

The Treasury

Budget 2015 Information Release

Release Document July 2015

www.treasury.govt.nz/publications/informationreleases/budget/2015

Key to sections of the Official Information Act 1982 under which information has been withheld.

Certain information in this document has been withheld under one or more of the following sections of the Official Information Act, as applicable:

- [1] 6(a) - to prevent prejudice to the security or defence of New Zealand or the international relations of the government
- [2] 6(c) - to prevent prejudice to the maintenance of the law, including the prevention, investigation, and detection of offences, and the right to a fair trial
- [3] 6(e)(iv) - to damage seriously the economy of New Zealand by disclosing prematurely decisions to change or continue government economic or financial policies relating to the entering into of overseas trade agreements.
- [4] 9(2)(a) - to protect the privacy of natural persons, including deceased people
- [5] 9(2)(b)(ii) - to protect the commercial position of the person who supplied the information or who is the subject of the information
- [6] 9(2)(ba)(i) - to prevent prejudice to the supply of similar information, or information from the same source, and it is in the public interest that such information should continue to be supplied.
- [6a] 9(2)(ba)(ii) - to protect information, where the making available of the information would be likely otherwise to damage the public interest
- [7] 9(2)(d) - to avoid prejudice to the substantial economic interests of New Zealand
- [8] 9(2)(f)(iv) - to maintain the current constitutional conventions protecting the confidentiality of advice tendered by ministers and officials
- [8a] 9(2)(f)(ii) - to maintain the current constitutional conventions protecting the collective and individual ministerial responsibility
- [9] 9(2)(g)(i) - to maintain the effective conduct of public affairs through the free and frank expression of opinions
- [10] 9(2)(h) - to maintain legal professional privilege
- [11] 9(2)(i) - to enable the Crown to carry out commercial activities without disadvantage or prejudice
- [12] 9(2)(j) - to enable the Crown to negotiate without disadvantage or prejudice
- [13] 9(2)(k) - to prevent the disclosure of official information for improper gain or improper advantage
- [14] Not in scope

Where information has been withheld, a numbered reference to the applicable section of the Official Information Act has been made, as listed above. For example, a [4] appearing where information has been withheld in a release document refers to section 9(2)(a).

In preparing this Information Release, the Treasury has considered the public interest considerations in section 9(1) of the Official Information Act.



Minute of Decision

This document contains information for the New Zealand Cabinet. It must be treated in confidence and handled in accordance with any security classification, or other endorsement. The information can only be released, including under the Official Information Act 1982, by persons with the appropriate authority.

Extension of Broadband Initiatives and Establishment of Mobile Black Spot Fund

Portfolio: Communications

On 9 March 2015, Cabinet:

- 1 **noted** that improved broadband connectivity has been shown to have significant economic and social benefits;
- 2 **noted** that in the 2015 Speech from the Throne, the Prime Minister stated that the government would continue its programme of investment in modern infrastructure and, specifically, that the Ultra-Fast Broadband programme would be extended to reach 80 per cent of New Zealanders;
- 3 **noted** that ‘black spots’ in mobile network coverage on New Zealand’s major State Highways and tourist spots elevate safety of life and property risks, and negatively impact on tourists’ experiences;
- 4 **agreed** that the initiatives below and final funding decisions will be considered as part of the Budget 2015 package;
- 5 **noted** that the initiative to extend Ultra-Fast Broadband coverage to at least an additional five per cent of the population is expected to cost up to \$210 million, as a charge against the Future Investment Fund;
- 6 **noted** that the initiative to extend the Rural Broadband Initiative to additional areas outside of Ultra-Fast Broadband coverage is expected to cost up to \$100 million, to be drawn from the Telecommunications Development Levy;
- 7 **noted** that the initiative to establish a Mobile Black Spot Fund to provide funding to mobile network operators to establish cell sites is expected to cost up to \$50 million, to be drawn from the Telecommunications Development Levy;
- 8 **noted** that the costs estimated in paragraphs 5 to 7 above are subject to confirmation following the outcome of a Registration of Interest – Supply process and an assessment of the commercial, financial and management aspects associated with each of the initiatives;

- 9 **agreed** that the Telecommunications Development Levy remain at \$50 million per annum for a further three years to 2018/19, in order to fund the extended Rural Broadband Initiative and the Mobile Black Spots Fund;
- 10 **invited** the Minister for Communications to issue drafting instructions to the Parliamentary Counsel Office to give effect to the decision in paragraph 9 above;
- 11 **authorised** the Minister for Communications to release a Registration of Interest – Supply document to potential providers and stakeholders, which will:
- 11.1 outline the nature and scope of the three initiatives proposed in paragraphs 5 to 7 above;
- 11.2 consult on a range of matters, including selection criteria and technical specifications for the three programmes;
- 12 **authorised** the Minister for Communications to release a Registration of Interest – Support document to local authorities to:
- 12.1 inform them of the three programmes referred to in paragraphs 5 to 7 above;
- 12.2 seek binding commitments from them that will reduce the costs and risks of these programmes to the Crown and suppliers;
- 13 **authorised** the Prime Minister, the Minister of Finance, the Minister for Economic Development, the Minister of Local Government, and the Minister for Communications (Delegated Ministers) to make decisions regarding the Registration of Interest – Supply and the Registration of Interest – Support processes and their outcomes;
- 14 **authorised** Delegated Ministers, following the Registration of Interest – Supply and Registration of Interest – Support processes, to approve the release of a Request for Proposals seeking tenders from potential suppliers for the extended Rural Broadband Initiative in July 2015;
- 15 **agreed** that following the Registration of Interest – Supply and Registration of Interest – Support processes, and at the direction of the Delegated Ministers, Crown Fibre Holdings will issue a Request for Proposals seeking tenders from potential suppliers for the extended Ultra-Fast Broadband Initiative;
- 16 **invited** the Minister for Communications to report back to the Cabinet Economic Growth and Infrastructure Committee in November 2015 with:
- 16.1 a recommendation from Delegated Ministers on areas for deployment of Ultra-Fast Broadband 2 and Rural Broadband Initiative 2 programmes, and the cost to the Crown of the programmes;
- 16.2 an update on the Mobile Black Spot Fund;
- 16.3 the remaining elements of the business case outlining the commercial, financial and management aspects associated with each of the initiatives;
- 17 **agreed** that management of the Ultra-Fast Broadband 1 and 2 programmes remain with Crown Fibre Holdings;

- 18 **agreed** that the management of the Rural Broadband Initiative 2 and Mobile Black Spot Fund programmes be considered by Delegated Ministers, following completion of the Registration of Interest – Supply process;
- 19 **noted** that the Minister for Communications will report to Cabinet by April 2015 on proposals to amend the Telecommunications Act 2001 in respect of the Telecommunications Development Levy’s operation, levy amount and expenditure categories, avoidance concerns and associated matters.

Secretary of the Cabinet

Reference: CAB (15) 95
