



**Media Statement**

**7 February 2011**

**MINISTER FOR COMMUNICATIONS AND INFORMATION TECHNOLOGY –  
MEDIA STATEMENT- NEGOTIATIONS FOR RURAL BROADBAND INITIATIVE  
UNDERWAY**

The Minister for Communications and Information Technology has today released the attached media statement in relation to Negotiations for Rural Broadband Initiative underway.

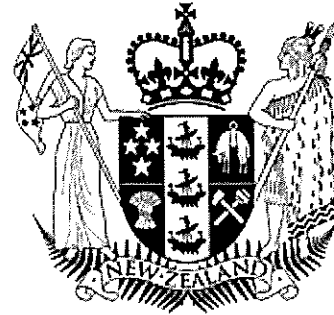
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# Hon Steven Joyce

**Minister for Communications  
and Information Technology**



7 February 2011

## **Media Statement**

### **Negotiations for Rural Broadband Initiative underway**

The government has commenced commercial negotiations with Telecom and Vodafone for the provision of vastly improved broadband services to rural New Zealand, Communications and Information Technology Minister Steven Joyce announced today.

Last November Telecom and Vodafone submitted a joint proposal to the \$285 million Rural Broadband Initiative (RBI) tender, which will improve access to faster broadband for rural customers. In December, three proposals were short-listed for evaluation against strict criteria.

Mr Joyce says the joint Vodafone/Telecom proposal is based on proven existing technology, and provides the government with confidence that it can be deployed.

"The government specifically asked for parties to consider collaborating on joint bids to reduce construction costs – and this bid does just that."

"Currently 20 percent of customers in rural New Zealand can access speeds of at least 5 Mbps. This will rise to 86 percent of rural households and businesses, with 95 percent of rural schools receiving ultra-fast connection. The extension of the fibre backbone into rural areas means more customers living on the fibre routes may be able to get fibre-to-the-door."

"For many remote and not-so-remote rural areas this will be light years ahead of where they are today and will ensure they participate in the promise of the digital economy."

The joint bid involves an extension of Telecom's fibre network to deliver fixed wireless and fixed wire broadband to 252,000 customers in rural New Zealand, and the construction of 154 fibre-connected cell phone towers to enable fixed wireless broadband to rural customers as well as improved mobile coverage, and the direct connection of 719 rural schools to fibre networks.

"The joint proposal was the only one that increases mobile coverage, and it will ensure serious competition in the last mile with many rural customers being able to choose from fixed wireless, ADSL2+ and mobile broadband."

Negotiations will be undertaken over the first quarter of 2011 with the roll out due for completion by 2016.

"This is another significant infrastructure project for the government – and it is important that we achieve the best value we can for rural communities and taxpayers," says Mr Joyce.

"A successful project would include Telecom and Vodafone looking to use existing infrastructure where they can. I also expect to see affordable wholesale and retail prices from this investment.

"I have also been clear that strict open access rules will be included in any contract. This will promote healthy competition in both the rural wholesale and retail broadband markets. Other providers who have not been successful in the tender will be able to provide services using the government-funded infrastructure. The infrastructure will also support new technologies like 4G as they roll out.

"I have advised officials that I am seeking contracts to be signed with Telecom and Vodafone for their separate parts of the proposal by the end of this quarter. Should that not prove possible for any reason, the Government reserves the right to re-tender for the contract."

Unsuccessful tender parties are also now encouraged to start working with Telecom and Vodafone to look at ways to further improve solutions for rural New Zealand.

Further information on the Government's Rural Broadband Initiative is available at [www.med.govt.nz/rural-broadband](http://www.med.govt.nz/rural-broadband).

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