



TAMAHERE-MATANGI UFB SURVEY REPORT

JUNE 2016

Survey Report:

Tamahere and Matangi property owners prepared to pay for fibre-based internet

Preface

In May 2016 Waikato District Council undertook a survey of property owners in Tamahere and Matangi to discover if the depth of their support for fibre-based internet might be enough to initiate commercial interest in undertaking a fibre roll-out to the area.

The impetus that drove the initiative was a widespread discontent with internet services in the area that came to light in 2015 when the Council was preparing a 'Registration of Interest' for extended Government funding for Ultra-Fast Broadband (UFB) and Rural Broadband Initiative (RBI) internet services. Research at that time revealed considerable local dissatisfaction with existing cellular, and other wireless and copper-based internet services.

Tamahere and Matangi lie directly south of Hamilton City, in an area that contains a high proportion of life-style blocks and a 'country living zone' allowing for higher density lifestyle housing development. The area offers good local schooling and attracts high net-worth individuals wanting large family homes and properties. Census data indicate there is a high proportion of business ownership among residents in the area.

Tamahere and Matangi are not currently included in the Government's plan for connection to UFB, but the latest survey shows that support for a UFB rollout in the area includes a strong willingness to contribute financially to such an initiative. Commercial interests may therefore find it possible to package a fibre-based service for the area that would generate a commercial return.

The May 2016 survey was sent to a sample of nearly 1,400 Tamahere and Matangi property owners and generated 511 responses, a 36% response rate. More than 93% of respondents (476) said they would 'definitely' sign up for a UFB internet service if it was offered, 75% of respondents (382) said they would be prepared to contribute financially and 72% (370) of respondents said they would pay at least \$500 as a one-off contribution to the cost of delivering fibre-optic cable to their house if it was more than 30m from the road boundary. Of those respondents who did not reply or said they would not contribute financially, it is unclear how many of them own properties that lie within 30m of the road boundary. Other results showed more than 37% of respondents (191) said they would use fibre-based internet for work purposes, and 64% (324) said they would be willing to pay a small surcharge to subscribe for a premium residential broadband service plan to help recover costs over time for a fibre-optic investment in the area.

Waikato District Council has prepared this report for feedback to those who took part in the survey as well as for general circulation among companies that have a commercial interest in providing fibre-based internet services in New Zealand.

Methodology

The purpose of the survey was to measure the depth of local interest in UFB by gauging how many people would sign up to a fibre-based broadband service if it was available and how many people would be prepared to make a financial contribution to support a local UFB rollout.

The area identified for conducting the sample survey stretches south from the Hamilton City boundary to a line south of, and encompassing, Tamahere and Matangi villages. It focussed on the Country Living Zone identified in the Waikato District Council District Plan but spread beyond this to include some higher density developments in the surrounding rural area. Nevertheless, the survey sample area was not designed or intended to be used as an indication of where fibre-optic cabling would be laid if the service was made available in the area.

Just under 1,400 property owners were sent a letter with a copy of the survey attached, requesting them to complete the survey and return it using the attached prepaid envelope.

The survey targeted property owners within the survey sample area, but allowed other interested Tamahere and Matangi residents, including property owners outside the survey sample area, to take part by requesting a hard copy of the survey or by completing it online via the Council's website.

All survey responses have been mapped to provide a geographic dimension to the survey results without revealing respondents' identities.

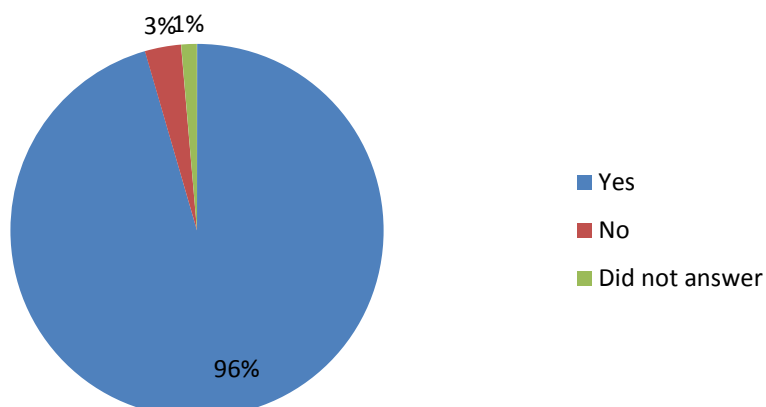
We anticipated that a survey designed to generate commercial interest in supplying UFB to Tamahere and Matangi would generate significant interest and so we were mindful to target consultation and promotion of the survey to the sample area.

