



Frontier
NETWORKS

Department of Communications and the Arts

Regional Connectivity Program

Frontier's Submission in Response

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1 INTRODUCTION

1.1 Overview of Frontier Networks

Frontier Networks Pty Ltd (Frontier) is a niche, agile and licenced telecommunications carrier¹ with a long pedigree of building and operating, among other things, microwave and fibre optic networks.

Frontier is currently working closely with some of the largest agricultural companies in Australia to provide transformative technology to boost productivity, safety and social engagement for their staff operating in remote locations across Australia.

Frontier believes that we are in a unique position to provide input to this submission.

1.2 Executive Summary

Frontier is fully supportive of this initiative by the Commonwealth.

Frontier believes that the potential of this program can be greatly amplified through:

- Using multiple sources to identify local priority areas
- Funding 100% of the value of project where a significant ROI can be demonstrated
- Dedicate funding for smaller carriers in order to drive innovation
- Allow funding for projects in nbn developed area where it can be demonstrated a superior “grade of service” or technology type (e.g. Fibre or Copper)
- Consider funding some operational costs including fibre backhaul and “high-sites”

¹ Licence Number #341

2 RESPONSE TO THE SUBMISSION QUESTIONS

This section contains Frontier's response to the specific questions posed in the Discussion Paper.

Question 1

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

Frontier does not recommend any additional criteria be included.

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?

The Telecommunications industry is, by enlarge, a well-structured and regulated industry.

In order to successfully deploy telecommunications network, several key factors are required, including but not limited to:

- Consumer rights,
- Technical standards,
- Industry Codes of Conduct, and
- Law Enforcement requirements, including but not limited to data retention.

The requirement for a Telecommunications Carrier's Licence provides the Department with a baseline of skills and requirements, as defined by the Carrier's Licence, needed to ensure that the proposed project met, not only the success criteria, but all necessary legislative frameworks.

Ensuring that the lead submitter holds a telecommunications carrier's licence safeguards that the necessary technical, legislative and ongoing support considerations are included in any business case that underpins a submission, thus ensuring successful ongoing operation post completion of the Asset.

Frontier does not consider that other parties should be considered to lead a bid for funding.

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?

Frontier believes that this is a multi-faceted topic.

Firstly, we believe that while local and state governments can assist greatly in identifying "local telecommunications priorities"; that in itself does not provide the greatest or sole source of information.

Industry bodies, such as Meat and Livestock Australia (MLA) have deep insights into the challenges and trends within regional and remote Australia. Information from these sources should also be overlaid when considering an area.

Finally, as one of the key objectives is to provide "*place-based targeted investments to provided economic opportunities*", Frontier believes that a third facet of determining locations for funding is the economic projections that the applications itself provides.

In this way, Frontier believes the Department can gain the great view of a localised area to assist with the determination for funding.

Question 4

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

Frontier would like to suggest that the Department considers facilitating a website for registering proposed community projects and a list infrastructure providers.

Question 5

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

While Frontier is in favour for this co-contribution model, we would also like to propose an alternative "special funding model".

This additional "special funding model" would be specifically focused on applications where it can be shown that a **significant economic benefit** can be demonstrated and that over the term of the Retail Service that a multiplying return on investment (ROI) factor of the funding amount would be generated for the local area.

This model would "unlock" potential projects, that due to the requirement to demonstration a weighty ROI, would provide the local and potential wider regional area economic stimulus that could have far reaching benefits.

We believe that this will drive innovative and agile approaches to the issues of remote communications that could have significant impacts on the sustainable economic future of a local area and potentially the country at large.

In these instances, Frontier believes that the additional applicability criteria could be:

- Telecommunications Carrier License
- Annual Revenue of less than \$15M
- Contribution amount up to 100%

Question 6

What type of projects should be considered for funding through the Regional Connectivity Program?

Frontier agrees with the criteria of “like-for-like” services, however Frontier believes that where the Proposed Solution will provide the local community with a far superior outcome that this be considered for funding.

For example, where a community is currently serviced via nbn copper fixed line services and the Proposed Solution is for fibre to the home, then this should be considered as this will provide the local community with the infrastructure to not only take advantage of the digital world but to meet future expected demands.

Similarly, where the Proposed Solution can demonstrate a superior “grade of service” to that of nbn, then this should also be eligible.

Question 7

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

Frontier does not have any further comment on this question.

Question 8

Are there any comments in relation to the proposed Eligible and Ineligible Areas?

Frontier does not have any further comment on this question.

Question 9

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

The operational costs, in particular; backhaul, from existing nodes in the remote and regional Australia can be considerable and can be a “blocker” to projects that seek to bridge the digital divide in the bush.

The Department has already considered the significant cost of satellite backhaul as an acceptable cost for funding. Frontier requests that this be extended to include interconnection to fibre backhaul Points of Interconnect (POIs).

In this way proposed solutions that seek to provide regional and remote Australia with not only connectivity on par with metro areas, will be able to meet the demands in the future, unlike satellite backhaul solutions.

Frontier recommends that a benchmark be set for similar services in metro/urban areas. The delta between remote backhaul costs and that of the metro/urban services could be considered as eligible for funding in a similar way to that of satellite services.

Question 10

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

Further to Frontier's comments in Question 9, Frontier would like to propose that the Commonwealth consider access to "high sites", in particular those forming the High Capacity Radio Concentrator (HCRC). This would also for innovative solutions to overcome the concerns outlined in Recommendation 4 of the 2018 Regional Telecommunications Review.

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 (GST inclusive)?

Frontier recommends that a third category be created for funding less than \$500,000 (ext GST).

Further Frontier recommends that at least 20% of all overall funding to allocated to this category and only carriers with an Annual Revenue of less than \$15M be able to access this funding.

This will drive innovative and agile solutions to be deployed in the targeted areas.

Typically, smaller, niche carriers, such as Frontier, can provide highly innovative tailored solutions with faster rollout times. This targeted invest will allow local communities to gain faster access to digital technologies and to move to tailored solutions to meet their needs, in doing so, stimulate localised economic and social returns.

Frontier believes that by allocating a percentage of funding to this category the Commonwealth can look to drive innovation in regional and remote areas.

Question 12

Are there any other design principles that should be considered?

See Frontier's response to Question 11.

Question 13

Do you have any comments on the proposed assessment criteria?

Frontier does not recommend any additional criteria be included.

3 CONCLUSION

Frontier believes that as a niche carrier providing transformative technical solutions for the agriculture sector, we have a unique insight into the needs of remote and regional Australia.

Frontier applauds the Commonwealth for this initiative and believes that this will greatly assist in addresses the telecommunications needs of the bush.

Frontier believes that the potential of this program can be greatly amplified through:

- Using multiple sources to identify local priority areas
- Funding 100% of the value of project where a significant ROI can be demonstrated
- Dedicate funding for smaller carriers in order to drive innovation
- Allow funding for projects in nbn developed area where it can be demonstrated a superior “grade of service” or technology type (eg Fibre of Copper)
- Consider funding some operational costs including fibre backhaul and “high-sites”