

The logo for Optus, featuring the word "OPTUS" in a bold, teal, sans-serif font.

Submission to the
Department of
Infrastructure, Transport,
Regional Development and
Communications

**Consultation on the
Regional Connectivity
Program (Round 2) draft
opportunity guidelines**

Public Version

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INTRODUCTION

1. Optus welcomes the opportunity to provide feedback on the draft guidelines to underpin Round 2 of the Regional Connectivity Program (“RCP”), as circulated by the Department of Infrastructure, Transport, Regional Development and Communications.
2. Optus has been an active participant in previous Commonwealth programs, including the Mobile Black Spot Program and the Strengthening Telecommunications Against Natural Disasters package.
3. Programs such as the MBSP have been extremely successful in fostering Government and industry collaboration, and ensured the delivery of new mobile coverage to areas of the country where it would not have been commercially possible to do so.
4. Optus has a strong commitment to investing in its mobile network, typically investing over \$1 billion each year to bring choice, improved coverage and world class voice and data services to Australian consumers. In many regional locations around Australia, Optus would be one of the top infrastructure investors in the local community.
5. Mobile coverage is critical for the effective running of businesses, connecting people with their family and friends, and for public safety and emergency responses. During the COVID pandemic, Australians have become more reliant than ever on the services that Optus provides. Optus have prioritised keeping Australians connected and we appreciate the importance of our role in home schooling, working from home arrangements, and entertainment during lockdowns.
6. Optus looks forward to considering options under the Regional Connectivity Program which will help improve services and opportunities for communities in regional and remote Australia.

FEEDBACK AND SUGGESTIONS

Scope and eligibility criteria

7. Optus welcomes the guidelines providing a broad scope of solutions eligible for Commonwealth co-funding under Round 2 of the Regional Connectivity Program. Optus notes that where applicants can demonstrate a substantive improvement in telecommunications services in a given location created by the solutions nominated, those solutions may (broadly) be eligible for consideration.
8. The Australian landmass poses various terrain and environmental challenges which add difficulty to the deployment of telecommunications services. The broad scope of the guidelines is well-suited for a regional program such as this, as they provide flexibility and multiple options for various scenarios.
9. The broad scope provided by the drafted guidelines allows applicants to consider a variety of solutions across various technologies, including mobile and broadband. The Optus mobile network covers 98.5% of the Australian population, with over 8,000 sites nationwide.
10. It is likely that any Optus application under Round 2 of the RCP will primarily focus on mobile technology solutions. We intend to take a considered approach to nominate locations which will improve connectivity for regional communities and provide the economic uplift and public safety benefits which greater mobile coverage can offer.

11. Optus is also the only telecommunications provider in Australia to own and operate a fleet of satellites. Accordingly, Optus intends to consider what opportunities there may be for partnership under Round 2 of the RCP if Government is willing to co-fund connectivity solutions delivered by satellite backhaul.
12. Optus Satellite has a long-standing history of partnership with the Australian Government. Optus operates the C1 Satellite, which provides critical services for the Department of Defence. More recently, Optus has been successfully awarded a number of solutions under the Alternative Voice Services Trials, in which participants in remote locations are utilising voice services underpinned by the Optus Satellite network.

Assessment criteria

13. The Merit Criteria which focus on economic and social benefit are appropriately worded and provide appropriate onus on applicants to demonstrate the benefits of their proposed solutions to business, productivity, social services, or public safety.
14. Merit Criteria focussed on project delivery and financial contributions requested are also appropriately structured and would allow any Optus application to highlight previous projects delivered under similar Government programs, as well as demonstrating value for money for any co-contribution requested from the Government.

Eligible locations

15. Optus notes that “ineligible locations,” are defined as being those locations which are defined as “Major Urban” by the ABS, and those areas serviced by NBN’s fixed line footprint (or areas which are proposed to be).
16. Optus appreciates that connectivity solutions nominated under the RCP may otherwise be limited in areas within the NBN fixed wireless and Skymuster footprints.
17. It would be helpful for the Government to provide mapping tools to ensure that locations nominated by applicants can be verified as within the scope of the RCP.

