



## THE GOVERNMENT OF NORFOLK ISLAND

### MEDIA RELEASE

#### **High speed broadband for Norfolk Island – the background**

In July 2008, Minister for Finance Neville Christian was invited to give a presentation on behalf of Norfolk Island at the OceaniaCom international regional telecommunications conference held in Sydney, attended by 120 delegates from almost all nations in the Asia/Pacific region. The three keynote presenters were the ministers for telecommunications from Australia, New Zealand and Norfolk Island. The focus of the OceaniaCom conference was “Building profitable, world-class telecoms businesses in the Pacific”. Mr Christian gave a well-received speech and Powerpoint presentation on “Improving communications infrastructure and services in the region’s microstates – Norfolk Island as a case study”.

At that conference, SPIN SA gave a presentation on its project, which had received endorsement from the Pacific Islands Forum (of which Australia is chair). The Australian Government and Telstra had previously declined to provide a fibre optic network in the South Pacific, and had also declined specific requests from Norfolk Island for assistance to access to such technology.

The Norfolk Island Government undertook a process of due diligence regarding SPIN SA, together with discussion with the Commonwealth, before engaging in negotiations with SPIN about the details of their project. SPIN intends to provide high speed broadband and telecommunications to 11 South Pacific nations and territories through continuous fibre optic cable links between Sydney and Honolulu via a loop encompassing Norfolk Island and virtually all Polynesian countries and Fiji. SPIN SA is partially owned by three French-speaking Pacific countries and underwritten by the French Government.

Norfolk Island Government considerations included the business case for joining SPIN and a cost/benefit analysis (including the potential costs of not joining SPIN and remaining with inferior, slow broadband services). Analysis was also undertaken of the new business opportunities presented by the availability of 40 times current capacity at unit costs much lower than at present, without the requirement for capital investment. One reason for the attractiveness of the contract is the subsidy from the French Government.

Discussions were commenced with a range of potential commercial users to assess possible demand for new businesses and for onsale of surplus broadband capacity. While it was clearly not possible to conclude final contracts with users until Norfolk Telecom was actually in a position to guarantee supply, some new users are already committed and positive negotiations continue with others, including some of the largest regional telecommunications corporations.

Given current commercial contracts in place and advanced contract negotiations with other potential users of the broadband covered under the agreement, there are good prospects that from 2010/11, the project will be self-funding or a source of nett revenue to Norfolk Telecom. This is because:

- a) the contract includes the ability to onsell surplus capacity;
- b) new business opportunities will be created by the speed and capacity of the new service; and
- c) there will be a saving of the amount currently paid to the contracted telecommunications provider.

Individual contracts related to this high speed broadband are with private sector businesses and thus subject to commercial confidentiality. However, Norfolk Telecom revenue and expenditure projections for the project will be included in budgets for future years.

While noting that the Commonwealth has launched its \$43 billion broadband initiative without making public a business plan, the Minister for Finance said that Norfolk Island is in the final stages of completing a detailed written submission to the Commonwealth regarding its broadband initiative, which will provide islanders with higher speed broadband than that proposed on the mainland almost seven years before the estimated completion date of the Australian broadband rollout. The submission includes the business case for SPIN and a detailed cost/benefit analysis, and will be provided within the next two weeks to the Commonwealth Minister for Broadband, Communication and the Digital Economy and the Minister for Home Affairs, as well as to the Building Australia Fund.

Neville Christian  
**Minister for Finance**

24th April 2009