



media release

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Broadband investment: the time is right

Return on investment in super-fast broadband proven in an independent report on the economic value of New Zealand's advanced network, KAREN.

A world-first report commissioned by Research and Education Advanced Network New Zealand (REANNZ) has shown that the return on dedicated high-speed networks are estimated to be \$200-220m a year.

Releasing the report today, REANNZ CEO Donald Clark said the nature of the benefits found by the study into KAREN would also be found in broader networks contemplated by the Government.

Most importantly, among the \$200m in economic activity generated by KAREN, the study found considerable spill-over benefits of \$140-160m to businesses and the wider community.

"What we're talking about here is a kind of 'cultural explosion' – a revolution in user, consumer and business attitudes to what is possible over fast networks. That change of attitude, comfort and skills is what New Zealand will need at the end of this recession – now is the right time for the Crown to be taking a leadership position in high-speed broadband infrastructure investment", said Donald.

The study concludes that every \$1 invested in KAREN by the Crown will deliver at least \$4 of benefit to the country. These benefits translate to improvements in research productivity and teaching quality and efficacy, and accelerated ICT uptake.

"I understand the report has been highly conservative in its assumptions. Even then if only a half or a quarter of this estimated return is realised, this is still a compelling piece of work and the flow-on benefits for the country are worth the investment", said Donald.

Newly appointed Chair of the government's Marsden Fund Council, Professor Peter Hunter, says that KAREN is vital national infrastructure for New Zealand science and education.

"New Zealand was the last country in the developed world to provide a high-speed network for research and development. As our economy becomes more and more dependent on research-led industry, it is as unthinkable not to have this basic infrastructure as it is to imagine the country without highways linking our major cities", said Professor Hunter.

Professor John Hine Head of the School of Mathematics, Statistics and Computer Science at the Victoria University of Wellington repeats Professor Hunter's view.

"KAREN is essential infrastructure if New Zealand is to lead research and remain part of the international research community. KAREN is already demonstrating its value by changing the way New Zealand researchers work. Large databases are accessed from the desktop, expensive resources such as the University of Canterbury's BlueFern supercomputer are shared throughout the country and internationally, the use of videoconferencing is growing steadily", said Professor Hine.

"We commissioned this report to inform our business strategy for KAREN to ensure our members and indeed the country are getting the best value from their investment. While still pragmatic, we are very pleased with what the report shows", said Donald Clark.

This work was commissioned by REANNZ and undertaken by Temple Capital Investment Specialists.

The REANNZ Economic Value Report is available in full and in summary forms at <http://www.karen.net.nz/publications>

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