Competition and consumer choice

18. Optus notes that a number of solutions providing mobile coverage improvements and upgrades were awarded under Round 1 of the RCP. Optus suggests that Round 2 of the RCP provides opportunity for the Government to ensure that competition can be improved in some rural and regional locations.
19. Traditionally, in many rural and regional areas of Australia, there has been only one provider offering mobile coverage. Optus has invested over \$22 billion in its mobile network since 2001. As a result of this investment, consumers in many locations across Australia have had choice in their mobile provider for the first time.
20. Competition in the mobile marketplace has continually shown to hold the best outcomes for consumers, not only by providing better pricing, but by encouraging all mobile network operators to continue investment in networks and the latest technology.
21. Under Section 6 of the guidelines, Optus notes Merit Criterion 3 which has included “competition” as a consideration. Optus welcomes this being included and supports the Government progressing solutions which can be demonstrated to provide competition for local users of mobile networks.

Network resilience and disaster management

22. Optus suggests that solutions which may protect and maintain mobile connectivity in the event of natural disaster should be given due priority under Round 2 of the RCP.

23. The Government has identified Northern Australia as a key priority area for new and improved connectivity. Significant areas of Northern Australia are prone to natural disasters which can impact mobile networks.
24. Loss of electricity power is one of the key challenges mobile network operators need to overcome during and after a natural disaster. Optus mobile network sites are generally equipped with battery backup, but it is important to recognise that if electricity networks suffer outages for longer than the available battery's reserves (typically between 6-12 hours) mobile signal will eventually be lost.
25. Optus has deployed fixed generators at a number of sites in disaster prone areas, which allows sites to maintain power and stay connected almost indefinitely, as long as safe access can be assured for necessary refuelling.
26. Optus suggests that measures which would provide additional layers of network resiliency in locations which are prone to natural disasters could be of the highest benefit to those local communities. This would inevitably minimise disruption, help local businesses stay online, and ensure connectivity for public safety purposes.

Backhaul upgrades

27. Optus commends the Government for recognising the potential benefit of co-funding backhaul upgrades for improved connectivity in regional communities.
28. Mobile network sites in a regional or remote location may have limited backhaul options, which may otherwise leave particular sites susceptible to seasonal congestion, or to a loss of coverage should it be dependent on an upstream site which suffers an outage.
29. Investing in backhaul upgrades in some remote locations can often be commercially challenging. Accordingly, noting that the guidelines provide for Government co-contributions for backhaul and capacity upgrades is a very worthy inclusion, and Optus looks forward to considering the opportunities this presents for our regional customers.
30. The Government's specific allocation of \$46.6 million in funding for Northern Australia is also welcome, as infrastructure builds in Northern Australia can sometimes be difficult, noting the challenges of distance and reliable power, in addition to backhaul.

3G to 4G transition

31. Optus notes that other Australian mobile network operators have announced timeframes for the shutdown of their respective 3G mobile networks. Optus has not made any similar announcements on the future of its 3G network. However, as Australia sees wider deployment of 5G technology, it is likely that commercial decisions on the future of maintaining the Optus 3G network will need to be made.
32. Optus does have some sites in its mobile network which are 3G only, but the majority of these are in metropolitan areas.
33. There is an excellent opportunity for Stage 2 of the RCP to help transition and upgrade those regional communities who may be otherwise reliant on 3G mobile connectivity onto 4G technology.
34. This could be achieved by allowing applicants to nominate locations for 4G 'in-fill' under which additional co-investment from Government could help ensure any impact is limited during the transition of mobile coverage footprints from 3G to 4G.

Application timeframes

35. Optus encourages the Government to avoid rushing the application process for Round 2 of the RCP. At present the tentative timeframes proposed would suggest that the deadline for submissions will be prior to the end of 2021.
36. This does not seem possible given that the guidelines indicate that eight weeks will be provided between the opening of applications and the deadline for submissions.
37. Optus recommends that the application deadline is in early 2022. At least eight weeks will be required to draft and finalise any submission following the release of final guidelines.

Other administrative matters

38. Optus notes drafted guidelines within Section 7.2 regarding attachments required to support the application. Optus understands and appreciates the necessity of providing full costings of the project costs, to allow the Government to determine value-for-money considerations, and the necessary co-contributions.
39. However, Optus would query if there is opportunity to streamline some of the administrative requirements where an applicant has undertaken previous work under a grants process with the Department of Infrastructure, Transport, Regional Development and Communications.
40. The Government could also help by providing application documents which adequately address some of the financial and operational capability requirements – possibly through provision of a template statutory declaration form.

CONCLUSION

41. Optus sees strong potential in the Regional Connectivity Program to deliver new mobile coverage to regional locations not currently enjoying strong levels of connectivity.
42. We look forward to considering eligible locations and possible connectivity solutions upon receiving final guidelines and the timeframes for submitting an application.

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