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3rd March 2023

RE: On Farm Connectivity Program Discussion paper - Consultation Feedback

To whom may concern,

Regional Development Australia-Greater Whitsundays (RDA GW) thanks the government for opportunity to provide feedback as it relates to the design and aspects of roll out of the On Farm Connectivity Program. RDA GW applauds the government focus toward supporting primary producers in Agriculture , Forestry and Fisheries to extend connectivity in their fields so they can take advantage of connected machinery and sensory technology.

RDA GW looks forward to ongoing discussion and dialogue with the government in relation to regional development and role of programs such as the On Farm Connectivity Program.

PURPOSE OF RDA GW

Regional Development Australia (RDA) is an Australian Government initiative that brings together all levels of government to enhance the development of Australia's regions. A national network of RDA committees has been established to achieve this objective.

Australia's regions are diverse, although they also face many similar challenges. The RDA network shares information and collaborates to develop innovations and solutions that can be adapted across the country to help grow regional economies.

RDA committee members are passionate and dedicated local leaders who act as an effective conduit across government, industry and with the community to support the development of their regions. They bring to the network a broad range of experience, including from local government, the private sector, and the community and not-for-profit sectors. The RDA network is a vital link between regional stakeholders and government. They are real-time advisers to government on critical regional development issues, opportunities, and challenges in their regions. RDAs are an on-the-ground network. that provides regional intelligence to inform policy and the implementation of regional programs, information campaigns and grant funding opportunities.

BACKGROUND TO THE GREATER WHITSUNDAY REGION

RDA GW operates across a geography consistent with the three Local Government areas of Mackay Isaac and the Whitsundays covering an area of just over 90,000 km2 and with a resident population of just over 180,000 people. The regions annual economic output (gross revenue for 2021) totaled $51.3B.

Agriculture and associated food, fiber and energy manufacturing aligned to rural production feedstock provides a combined annual economic output of $2.56B in gross revenue in 2021. In addition, agriculture and its aligned supply chains within the region employ almost 7,000 people.

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WORKING ON REGIONAL CONNECIVITY AND AGRIBUSINESS DEVELOPMENT

Like many areas of Regional Australia, the Greater Whitsundays region has invested considerable time and resources working in collaboration across sectors and communities with a focus toward enhancing the regions digital connectivity services, products, and economies. This has included supporting a focus within the Agribusiness sector via the formation of a regional initiative called the Greater Whitsundays Agribusiness Futures Alliance - the initiative and its respective programs incudes a program with specific focus in supporting digital connectivity, digital literacy and the role of technology adoption in improving agribusiness sector viability and prosperity.

It is via the feedback and discussions aligned to digital connectivity and technology solutions within the Greater Whitsundays Agribusiness Futures Alliance and the RDA GW Committee own discussions that RDA GW can provide its responses to the discussion paper.

ADDITIONAL CONSIDERATION FOR THE ON FARM CONNECTIVITY PROGRAM

The discussion paper outlines a focus toward a limited number of program design features as they relate to the Funding associated with the Farm Connectivity Program. RDA GW seeks to outline some additional matters for consideration in addition to providing responses to those questions directly outlined. Additional program design considerations include.

Inability for the program to support collective on farm connectivity solutions and implementation - the program design limits maximum rebate amount per project to be $20,000 therefore $40,000 all up project costs if assuming 50:50 contribution by proponent and program grant. This design assumes a common scenario where each respective producer engages in the program. What if a proponent can coordinate the provision of common connectivity solution across multiple properties and producers and in doing so attract third party investment as well as producer and government support, but where the total program might be seeking hundreds of thousands of dollars of support and supporting many producers. For example, opportunities exist in the Greater Whitsundays region within sugarcane and horticulture sector to see producers work within a collective cohort in the establishment of a framework of repeaters, boosters sensors and Wi-Fi solutions able to support hundreds of producers and where the setup of the equipment is undertaken over multiple properties on behalf of the collective of producers and where infrastructure and use access is available on each respective producers property. This coordinated activity is likely to represent better value and ROI for the government and the producers as its supports bulk purchase of similar equipment and better economies of scale and supports improved ability to leverage the required additional off farm connectivity infrastructure in the region as it provides to a telco an improved quantum of customers of digital data. Under the outlined program logic this collaborative activity is not possible due to the $20,000 maximum rebate per application.

Inability for industry third parties to coordinate on behalf of producers.

