

Q&A on UFB extension RFP

What is being announced today?

The Government, through Crown Fibre Holdings, is issuing the tender for prospective build partners to expand the UFB network from 75% of New Zealanders to at least 80% of the population. This is an important step in improving connectivity for the regions. As part of the tender process a long list of potential UFB2 areas have been released.

When does the RFP close?

The deadline for prospective build partners to submit a bid is 28 October 2015.

How will you decide who rolls out the extra five percent?

Crown Fibre Holdings will assess the bids, town-by-town, on a commercial basis. Based on this analysis a short-list of towns will be determined and commercial negotiations will begin with prospective build partners.

How much is being spent?

During Budget 2015 the Government set aside a contingency of up to \$210m from the Future Investment Fund for the extension of the Ultra-fast Broadband programme.

When will the roll-out of UFB2 begin?

Crown Fibre Holdings will complete commercial negotiations and have contracts signed in the first half of 2016, with the build commencing shortly after. It is expected that UFB2 will be completed by the end of 2022.

When will you be announcing which towns will be receiving UFB2?

I will announce towns and communities receiving UFB2 once contracts are in place following Crown Fibre Holdings' commercial negotiations. The process for selecting towns is outlined in section 4 of the RFP.

Which towns are listed in the RFP as eligible for UFB2?

- Attached is a list of potential towns and communities for UFB2. This list is based on projected population size to 2023 and has been informed by territorial authorities' Registrations of Interest. The list also includes the following areas which are at the fringe of existing UFB1 coverage areas but are currently not contracted to receive UFB

Are all towns and fringe areas which are listed in the RFP guaranteed to get UFB?

- No. There is an agreed sum of up to \$210m in available Crown funding. Commercial bids received from prospective partners will determine which towns will receive UFB. The Government aims to maximise total additional population coverage within the available funding.
- The population covered by the list of towns of 7.5% goes some way beyond the Government's goal of an additional 5% in population coverage. This will allow some commercial flexibility to ensure the Government gets maximum possible additional population coverage within the available funding.

Are towns which are not listed going to miss out on UFB?

- Not necessarily. The RFP makes it clear that prospective partners are encouraged to offer to build UFB in additional towns and coverage areas which are not listed if they believe that is feasible and cost-effective. Bids which cover such towns will be assessed on their merits.

- New UFB infrastructure deployed will be designed to provide future synergies with the Government's Rural Broadband Initiative 2 (RBI2) and Mobile Blackspot Fund (MBSF) programmes.
- The existing UFB1 initiative is a precedent which shows that extra towns can be added if commercially feasible for a Co-Investment Partner. For example, WEL Networks is CFH's partner for the central North Island and has deployed UFB in Cambridge & Te Awamutu which were not listed in the original UFB1 tender; similarly, Enable added the townships of Rolleston & Lincoln.

How did you choose the listed towns?

The long list of potential towns and communities is based on projected population size to 2023 and has been informed by the submissions made by territorial authorities during the Registrations of Interest process. The list also includes some areas which are located at the fringe of existing UFB1 coverage areas but are not currently scheduled to receive UFB.

What does this mean for the UFB build phase one?

- The UFB1 build is still expected to be completed by the end of 2019. Northpower Fibre Limited has already finished its build in Whangarei and Ultra Fast Fibre Limited is due to finish its build in the central North Island next year. Chorus is scheduled to complete its candidate areas by December 2019.

What about RBI2 and the Mobile Black Spot Fund?

- These initiatives are complementary methods of delivering improved connectivity around New Zealand. UFB2 towns and communities need to be determined prior to the design of RBI2 to ensure that there is no overbuild of RBI2 by UFB2 and to ensure that we can improve connectivity to more and more New Zealanders. There will be separate tenders for the RBI2 and MBSF initiatives in due course.