Approximately 110 people attended a public information meeting about the initiative that was hosted by the Tamahere Community Committee at 7.30pm on 5 May, 2016 at the Tamahere Community Centre.

Findings

In total, we received 511 responses from 499 different land owners. Twelve completed surveys were therefore received from respondents who own more than one property in the area. Not all respondents answered every question. The proportion of 'did not answer' per question varied from 1-6%, but a decision was made to use the total number of surveys returned (511) as the common denominator in calculating responses to each question.

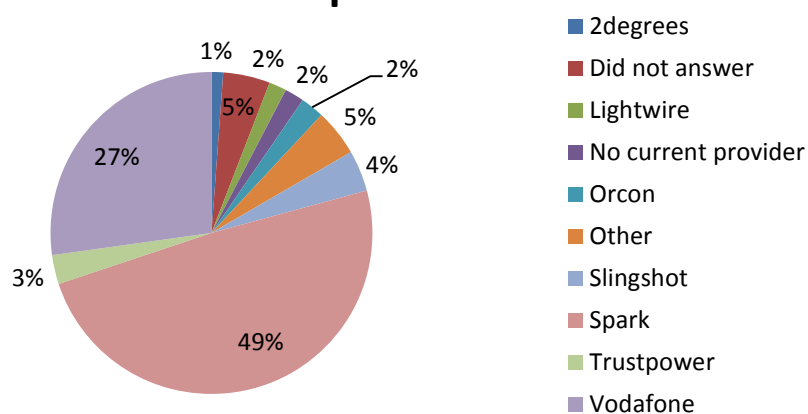
Are you the owner of the property?



Of the 511 responses to the question 'Are you the owner of the property?' 488 of the respondents said they owned the property, 16 respondents said they did not own the property and 7 did not answer.

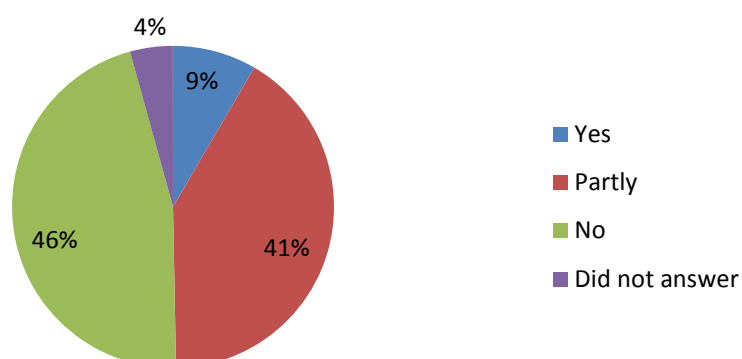
The high response from property owners reflects the way in which the survey was targeted as well as the high percentage of property ownership in the Tamahere and Matangi area.

Who is your current broadband service provider?



Responses to the question 'Who is your current broadband service provider?' indicated there is a range (20) of different internet service providers within which Spark and Vodafone are the dominant players. By comparing responses to the two questions 'Who is your current broadband service provider?' and 'Are you satisfied with your current broadband service provider?' it may be ascertained that no internet provider that can be singled out for providing a more satisfactory service than any other to consumers in the area.

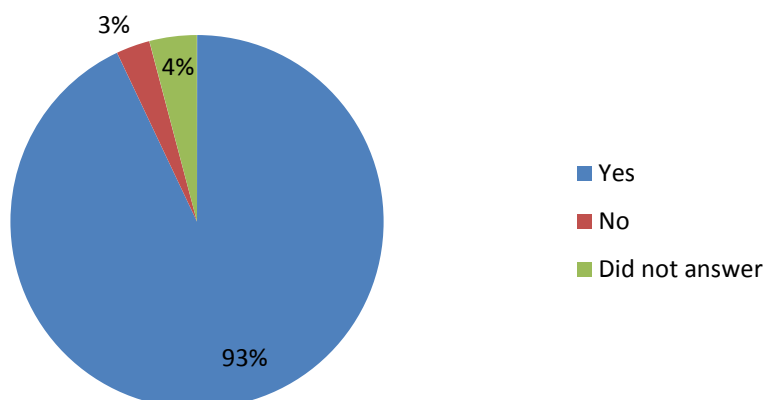
Are you satisfied with your current broadband service?



