



Department of Infrastructure, Transport, Regional Development and
Communications
GPO Box 594
CANBERRA ACT 2601
Via email: RegionalConnectivity@communications.gov.au

To Whom it may concern,

RE: Regional Connectivity Program Round 2 Draft Program Guidelines

The National Farmers' Federation (NFF) welcomes the opportunity to provide a submission to the Department of Infrastructure, Transport, Regional Development and Communications' (the department) Regional Connectivity Program (RCP) Round 2 Draft Program Guidelines.

The NFF represents Australian agriculture on national and foreign policy issues including workplace relations, trade and natural resource management. Our members complement this work through the delivery of direct 'grass roots' member services as well as state-based policy and commodity-specific interests. Our shared vision of a \$100 billion-dollar agricultural industry by 2030 requires innovation and ambition. Connectivity is essential to achieving this target.

Australian farmers need access to the latest technology available now, as well as the capability to implement technology in the future, much of which is yet to be developed. The ability to deliver reliable, affordable, quality telecommunications could boost the value of agriculture by around 25% (\$20.3 billion) and lift the Australian economy by an estimated 1.5% (\$24.6 Billion) by 2030.

The NFF understands that the Regional Connectivity Program Round 2 Grant Opportunity is a place-based program that aims to improve local and national goals through targeted investment in telecommunications infrastructure. The Government has released the draft grant opportunity guidelines to gather feedback on the design of Round 2 of the RCP before the guidelines are finalised and a call for applications is made.

The NFF would like to acknowledge the support received by Rural, Regional and Remote communities by Round 1 of the RCP with \$90.3 million supporting 81 communications infrastructure projects. NFF members are highly supportive of projects such as the Field Solutions Group network projects which will extend connectivity into areas with limited existing coverage, enabling the uptake of new agricultural and business technologies and improving access to telehealth and education services.

The 2021 Regional Telecommunications Review

The NFF recently made its submission to the 2021 Regional Telecommunications Independent Review Committee. This submission was supported by the NFF National Telecommunications Survey 2021. This is the second time this survey has been undertaken and a total of 530 responses have been received with a completion rate of 82%. Despite the substantive nature of our survey, the results were very clear regarding the current telecommunications challenges in rural, regional and remote areas. Some of the key findings include:

- A significant number of survey respondents believe the quality of their service at the main residence had declined for mobile network coverage (45%), internet connectivity (36%) and landline service (20%) in the past 12 months. Over one third indicated that the quality of internet connectivity at the main residence had also declined.
- A significant number of respondents reported the reliability of mobile network coverage (50%), internet coverage (40%) and landline service (20%) has declined.
- According to our survey, almost 15 percent of respondents are still using 3G compatible technology and a further 45 percent are unsure.

The NFF, in our submission to the 2021 Regional Telecommunications Review, made 32 recommendations that broadly represented the views of our members. Some of the NFF's 2021 Regional Telecommunications Review recommendations that best apply to this draft guideline consultation perhaps include:

- That current connectivity services in regional, rural and remote Australia are not adequate to meet current and future needs.
- That telecommunications is legislated as an essential service in all states and territories, and that providers are recognised as 'essential users' in natural disaster areas
- Incentives for telecommunications companies to assist with rolling out private solutions to connectivity issues in rural, regional and remote areas.
- Measures to support local government in their capability to develop applications and case studies to gain access to funding under programs such as the Regional Connectivity Program
- The creation of a Regional, Rural and Remote Telecommunications Fund to resource ongoing mobile network expansion
- Recommends that no user is to be disadvantaged by 3G network switch-off, with on the ground testing to guarantee a smooth transition to 4G and no loss of service.
- Recommends funding be made available for a study of regional mobile telecommunications performance leading up to and after the 3G switch-off.
- Recommends that assistance be made available for those impacted by the 3G switch-off and/or those who also require equipment upgrades.

Round 2 grant applications process

The NFF understands that the round 2 grant applications process will be awarded through a competitive, merit-based selection process, measured against eligibility criteria and merit criteria as set out in the draft guidelines. We would like to take this opportunity to stress the importance of a place-based and technology agnostic approach to funding proposals. The NFF would support the provision of assistance for applicants who struggle to make their applications with limited resources.

Eligibility Criteria

The current eligibility criteria require applicants to partner with telecommunications infrastructure providers. Under the draft guidelines, applicants need; to have an Australian Business Number (ABN); licensed telecommunications carrier under the Telecommunications Act 1997; hold or intend to hold a Nominated Carrier Declaration (NCD) under the Telecommunications Act 1997.

The NFF supports any changes to current requirements to partner with telecommunications infrastructure providers which assists smaller groups and/or individuals in their ability to gain access to place-based solutions. The NFF would support, in this round or future rounds of the RCP, consideration of applications that meet all other criteria but do not have licenced telecommunications carrier support at the time of their application.

The NFF is also supportive of the current draft guidelines which include reference to "no minimum grant amount", which should assist in providing program access to small projects which will likely be supported by smaller groups of applicants. The NFF is also supportive of the RCP Project Noticeboard where proposals can be registered to seek support, and more flexible definitions for telecommunications infrastructure providers where appropriate.

Capitalisation of backhaul costs

Backhaul is an essential input and major contributor to overall costs of delivering connectivity in regional and remote areas. Providers seeking to deliver place-based connectivity for smaller communities that are far removed from larger regional centres face a far bigger challenge to access sufficient bandwidth and cost effective backhaul.

The Commonwealth MBSP does allow the capitalisation of backhaul costs as follows "In addition to upfront Capital Costs related to the installation and deployment of Backhaul (such as Special Linkage Charges), the capitalised net present value (using a discount rate equivalent to the 10-year Treasury Bond Rate applied at the date of the application) of Operational Costs relating to leased optical fibre, microwave, or satellite Backhaul over the minimum Operational Period of a solution may be included in the estimated Asset Capital Cost of building the solution.

The principles for supplying remote connectivity, and the availability and costs of backhaul, are the same across both the RCP and the MBSP and it would make logical sense to allow the capitalisation of backhaul costs to be included under the RCP and include the same clause as per the MBSP.

Timeframe for grant application

Eight weeks is an insufficient time to finalise a grant submission of the scale that is expected in these guidelines. Additionally, with the expectation for the applications to be conducted over the AGM and Christmas period is incredibly disadvantageous to smaller community groups and organisations.

The first round of the RCP had an initial response timeframe of 12 weeks, from 28 July 2020 to 20 October 2020, which was then extended by a further 4 weeks to 17

November, providing a total timeframe of 16 weeks to submit applications. The NFF recommends a time frame of 16 weeks would be the minimum requirement to enable all groups to provide adequate applications.

Digital agriculture must succeed

Farmers and their communities require a diverse range of telecommunications services and have already commenced implementing their own solutions by way of investing in new technologies on farm. There is still much work to be done to ensure access to reliable, affordable and quality telecommunications.

Farming is already a high-tech business. NFF asserts that the policy settings that have been required to improve mobile telecommunications will not be enough to provide the increasingly sophisticated connectivity that is needed to support our rapidly emerging digital economy.

The rollout of 5G services potentially allows farmers to connect to new IoT technologies to improve business productivity. However, the 5G rollout is unlikely to resolve the connectivity and service issues for the majority of regional, rural and remote Australians, many of whom continue to rely solely on 3G services.

Finally, I would like to thank you for this opportunity and your subsequent consideration of this submission. Should you require any further information in relation to this submission, please contact Mike Darby, General Manager Rural Affairs at the National Farmers' Federation, on 02 6269 5666 or mdarby@nff.org.au.

Yours sincerely



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Chief Executive Office