

30 October 2009

TSO Reform  
ICT Regulatory Group  
Ministry of Economic Development  
PO Box 1473  
Wellington 6140



by email: ruralbroadband@med.govt.nz

**Via email**

### **Submission on Rural Broadband Initiative**

Dear Sirs

The Telecommunications Industry Group (TIG) welcomes the opportunity to make a submission on the Government's Rural Broadband proposal.

#### Proposal

The TIG supports the Government's proposed initiative to accelerate infrastructure investment focused on rural schools and communities.

This is an exercise in social policy in which Government involvement is necessary to promote more infrastructure investment than is economically justifiable by private investors at the present time.

However to ensure maximum benefit, this approach needs to be co-ordinated with investments in technology in schools, training, programs and teacher support so that the new information highways that have been brought to rural schools have something valuable to carry.

#### Industry Levy

The TIG does not support the imposition of an industry tax to support this investment. Such a tax is not the fairest method to attribute the costs of this initiative. We believe that general taxation is a far fairer more efficient method of raising the necessary funds.

In the event that the Government elects to proceed with this new industry Tax, the TIG has the following concerns, which it would like to further discuss:

- a) How can the industry be confident that this Tax will remain capped and be "one time", and not grow over the years to incorporate other wider government objectives?
- b) How can this Tax be spread most efficiently across the industry?

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TCF Submission

In addition the TIG supports completely the TCF submission on the Government's TSO and RBI proposals.

The TIG looks forward to supporting the Government in this initiative and working collaboratively with industry and Government to answer these two key questions.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Rob Spray'.

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