Of the 511 responses to the question 'Are you satisfied with your current broadband service?' 235 respondents said they were 'not satisfied', 211 respondents said they were 'partly satisfied', 43 respondents said they 'very satisfied' and 21 did not answer.

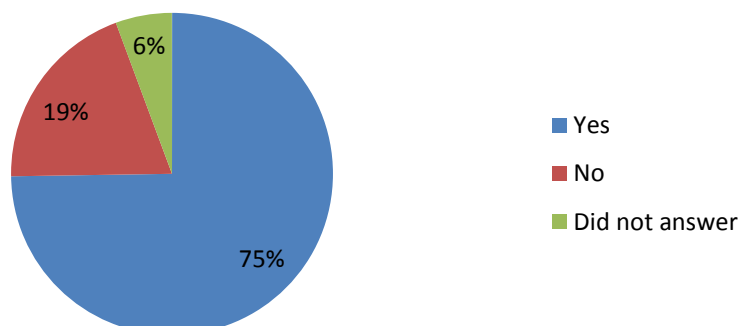
Of the 43 respondents who said they were 'very satisfied', 33 indicated they would still sign up to a fibre based service if it was available.

Would you sign up to a fibre service?



Of the 511 responses to the question 'If fibre based broadband was available in your area, would you sign up?' 476 respondents said 'Yes' they would 'absolutely sign up', 15 respondents said 'No' they would not sign up and 20 did not answer.

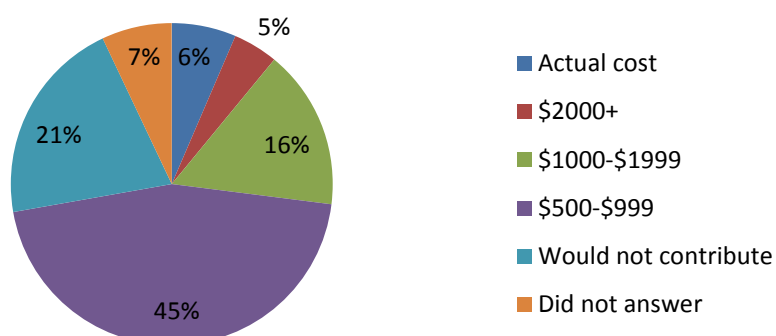
Would you make a once-only contribution?



In answer to the question 'Would you make a once-only contribution to connecting to a fibre service where the dwelling to be connected is further than 30m from the roadside boundary?' 382 of 511 respondents said 'Yes' they would be prepared to contribute, 100 respondents said 'No' they would not be prepared to contribute and 20 did not answer.

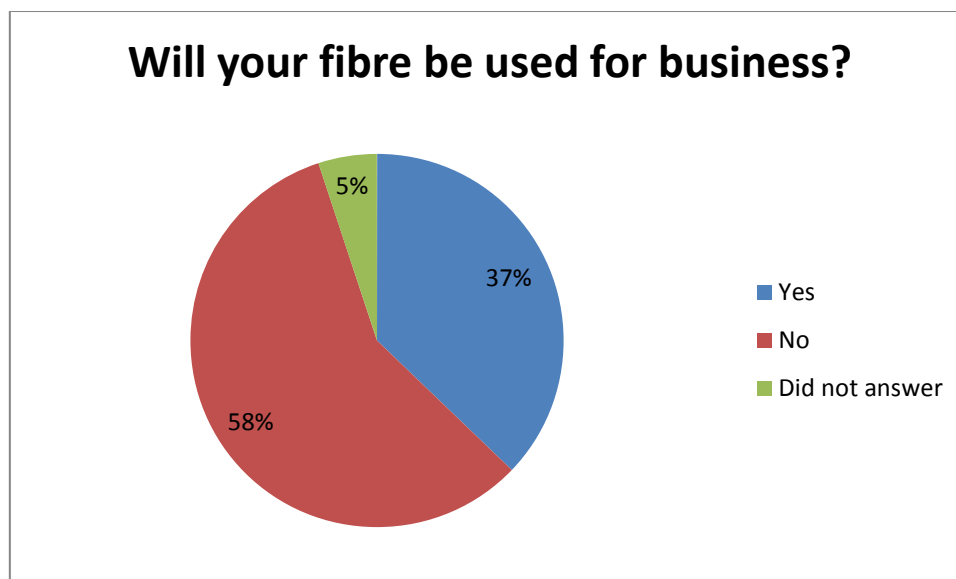
Of the 100 respondents who said 'No' they would not be prepared to make a once-only contribution, it is unclear how many of them would not make a contribution because their dwelling is within 30m of the roadside boundary.

