

Funding Separation

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Assertions

- The business case for the public good of broadband has been made
- There is not a corresponding business case for a business entity to build the network we desire
- International links are as important for economic transformation
- There is substantial economic risk to NZ due to lack of international diversity
- New Zealand needs a strong and vibrant Telecom (+ competition)
- Telecom is probably best qualified to run a NZ network
- The Internet is a user pays model
- Consumers happy to pay up to an amount - but want service close to technical limits
- There is demand for safe, long term investments
- CAPEX to solve the problem spent each year as OPEX
- We want the market to deliver a solution, not government funding

Goal

Open access, user pays network, linking major NZ towns and cities to the world.

The Solution

- Separate Infrastructure from Retail telecommunications services
- Cost plus model to allow for uneconomic network build
- Infrastructure funded on bond style basis
- Includes new cable from NZ to major international POP
- Terminates at each Local Authority with Peering Point
- User pays, fair interconnect accounting part of platform
- City wide network is local government issue
- Network company tenders for contract for NZ.net
- Strong governance structure
- Seeks open access relationships with other countries
- Don't blink strategy

Impact on major players

Telecom Shareholders	Value goes up
Telecom Retail	Best placed marketing company to inject new services into the network
Telecom Networks	Stable income, big capital projects
Other service providers	Level playing field
Government	No additional spend
Southern Cross Cables	No more monopoly profits
People of NZ	Woohoo!