



Response to DoCA discussion paper – Regional Connectivity Program

Submission as prepared by:

**Australian Mobile Telecommunications Association
and Communications Alliance**

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Introduction

Communications Alliance and AMTA welcome the opportunity to provide this submission in response to the Department of Communications & the Arts discussion paper on the Regional Connectivity Program.

We welcome this Government initiative which, if well managed, has the potential to make a material difference to the connectivity of many Australians in less populated areas, with attendant social and economic benefit.

The Associations

Communications Alliance is the primary telecommunications industry body in Australia. Its membership is drawn from a wide cross-section of the communications industry, including carriers, carriage and internet service providers, content providers, equipment vendors, IT companies, consultants and business groups.

Its vision is to provide a unified voice for the telecommunications industry and to lead it into the next generation of converging networks, technologies and services. The prime mission of Communications Alliance is to promote the growth of the Australian communications industry and the protection of consumer interests by fostering the highest standards of business ethics and behaviour through industry self-governance. For more details about Communications Alliance, see <http://www.commsalliance.com.au>.

The Australian Mobile Telecommunications Association (AMTA) is the peak industry body representing Australia's mobile telecommunications industry. Its mission is to promote an environmentally, socially and economically responsible, successful and sustainable mobile telecommunications industry in Australia, with members including the mobile Carriage Service Providers (CSPs), handset manufacturers, network equipment suppliers, retail outlets and other suppliers to the industry. For more details about AMTA, see <http://www.amta.org.au>.

General Observations/Questions

Communications Alliance and the Australian Mobile Telecommunications Association (“the Associations”) support this initiative and are pleased to engage constructively to help maximise its benefits to Australians in regional and remote areas.

Before addressing the questions specifically posed in the discussion paper, we have a number of general observations and questions of clarification in relation to the program.

First, we agree that that the “place-based” approach to creating solutions, as outlined in the discussion paper, appears to industry to make good sense.

We would like to clarify whether the funding of up to \$60 million will be wholly directed to the grants component of the program, or whether a proportion of the funds will be used in pursuit of the other elements of the program. If it is the latter, is the Department able to break down the allocation of funding between the different elements of the program?

We would also like to understand a little more about what is envisaged in the other three program elements, how they will be developed and what the referenced “other procurement processes” are expected to entail.

There is a reference to “alternate voice service trials” in remote areas. Is this intended to read “alternative voice service trials”, and if so, which technologies are intended to be trialled?

In terms of the structure of the grants program, we would be grateful for any clarification you can offer as to whether:

- there is a predisposition as to roughly how many grants/projects the program will entail?
- there is expected to be a cap on the maximum grant funding for a single project?
- there are any intentions or guidelines as to ensuring a geographic spread of funded projects?
- The discussion paper notes that one of the intended outcomes of the program is to address regional connectivity issues through a range of “mobile and/or broadband” services.

Our assumption is that this is being defined in a reasonably broad sense. In other words, that a technological solution that was, for example, more ‘narrowband’ in nature, or which involved alternative fixed satellite services, would not necessarily be ruled out as a consequence. In other words, the ‘connectivity outcome’ would take precedence over the specific nature of the technology. We would welcome any advice you can offer on that question.

We also start from an assumption that the constructed “asset” could be defined from an end-to-end perspective i.e. that grant funding could also be used, where appropriate, to subsidise the cost of end-user devices. Again, any clarification is welcomed, if possible.

Our other questions about the nature of the grant program include:

- is further information available on the planned timing of the initial grant round?
- how is it proposed that the adjudication of grant proposals be conducted e.g. a departmental team; Ministerial involvement; or the inclusion of independent non-government expertise to aid decision-making?
- will there be mechanisms to ensure timely decisions in relation to allocation of grants, to help ensure that the relevance or effectiveness of proposed solutions is not diminished by the passage of time?

Responses to Questions

Question 1: Are there additional key elements that should be incorporated into the design of the Regional Connectivity Program?

Response: We think that the proposed five key principles are appropriate.

The principles do not address the questions of whether proposed solutions should be designed to be open-access. There is a diversity of opinion within Association membership on this issue. Some members would support an open-access requirement, while others suggest that it would be more appropriate to include it as a judging factor, when assessing the relative merits of competing proposals.

Question 2: Should other parties, for example local government authorities, business organisations or industry groups, be allowed to lead a bid for Regional Connectivity Program funding?

Response: Yes, we believe the door should be open for entities other than licensed Carriers to be able to lead a bid. There will always need to be a Carrier involved, as the discussion paper points out. We do believe, however that there may be cases where a Carrier is not the natural leader. Say, for example, if a small Internet Service Provider (ISP) in a country town has a worthy solution to advance, but needs a Carrier as an infrastructure partner to make it happen. The ISP would be providing the retail services and would be well-placed to lead a program bid.

