

Have we got the weighting right?

By Michael Foley, Director, Voco Limited

With the impending release of the shape of the government's Broadband Investment Initiative, there's lots of talk about broadband infrastructure at the moment, and lots of players figuring out how they play a part in this big investment programme.

But I find myself getting a little concerned that a mantra is developing that effectively says, "broadband is the problem, and therefore broadband is the answer".

Now you don't need to think too long or hard to realise the truth that when we've buried all this fibre in the ground or hung it on poles, an economic transformation is simply not going spontaneously happen. The infrastructure will not, of itself, solve our problems.

True, I have heard some industry personalities posing the question about what people will actually do with the fibre and the faster speeds it will deliver, but in general this has been framed in the context of a vested interest lobby that seeks to keep control of this essential national capability in the hands of the traditional providers.

At Voco we've been helping people out in the regions to determine just how they're going to leverage this broadband capability, and a raft of other 'digital' (or ICT-related) enablers to benefit their citizens and, by definition, NZ Inc. as a whole. Broadly speaking this is what's called 'Digital Strategy'.

The approach we've taken is to get regions, districts or cities to first identify their differentiating attributes – the things that make them intrinsically strong. Having stood back far enough to do that, and having challenged themselves (and often long-held dogma) to work out why these attributes represent relative strength, we then look at the characteristics of the 'digital revolution' – the new name we give to technological advancement and particularly the impact of the Internet – to enhance, leverage and accentuate these strengths to drive economic growth.

One of the themes that recur is an increasing focus on this thing called 'weightless industry'.

The New Zealand Institute has been advocating a nationwide shift towards a weightless economy because of our small population, relative isolation and, despite our historic strength in the commodity and primary sectors, our increasing inability to compete with countries that have a lower cost base, of which there are many. The Institute defines a weightless economy as "involving the development of products and services that are typically high-margin and readily distributed to international markets. The weightless economy includes adding more knowledge-based value to physical goods and services, engaging in foreign investment or off-shoring production, through to activity that can be transported virtually such as the creative industries, biotech, or business services".

We have long been recognised as one of the global leaders in primary production productivity, and despite the drop-off in recent times in graduates in these fields (but that's a story for another day) we have an active agriculture and biotech research sector. Many focus on the opportunities presented by continued productivity gains as a means to base our global economic competitiveness on the role we can play in feeding an exploding world population.

Whilst it should and must continue to be an area of keen focus, our capacity to drive primary production is inherently finite. To get maximum leverage from our knowledge leadership we need to ensure that the discoveries we make to unlock food production productivity make a tangible and enduring contribution to the economy through deliberate programmes designed to foster the commercialisation of research and innovation as knowledge-based services targeted at global markets.

Why have I focused just on the primary industry opportunity to leverage digital



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enablers? Certainly there are many other contexts and opportunities for us to drive economic growth by leveraging the digital enablers that fast, available and affordable broadband gives us access to.

But in the current industry 'noise' around broadband, it seems to me that too little is said about addressing the clear gap in the rural sector, the home of our primary industry. It was certainly encouraging (if a little out of left-field!) to hear the Prime Minister's assessment of the \$48m currently allocated to rural broadband infrastructure as "paltry", and my sense is that the population distribution-based definition of the target 75% is likely to be relaxed when the plans emerge. However, a continued singular focus on the infrastructure layer will see this sector that holds such a key to our international competitiveness remain squarely in the 'too hard basket'.

We should not be waiting until we get the infrastructure build underway before starting the essential focus on 'what next?'. that will inevitably flush out the opportunities inherent in our primary industry. The answers to that question must inform our priorities and actions. ■