

BIF applicants left wondering as government changes Thirty-six broadband investors in limbo as fund's fate decided

By Rob O'Neill, Auckland | Monday, 17 November, 2008

Applicants for funding under Labour's Broadband Investment Fund (BIF), including telcos, councils, Maori authorities and rural ISPs across the country, are wondering what will happen to their applications under the new National Government.

Before the election, National's ICT spokesman, Maurice Williamson, and others within the party told the media that the Labour Government's Broadband Investment Fund would be scrapped if National won.

But the prospect of simply throwing their applications in the bin does not impress some who applied for funding under the scheme.

Queenstown regional broadband provider Countrynet is one. Managing director Russell Watson says he doesn't see why the change of government should make any difference to his application.

"I wouldn't like to think I spend \$40,000 [on the application] to throw it down the sink," he told Computerworld last week. "You enter into these things in good faith. It's seriously broken if there is not reasonable continuity."

The Ministry of Economic Development (MED) received 56 expressions of interest for the fund and 36 were successful. They cover 13 urban areas, 22 rural areas and one application covers both rural and urban areas.

The ministry said community groups worked with suppliers and local government to signal their interest in the BIF programme. The applications also show a spread in terms of alternative technologies.

MED senior communications manager Angus McLeod says the applications are in a transitional phase and the issue of how to proceed with them is being dealt with as part of the caretaking arrangements between the old and the new government.

"Some form of announcement about next steps is imminent," he said last week. Then, last Thursday, the fund was formally put on hold.

David Wright, chairman of the Lake Taupo Development Company, a community-owned development company, says his organisation's application was made with partner Woosh Wireless to roll out Wimax wireless broadband in the town and surrounding areas.

He says National is planning to spend three to four times as much as Labour, but he has no detailed knowledge of what that may mean for Taupo's BIF application.

"How that's applied one wouldn't know. They are still talking about fibre for the last mile. We think that's wrong," he says.

Wright says getting fibre into every home in New Zealand is, at best, a long-term proposition and at worst uneconomic compared to wireless.

Denise Servante, a policy analyst with Rangitikei District Council, which has also applied under BIF, says it was her understanding before the election that BIF would go ahead in some form. However, she says, there was no firm commitment to funding. All Rangitikei was asked to do was to develop a full application.

"Even if the fund was in place, there was no guarantee," she says.

Servante says Rangitikei developed its application in-house and it was useful to work through the process.

The CEO of the Telecommunications Users Association of New Zealand (TUANZ), Ernie Newman, says he sees the applications as a very important piece of intellectual property.

They are still relevant and ideally would go ahead through the process, he says.

"Don't chuck them in the bin," he says. "Use them to understand the rich diversity of investors."

Newman says he empathises with applicants' frustrations, but many would have recognised a degree of risk in the process with the prospect of a change of government looming.

He says the methodologies put in place by Labour have a lot going for them in being decentralised and bottom-up, involving local government and other regional interests.

"I hope the incoming government, as part of having an open mind, adopts some of these. It's not perfect, but it has a lot going for it."

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