REGIONAL CONNECTIVITY PROGRAM DISCUSSION PAPER

COMMENTS FROM THE DEPARTMENT FOR INNOVATION AND SKILLS GOVERNMENT OF SOUTH AUSTRALIA

While the key points in the Discussion Paper are generally supported, there are several items which the Department feels could be modified to ensure that the Regional Connectivity Program (the Program) delivers better telecommunications outcomes to regional South Australian communities. These are:

- There are some inconsistencies in the language used in the discussion paper (e.g. the words "should" and "could" appear to be used interchangeably in places).
- There are some contradictions in the Program's objectives, as outlined further below.
- Greater equity provisions should be considered, including a higher priority for regions with small population centres and regions that do not have access to other funding programs.
- The national Digital Inclusion Index should be used to guide the prioritisation of projects.

More detailed responses to specific consultation questions are provided below.

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?

To maximise the 'local' benefits of the Program, both State and Local Governments should be permitted to lead a funding bid. Otherwise, the outcomes are likely to be driven by the commercial interests of telecommunications carriers, and not necessarily the needs of regional communities.

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?

The following organisations are suggested being good sources of information in identifying local telecommunications priorities:

- Regional Development Australia (RDA).
- Peak industry and community bodies (e.g. SA Farmers Federation, Meat and Livestock Federation and Isolated Children's Parents' Association).

Question 5

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

Co-contributions from some stakeholders, such as State and Local Governments, can take a considerable amount of time to obtain. This should be considered when determining the timeframes for applications.

Further, Australian Government co-contributions greater than 50% should be considered for projects that target communities that are very remote or suffer from significant disadvantage.

Question 6

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

Some suggested types of projects for consideration are:

- Enhancement and/or extension of existing public safety communications networks (e.g. the South Australian Government Radio Network) .
- The deployment of long range wireless IoT networks (e.g. LoRaWAN networks) to help facilitate the adoption of Internet of Things connectivity and related solutions in the agricultural sector.
- Enhancements to existing telecommunications technologies that could result in significant improvements in service coverage and quality (e.g. better in-building coverage, greater connection speeds, increased data allowances, etc.).

However, please note that the above suggestions are by no means intended as a definitive list of the type of projects that should be considered for funding under the Program.

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?

The provision of retail services for minimum of 10 years is a significant requirement and may act as a deterrent to investment for some telecommunications carriers. A minimum of 7 years is more reasonable and is consistent with the commitment required of telecommunications carriers as part of the Mobile Black Spot Program.

Question 8

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

South Australia has a low population density and all of its regional communities have a population under 30,000. This contrasts with several other states, which have a significant number of large regional communities with populations between 40,000 and 100,000. This may put South Australia in a position of comparative disadvantage because the larger states are likely to have a greater number of viable projects in those large regional cities.

Therefore, it is recommended that the population limit be reduced. A more appropriate maximum population could be 50,000 or less.

Question 9

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

Spectrum licence costs and commercial backhaul charges should also be able to be capitalised over the project life (i.e. 7 years).

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)?

A third category of less than $200,000 should be included, as this would allow small, but economically and socially significant, projects to be funded.

Question 12

Are there any other design principles that should be considered?

The Background section of the discussion paper (on page 4) indicates that investment from the Program "could also address health, social, public safety and educational priorities". These criteria should be fully captured as part of the assessment criteria.

Further, while the Program is aimed at funding both mobile and broadband "place-based" solutions, there is an overlap with the Mobile Black Spot Program which creates some ambiguity. For example, the third key point under Section 4 suggests that multiple base stations and/or substantial backhaul transmission upgrades could be funded by the Program. Further clarification in the Program guidelines are required to resolve this ambiguity.

One of the most significant reasons for improving the reach and quality of telecommunications services in regional communities is that it helps to ensure that residents of those communities have access to a similar quality of life and access to opportunities that is afforded to residents in large urban communities. It also helps to reduce economic and social disadvantage.

South Australia was ranked eighth out of eight Australian states and territories in the 2018 Australian Digital Inclusion Index (ADII). The ADII is sponsored by Telstra and conducted by a consortium involving RMIT University, the Centre for Social Impact (Swinburne University of Technology) and Roy Morgan Research. It measures the level of digital inclusion across the Australian population and measures three dimensions of digital inclusion – access, affordability and digital ability. Prior to 2018, South Australia was ranked seventh (ahead of Tasmania) in 2014, 2015, 2016 and 2017.

For this reason, it is recommended that the Program's guidelines and assessment criteria be designed to consider the importance of increasing digital inclusion in regional communities. Accordingly, the Program should prioritise projects in states and regions where there is high social and economic disadvantage and/or low digital inclusion.

Question 13

Do you have any comments on the proposed assessment criteria?

The proposed assessment criteria are supported. However, weightings should be applied to each criterion.

In particular, it is recommended that equal weightings are applied to Criteria 1 (Economic Benefit) and 2 (Social Benefit). This reflects the fact that the provision of telecommunications services to regional communities improves equity outcomes and often delivers social benefits that cannot be measured in strictly economic terms.

The 'Social Benefit' criterion should also be fully consistent with the language used on page 4 of the discussion paper, which indicates that investment from the Program "could also address health, social, public safety and educational priorities".

Additional criteria that should be considered are:

- An equity provision, in which each state or territory is guaranteed to receive a minimum proportion of the available funding, subject to submitted projects being viable (similar to the equity provisions contained in rounds 1 and 2 of the Mobile Black Spot Program).
- The extent to which a project is consistent with relevant strategic and/or digital plans.

Assessment criteria, if weighted, should be disclosed to applicants beforehand.