How much would you be willing to contribute?



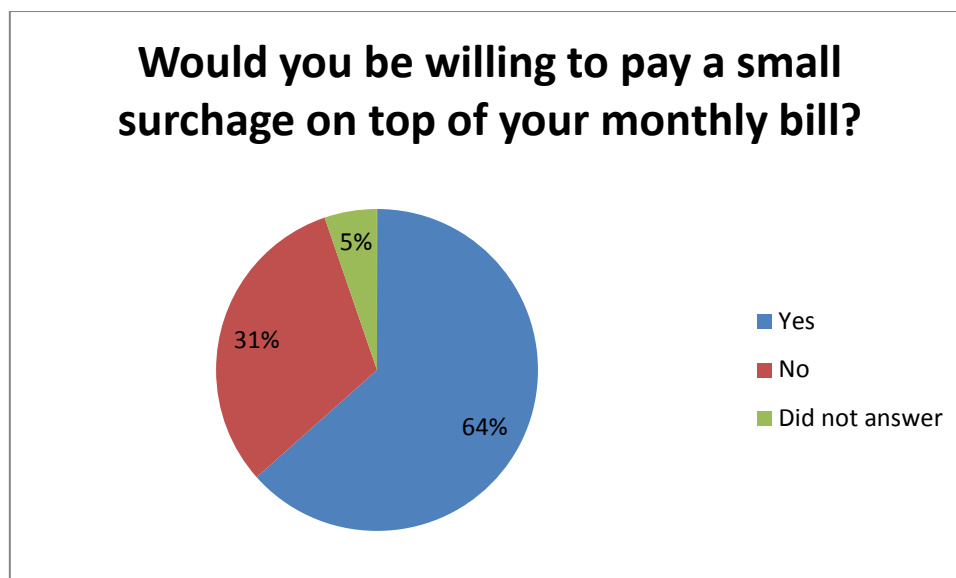
Of the 511 responses to the question 'How much would you be willing to contribute as a one-off connection cost, where the dwelling to be connected is further than 30m from the roadside boundary?' 370 respondents (72%) indicated they were prepared to contribute at least \$500. Of these respondents 231 indicated they would be willing to contribute between \$500-\$999, 82 respondents indicated they would be willing to contribute between \$1000-\$1999, 23 respondents indicated they would be willing to contribute over \$2000 and 34 respondents indicated they would be willing to contribute the 'actual cost'. Thirty-five respondents did not answer.

Of the 106 respondents who said they would not contribute it is unclear how many of them would not make a contribution because their dwelling is within 30m of the roadside boundary.



Of the 511 responses to the question 'Will your fibre broadband be used for business?' 295 respondents answered 'No' and 191 respondents answered 'Yes', their fibre connection would be used for business. Responses that indicated survey participants would use UFB for work purpose, whether or not they may be running a business from home, were included as a 'Yes'.

Twenty-five respondents did not answer this question.



Question six in the survey was: 'Fibre broadband under UFB is available in a range of minimum download speeds from 30mbps up to 1Gbps. Would you be willing to pay a small surcharge to subscribe for a premium residential broadband service plan to help recover costs over time for the fibre-optic investment in your area?' Of the 511 respondents, 324 said 'yes' they would be willing to pay a higher monthly fee, 160 respondents said 'no' they would just want the 'entry-level' fibre broadband service and 27 did not respond.

Conclusion

Tamahere and Matangi lie directly south of Hamilton City and are close to existing fibre-optic cabling infrastructure. The area attracts high net-worth individuals wanting large homes and properties. A large proportion of residents are also business owners.

The results of a Waikato District Council survey in May 2016 indicate that a high proportion of property owners in Tamahere and Matangi are dissatisfied (46%) or only partly satisfied (41%) with their current internet service and 93% would sign up to a UFB service if one was available in the area. It also indicates a very high proportion of property owners (75%) would be prepared to make a financial contribution towards establishing a UFB service, regardless of whether or not they are satisfied with their current broadband service.

Waikato District Council has prepared this report as a first step towards exploring potential industry interest in providing a fibre-based service for the Tamahere and Matangi area on a commercial basis.

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