The program logic for the grant excludes capability for producer cohorts and producer peak bodies to work with producers in coordinating connectivity equipment set up on farm. The program design outlines a direct farm to equipment provider sales and management model. RDA GW suggest that the department give considerations toward a program logic that offers more flexibility for third parties to broker these connectivity equipment installation outcomes. Where by the third party coordinates with producers and

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equipment suppliers the set-up of equipment on multiple farms and in doing so sees the government enter into a contract agreement with the coordinating third party and where the coordination entity takes on the service agreement risk with the department aligned to respective sub agreements where produce5rs producers order and pay for connectivity equipment and where the third party coordinates equipment provider provision of connectivity equipment and any installation and training. The Greater Whitsundays region has numerous producer bodies that are ideally placed to coordinate such actions and in doing so support the ability to see more connectivity equipment purchased for the same dollars invested and, in some cases, could provide additional third-party investment support for producers.

Equipment Provider Cost Inflation

RDA GW has been involved in many grant programs and has observed a general trend where the base price of equipment and services increases when government grants are provided to rural producers. Effectively the suppliers of equipment knowing the government is offering grants for equipment increase the cost of items knowing producers are still going to purchase items given the grant covers a significant proportion of the outlay by the produce. While this action maybe impossible to manage in a commercial setting, it is non the less something government and program design needs to be understanding toward as it lowers the overall capacity to support a higher number of producers as the available total grants $$$ are consumed more quickly. Bulk purchasing arrangements by third parties can often reduce this impact.

Resale of Connectivity Equipment

The purchased connectivity equipment as with all equipment purchase sees the equipment having a core value in terms of dollars. With the advent of grants support the reality is that producers are able to obtain equipment at 50% of true cost (assuming 50% co-contribution) . The second had sale of the connectivity equipment (especially in a constrained supply market due to supply chain issues) matched with high demand could see a proliferation of secondhand connectivity equipment sales and in doing so producers able to make profit on the sale of secondhand connectivity equipment where the sale price is much higher than the initial cost due to 50% grants support from the government. Guidelines and procedures are ideally in place to limit this activity, for example producers in gaining grants support could sign off on holding the equipment in their possession for a contracted period. RDA GW is keen to highlight that this is not a regular occurrence but none the less has seen in the past within similar rural grant programs that support equipment purchases (Reef Program) and how this brings into disrepute well meaning programs.

Understanding how on farm connectivity links to off farm connectivity infrastructure

The ability for on farm connectivity infrastructure to provide value is hardwired to the on-farm equipment being able to link to off farm digital connectivity service and infrastructure. For example, there is limited point having state of the art on farm connectivity if you have no broader connection to the internet or mobile services on offer or if your internet and mobile service package you have is not able to accommodate the amount of data and information you seek to upload and download within a set time frame via the upgraded on farm connectivity equipment.

Equally the proliferation of on farm connectivity equipment within a location may have unintended consequences of reducing broader community connectivity. For example, if several producers in a regional area upgrade to a mobile coverage solution on farm and this sees large amounts of data upload and

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download on the mobile network this could see a loss of mobile coverage or slower mobile functions for the broader community in the same regional location. It is therefore paramount that as part of the grant's programs funding allocation, the department works closely with Telco's servicing the area to ensure broader connectivity is maintained or enhanced irrespective of increased usage.

How will the grant program validate if a project proponent seeking on farm connectivity has the correct and available internet and mobile support off farm. The risk here is the funding is provided on farm that is not in sync with the available technology and infrastructure off farm. Meaning the outcome of increased farm connectivity is still not realized and could be due to a lack to regional infrastructure and capacity.

Assessment of respective grants applications may require a broader assessment of local and regional communications (internet and mobile) access and coverage to see if it is in sync with what the grants proponent is seeking to achieve on farm.

Digital Literacy Training

RDA GW notes the comments in the discussion paper outlining that digital literacy training is not in scope for the On Farm Connectivity Program. RDA GW acknowledges the $6M over 3 years investment to ongoing operations of the Regional Tech Hub and supports this investment approach.

However, in additional RDA GW would welcome the government considerations toward the provision of local and regional training services in supporting digital literacy with local SME business. Rather than focusing solely on digital literacy training and solutions advice delivery to respective sectors and industries via a web-based platform, RDA GW would offer the view that the government should ideally offer face to face digital training and literacy training and where this is available to any SME business – farm based or other.

The provision of regional and local digital literacy training and skills could support existing collaborative efforts in this space while still being linked to the Regional Tech Hub for base information. Equally being more broad than rural sector in focus ensures the local training delivery has economies of scale and volume of participants in possible smaller population areas and where the focus in not just on farming but the broader rural supply chain. The rural industry and SME business generally react better and more readily adopt change and new ideas via adult learning process and techniques. Equally the provision of independent and trusted information via a strong regional relationship is known to be more effective with rural business than one way electronic/digital based information platforms.

