work purposes.

Second draft completed
Thursday 23 October 2008

Simon McLoughlin
Labour Market Analysis
Work Directions
Department of Labour