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Ms Alex Cheetham
Unbundling Draft Report
Network Access Group
Commerce Commission
PO Box 2351
Wellington

Dear Ms Cheetham

I am writing in support of the Commerce Commission's draft report of 18 September 2003, in which the Telecommunications Commissioner proposes to unbundle Telecom's local loop and public data network.

I am a Director of and the Head of Production for Daybreak Pacific Ltd, a New Zealand film company which makes films for international audiences. Daybreak Pacific is a New Zealand company capitalising on the growing trend of Hollywood film makers coming to New Zealand to produce their films. In response to this growing market, Daybreak makes Hollywood-type films to sell internationally. The company has been in business for over twenty years and has been very successful, making more feature films than any other NZ production company. I understand that the effect of the Commissioner's draft decision will be to open up the NZ market for broadband services to greater competition; in my view this can only be positive for the NZ film industry.

The NZ government has recently realised how much the NZ film industry has to offer our economy. Hollywood and other foreign production companies are bringing increasing amounts of their business to NZ on the basis of exchange rate efficiencies, the excellent locations offered by NZ's landscape, our experienced film crews, and the fact that our southern hemisphere seasons enable them to achieve year-round shooting. Despite these advantages however the NZ film industry still faces the tyranny of our geographic isolation – a factor which could be largely ameliorated by the availability of a range of reliable, high-capacity broadband products in the NZ market.

Most of Daybreak Pacific's work is done in partnership with foreign film distributors or networks. Typically we pre-sell various territories around the world, which effectively brings those buyers into the production as partners. Recent examples include: KIDS WORLD (starring Christopher Lloyd and produced in partnership with a German Film Fund – VIF; TERROR PEAK (starring Linda Carter and screened on US Network, PAX TV as well as other territories worldwide); CAVE IN (starring Mimie Rogers and screened on US Network, PAX TV as well as other territories worldwide). Currently we are producing three Family feature films for the international audience entitled TREASURE ISLAND KIDS – starring Judge Reinhold, in partnership with ARIA FILMS of the UK and CRYSTAL SKY FILMS of the USA.

Every film we produce here brings significant international investment to NZ, as well as confirming NZ's increasingly positive international reputation as a viable production location.

Broadband services are the lifeblood of our work in NZ; all of our work involves movement of video-files which require very high capacity broadband services for transmission. We need to be as 'close' to our international customers and partners as possible, and we require a level of broadband service not currently available in this country. The expectation of our overseas partners is that we can very quickly send and receive this sort of information – due to the lack of competitive broadband products available in the NZ market, we usually fail to meet that expectation. The limited availability of very high-capacity broadband products constrains Daybreak Pacific, as we compete for work with US and European production companies which have access to broadband products not replicated in NZ. I am sure that we have lost international business as a result of this.

Today I reviewed a screen test sent by one of our partners in the US, which provides an example of the type of difficulty we face. Because in NZ there is no affordable broadband product of high enough capacity to send this electronically, our partner had to courier the file to us. We frequently have to resort to using couriers between the US/Europe and NZ, rather than sending files electronically, with the result that the files are delayed while they are checked in Customs. Due to these sorts of delays, the screen test I reviewed today arrived about a week later than we required it, with the result that it is probably too late for us to use it.

TREASURE ISLAND KIDS provides another example. As a result of an NZ/UK co-production arrangement we've negotiated, Daybreak Pacific is about to start shooting three films containing a lot of computer generated images (CGI) (which result in very large electronic files). One of the terms of our agreement with our UK partner in this production is that some of the work will be produced in the UK, which will require that we in NZ will have to collaborate with the UK production company. As frequently occurs, I expect that we will have difficulties reviewing the UK work within the tight timeframes required, due to the non-availability in NZ of the broadband products we'd need to turn these files around quickly.

Wider availability of higher capacity broadband would also greatly assist our production work within NZ. For example, we often shoot simultaneously at several different NZ locations, and it would be fantastic to have access to broadband products that would enable us to quickly email footage between these locations. At the moment, the limited availability of what broadband products are available to major urban centres, prevents this.

Daybreak Pacific uses Telecom's Jetstream products, but these do not provide the level of capacity we require. There is a video-film company in Auckland that does offer a very high-capacity broadband link, but at the moment it is so expensive that it is cheaper for us to fly someone to the US/Europe to deliver the files than send them electronically. I consider the market for broadband services in NZ to currently be under-developed and far from competitive, and I am very hopeful that the Commissioner's draft decision will result in an increased level of competition and lower prices.

At a more micro level, while Daybreak Pacific operates out of an office in Auckland (at which we can access Jetstream products), I also work from my office at home when I can. I live in Whitford, a semi-rural location half an hour's drive from central Auckland. Telecom doesn't offer Jetstream services at Whitford, and I have been unable to find another service provider that is able to efficiently do so. This means that when working at my home office I am forced to rely on dial-up access, which often dictates the types of work I can do there – for example, last weekend it took me six hours to download video-files sent to me from the US to audition an actor we're considering for an upcoming production.

The availability of very high-speed broadband products would enable Daybreak Pacific to overcome the significant issue of our geographic distance from our partners and suppliers, and to win more overseas business. We would be able to use such products to collaborate more closely with the overseas companies with whom we do business (as detailed above), and to work more efficiently at all stages of the NZ production process. I see NZ's current limited range of broadband products as an impediment to the growth of the film industry in this country.

The majority of the investment Daybreak Pacific generates is from offshore; we have an extensive network of customers all over the world, and before we ever shoot a frame of film we have foreign customers lined up to buy it. Daybreak Pacific, and other NZ film companies, have the opportunity to attract significant foreign investment to NZ, if we have available to us the broadband products we need to quickly send and receive large video and data files.

We fully support the Commissioner's draft conclusions, and urge the Commerce Commission to do all it can to quickly facilitate the development of a competitive market for innovative high-speed broadband products in NZ.

Yours sincerely

Dale G. Bradley
Company Director and Head of Production