DISCUSSION PAPER QUESTIONS AND RESPONSES

Who is in Scope?

RDA GW questions the suitability of considering option two, as modern agriculture production can be aligned to high density rural production systems such as feedlots and protected cropping greenhouses systems. The full-time agriculture production systems can be in proximity to larger population centers and would thus be excluded from option two consideration of use of UCL assessments. Equally RDA GW understand UCL's s are defined using SA1 level areas and are defined by population density v/s population number. As such it is

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suggested that if this option 2 approach is to be used then program parameters would ideally outline the threshold /cutoff for SA1 or SA2 scale definition for population density. It also goes without saying that the programs would need to provide links to regional SA2 ASGS assessment.

If the desire of the program and its policy is to support more regional and remote agriculture enterprise connectivity then the suggestion by RDA GW is to have the program utilize the ASGS Remote Areas classification scheme whereby grant proponents can be selected at SA 2 scale from solely those locations listed as either Inner Regional, Outer Regional, Remote or Very Remote as per ASGS RA classifications.

A limitation with the EVAO methodology is that is focuses solely on rural business that produce either unprocessed or minimally transformed products. Therefore, any rural business that has directly higher levels of manufacturing or processing on site and aligned to rural feedstock supply would be not able to participate in the grant. This policy feature for the grant is not in line with broder government policy actively supporting further value add and manufacturing from primary production systems. However, it is recognized that for most rural production suppliers the focus on unprocessed or minimally transformed products would be suitable.

If the focus of the On Farm Connectivity Program is solely to support rural connectivity for full time rural business, then the suggestion from RDA GW is to utilize a derived value of operations based on turnover reported in the Businesses Activity Statement (BAS) and where the grants set a minimum threshold turnover figure.

Proposed Funding Process

RDA GW consider the suggested funding process to be unnecessary complicated in having both producers and equipment /service provides both involved in the transactions with government and thus joint parties to the grant agreement. Equally the suggested process is likely to see a mismatch of timing issues related to grant approval, funding supply and equipment provision and installation.

It is expected that the government will be hard pressed to understand where respective proponent projects are at in terms of time frame. At the end of the day the producer or third-party coordinator is the major focus beneficiary and the contracted grants recipient and as such should be taking on the role of managing all aspects of the transactions between the government grant and their payment for services to an equipment provider.

To this end RDA GW suggests a simpler process whereby it is the grant proponent and government that enter into a grant agreement and the equipment provider is an external service provider only and not formally part of the grant application agreement.

Conditions of the grants provision could involve the producer suppling a narrative overview of the connectivity solution on farm and how it will enhance production operations and production outcomes, a quote for equipment costs and installation and servicing, a budget and milestone targets for equipment installation completion and so on.

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RDA GW considers the co-funding contribution to be suitable at 50% but would outlined the contribution as being up to 50% v/s being only 50% . In addition, RDA GW would encourage the government to outline that the programs are highly competitive and as such higher levels of contribution would be at the proponent's discretion but highly encouraged.

Equipment Service Providers

RDA GW understands the government seeks to have in place an eligible equipment providers service list which will limit program involvement to those equipment providers sanctioned by the government. While RDA GW is understanding of the intent in this action (ensuring reputable equipment service provider involvement), it is likely that at the regional and local scale equipment providers will be overlooked and not involved. RDA GW strong belief is that grant programs of this nature ideally support local business and service providers and build regional economy and service delivery outcomes. The risk with the proposed EOI and equipment provider selection process is that larger national based entities with no local service provision out compete the local providers yet provide minimal local service and back up support. Therefore, in completing this activity it would be advisable to ensure that in each RDA region a suitable representation of equipment providers is within and active in operations within each region and that regional support services and staff resources are in place.

Questions for Primary Producers

RDA GW recognizes that the most needed connectivity solution on farm relates to the ability to support farm operations being able to make the right decision at the right time and in ensuring efficient and effective use of resources to maximize productivity, enhance production profits and showcase sustainable farm practices.

The ability to have the appropriate data, information and being able to record and report this information via integrated and seamless monitoring and sensing systems is seen as a priority. The ability to use this information in both real time and at the end of the season supports farm business capacity to continuously improve operations via changes instigation through the production season and showcase production and farming efforts aligned toward sustainable farm practices, profitable farm operations and the ability to market this information and secure preferential market access and or obtain market premiums.

On behalf of Regional Development Australia - Greater Whitsundays we thank the government for allowing us to provide feedback.

Yours Sincerely

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Rob Cocco, CEO
Regional Development Australia (Greater Whitsundays) – RDA GW