Question 3: Are there other organisations beside local, state and territory governments that could be considered 'trusted sources of information' for the purposes of identifying local telecommunications priorities?

Response: Yes, we would expect that, depending on circumstances, a broad range of credible voices could be found to help identify local priorities. These might include indigenous organisations or Land Councils, special-interest community groups, rural development organisations, chambers of commerce and others.

There may be a case for also asking carriers about their deployment priorities/plans in a local area to inform the process.

Question 4: Are there ways that the Department can facilitate linkages between potential infrastructure providers and local communities?

Response: It may be helpful for the Department to reach out to other relevant federal and state departments – for example, those responsible for tourism, agriculture, mining, Indigenous affairs, infrastructure and education - as a means of building a stronger network to identify locations where solutions under the program will have the greatest impact.

Additionally, the Department could consider hosting a web page or similar portal, where individuals and communities could share their connectivity issues and argue for a solution to be created to better meet their needs.

Question 5: Are there any comments that you wish to make in relation to co-contribution?

Response: Our interpretation of the discussion paper is that while a “substantial” cash co-contribution is expected to accompany each grant bid, this does not necessarily need to amount to 50% of the capital costs, nor any other specific figure. Is this correct?

We believe that in-kind contributions should also be considered potentially eligible as part of a grant bid. The rationale is, in part, that in-kind contributions can, at times be more significant than cash contributions, because the in-kind provider may have access to assets, experience or services that would cost far more if they were sourced elsewhere.

We note that in-kind co-contributions – at least by third parties – are an accepted element of the Government’s Mobile Black Spot Program (MBSP).

Question 6: What types of projects should be considered for funding through the Regional Connectivity Program?

Response: This is a rather broad question. In general, we believe the program should be capable of considering a wide array of solutions, with a focus on:

- high-impact/low-cost solutions where deployment can be reasonably rapid;
- a technology solution that is proven, rather than experimental; and
- solutions that are easily replicable in other parts of regional and remote Australia.

Question 7: Are there any comments that you wish to make in relation to the proposal that all Funded Solutions will provide Retail Services for a minimum of 10 years after the Asset has become operational?

Response: A 10 year minimum period of service operation seems appropriate, except that such a commitment may be challenging for operators within the satellite footprint. An alternative would be to require that the funded solution be capable of supporting a retail service for a minimum of 10 years.

Experience over time may, of course generate grounds to review this.

Question 8: Are there any comments in relation to the proposed Eligible and Ineligible areas?

Response: We agree that proposed solutions should not be available currently or in the foreseeable future and must meet a clear community and/or business need. However, there may be instances where mobile coverage is available in an area but within this area there are locations of patchy coverage where an innovative solution could be proposed. Having mobile coverage in an area does not necessarily mean there is connectivity across a large property with challenging topography, for example.

Question 9: Are there any comments that you wish to make in relation to the proposed eligible and ineligible expenditure?

Response: We agree with the list of expenditures that are proposed to be ineligible for the use of grant funding, with the exception of the proposed blanket ban on operating expenditure. We believe that the program guidelines should specify that grant applications that seek to see some portion of operating expenditure covered by grant funding will need to argue the case for such approval, against a background in which the Government prefers not to see grant funds used in this way.

Question 10: Are there particular circumstances where it may be appropriate for the Commonwealth to make some contribution to ongoing operating expenses?

Response: There may be circumstances where there is a particularly strong potential social benefit to be generated by a project, but where retail services may not be viable, because of a small population, limited capacity to pay, or other reasons. The Government might judge in those cases that some subsidisation of ongoing operating expenses for a defined period is justified.

Question 11: Is there a case for a third category for highly localised solutions for projects that, for example, are seeking funding of less than \$200,000?

Response: On balance, we believe that creating a third category, along the lines discussed in the discussion paper, is a sensible move.

Question 12: Are there any other design principle that should be considered?

Response: As implied in our general observations and questions at the front of this submission, we would support mechanisms to ensure that the timelines for adjudicating on and allocating grants are reasonably short and predictable, to give greater certainty to communities, solution designers and service providers.

Question 13: Do you have any comments on the proposed assessment criteria?

We think that the proposed assessment criteria capture well the nature of the types of solutions that should be funded under the program.

Our interpretation of what is in the paper is that a grant bid would need to address, or discuss, both the economic benefit and the social benefit that would be generated by the proposed solution, but that a proposal would not be ineligible for funding if it happened that the estimated benefit was heavily weighted either in the direction of social or of economic benefit. Grateful if you could confirm that this is so,

We do suggest one additional assessment criterion – that of Innovation. This criterion could assess the degree to which the innovative nature of the solution meant that it had uncovered new ways to solve connectivity problems, could be replicated more widely, and/or held export potential.