

WEL Networks & Partners Selected To Enter Negotiations For First Stage UFB Rollout

Thursday 9th September 2010

Crown Fibre Holdings announced today that a consortium of four companies - WEL Networks, Velocity Networks, Hamilton Fibre Networks and Waipa Networks - is one of three parties selected by the Government to enter negotiations for the first stage of ultrafast broadband rollout.

Dr Julian Elder, CEO of WEL Networks, says this is a significant step forward for the Government's ultrafast broadband (UFB) initiative.

"What this means is our consortium is one step closer to making ultrafast broadband a reality for cities and towns throughout the Central North Island region. We see this as an important step forward in delivering value to the residential, education, health and business sectors.

"Rolling out ultrafast broadband will assist in creating economic growth and a range of future opportunities throughout the wider region," explained Dr Elder. The four companies make up the Central North Island Fibre Consortium and propose to roll out UFB to Hamilton, Cambridge, Te Awamutu, Tauranga, New Plymouth, Wanganui, Hawera and Tokoroa.

The other two companies chosen by Crown Fibre Holdings to enter into negotiations with the Government are Alpine Energy for Timaru and Northpower for Whangarei.

WEL Networks and its partners have proposed the largest rollout plans by far.

"Particularly for smaller towns like Wanganui, Hawera and Tokoroa, getting ultrafast broadband into these areas means they will no longer be disadvantaged with low internet speeds. This has huge implications for schools, hospitals and businesses especially. "I'm confident that our companies working together can get ultrafast broadband to more people and businesses throughout the Waikato in a speedier timeframe than could have been achieved by traditional telco companies. We are ready to invest in the infrastructure - in many cases, it's already in place and ready to use," says Dr Elder.

Dr Elder explains that it makes sense for WEL Networks and Waipa Networks - as electricity distributions companies - to play a key role in broadband rollout.

"WEL Networks and Waipa Networks both have strong relationships with urban and rural electricity consumers. Plus, as lines companies, we bring the scale and asset management capabilities required to achieve a mass market roll out with speed and efficiency. And most importantly, by using existing assets, we can deliver this new infrastructure very cost effectively. The Government has recognised we can offer this advantage and we're excited about entering the next phase of negotiations to make this a reality," he said.

Hamilton Fibre Network, is a 50 kilometre broadband network operated in Hamilton by Velocity Networks. It is owned by a group of shareholders including Hamilton City Council, Wintec, University of Waikato and Environment Waikato.

The Network has a local business model that is aligned with the Government's new approach and is already providing ultrafast broadband to central and local government sites, Hamilton businesses, schools, tertiary education providers and health sites.

"Velocity Networks and Hamilton Fibre Network have already been successful in rolling out ultrafast broadband to central parts of Hamilton city. Our consortium will leverage off of this successful model and replicate it in other cities and towns throughout the proposed region," outlines Dr Elder.

Dr Elder said if the Consortium was confirmed as the Government's rollout partner, it would work closely with city and regional councils to assess options that could reduce rollout costs and utilise existing infrastructure and resources to speed up rollout timelines.

In Crown Fibre Holdings' announcement today, its Chairman, Simon Allen indicated final decisions on rollout plans could be made within the next few months: "Crown Fibre Holdings is well on track to make recommendations for binding offers for initial investment partners to shareholding Ministers in October 2010, and to commence the roll-out of UFB before the end of the year."