

Waikato Networks buys out Crown's holding in Ultrafast Fibre for \$189m

SOPHIE BOOT AND NBR STAFF · WEDNESDAY SEPTEMBER 7, 2016



Communications Minister Amy Adams

A WEL Networks subsidiary has bought the government's majority shareholding in Ultrafast Fibre for \$189 million, giving WEL and its strategic partner Waipa Networks 100 percent ownership of the central North Island's fibre company.

The local fibre company was previously jointly held by Crown Fibre Holdings (CFH) and Waikato Networks, the WEL and Waipa Networks subsidiary, which announced today it has taken full ownership.

Ultrafast Fibre owns and operates the fibre network in and around Hamilton, Tauranga, Whanganui, and New Plymouth, providing access to more than 190,000 users, around 13 percent of the entire national deployment. Tauranga has the best fibre uptake in the country, at 33 percent, while uptake across Ultrafast Fibre's coverage areas is at 28 percent compared to 25 percent nationally.

The government invested \$198 million in Ultrafast Fibre and will get back 95 percent of that through this deal, Minister for Communications Amy Adams said.

A WEL spokesman told NBR the company got a 5% (or \$11 million) discount in recognition of the buy-back taking place three years early.

Companies carrying out the Ultrafast Fibre don't have to buyout the Crown until the end of 2019. The largest deal will concern Chorus (market cap: \$1.7 billion) in which Crown Fibre Holdings currently has a 30.5% stake.

"Waikato Networks Limited has been a great partner, completing its build in eight central North Island towns and cities six months ahead of schedule," Ms Adams said. "With this work complete, the Crown no longer needs to hold its investment in the network and Waikato Networks Limited wants to take over full ownership early."

Waikato Networks was gradually buying the Crown out through quarterly payments which were due to be made until 2020, and Adams said it was "a testament to the success of the ultra-fast broadband initiative that a build partner should seek to buy the Crown out three and half years earlier than planned."

"This deal delivers enormous value for money for taxpayers," Ms Adams said.

WEL Networks' chairman Margaret Devlin said the purchase was appropriate as WEL evolves from a lines company to becoming a "diversified multi-utility."

"With greater control over our investment we will be able to explore new ways to support economic growth and social opportunities for our business and our communities, now and into the future," Devlin said. "Given our experience and track record we are eager to work with the Government and CFH on upcoming initiatives such as UFB2 and the rollout of rural broadband."

The Crown will maintain its contractual oversight over products, network performance and customer connections until 2019.

(BusinessDesk)

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