To the Department of Communications and the Arts

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Submission response on the Regional Connectivity Program – discussion paper

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Name and contact details of person/organisation making submission:

Government of Western Australia
Department of Primary Industries and Regional Development
Attention: [redacted]

General comments

Digital connectivity is critical for the future economic viability of Western Australia; for service delivery across all Government services; and for the social and cultural welfare of the State.

The Government of Western Australia has made it a priority to improve digital connectivity in regional Western Australia through a number of initiatives, as follows:

- The State-funded $7 million Digital Farm Program is providing last-mile solutions for clusters of farming enterprises in agricultural and pastoral regions that lie outside the current or planned NBN Fixed Wireless and Fixed Line footprint across rural and regional Western Australia. This initiative will extend services to more than 1,200 farming enterprises across nearly 40,000 square kilometres across regional Western Australia. The Department of Primary Industries and Regional Development administers this Program.

- The State-funded $65 million Regional Telecommunications Project, in partnership with Telstra, Optus and Rounds 1, 2 and 4 of the Commonwealth's Mobile Black Spot program, has attracted co-investment of $154.5 million for the establishment of 264 mobile base stations across regional WA and capacity upgrades at 11 locations. The Department of Primary Industries and Regional Development administers this Project.

The Government of Western Australia is supportive of the Commonwealth Government's delivery of a new program to improve digital connectivity in regional Australia.

The Regional Connectivity Program (Program) should clearly state how it complements the National Broadband Network (NBN), Mobile Black Spot Program and Telecommunications Industry's commercial investment plan. For instance, will these other initiatives focus only on commercially viable investments, leaving the Program to pick up the high-cost, low-commercial value service areas in remote and very remote areas?

Regional connectivity is essential for the sustainability of health services in Western Australia, as highlighted recently in the Final Report of the Western Australian Government's Sustainable Health Review (SHR). In particular, the SHR Final Report noted the importance of prioritisation of improved access to rural and remote communities that could benefit the most from receiving telehealth and other virtual care services.

The Discussion Paper focuses on essential services on a *'digital-first'* model, and recommends that the Regional Connectivity Program target strategic investments in high-value agriculture, tourism locations and the resources sector. While it notes that those who are not digitally connected are disadvantaged, this does not flow through strongly in the context and principles of the Program.

The focus should include connecting those segments of our community most in need of digital services, who have limited or no opportunity or means of funding the connectivity infrastructure. The government should focus on delivering those services that rebalance the scales of inequity for those most disadvantaged by a lack of connectivity.

In a health context, this is particularly the case in accessing primary care for those with chronic conditions and those requiring age-related services. For instance, the long-term life-time cost of supporting young people with chronic conditions and social disadvantage over their entire lifetime can be orders-of-magnitude greater than the investment needed for mobile and fixed internet connectivity.

In education, the only current viable service available to 24 public schools located in remote communities, including Christmas and Cocos Islands, is the Sky Muster NBN Satellite Service. Satellite does not support all the education service needs for these schools and an alternate, high-quality telecommunications service is required.

Responses

The Government of Western Australia provides the following comments in response to the Department of Communications and the Arts Discussion Paper's questions.

Regional Connectivity Program - Key Design Principles

Question 1

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

- A commitment to deliver a service that exceeds the performance and service levels of what is available in the local area from the NBN.
- If additional wholesale infrastructure is funded, that it operate under Open Access, Common User Infrastructure principles, as defined by the International Telecommunications Union.

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?

- Licensed telecommunications carriers should partner with State and local governments and other parties to develop a bid. The licensed carriers have a better knowledge of what is possible from a telecommunications perspective while other parties have government, business and community knowledge.
- Construction and operation of telecommunications infrastructure is inevitably costly and complex. Australia has a long history of failed attempts of non-carriers who have attempted to enter the telecommunications space; naïve to what was required to be successful. Regional areas are even more challenging than metropolitan areas. Shires and non-communications industry businesses are generally not equipped to (nor interested in) management of telecommunications networks. Given this, the lowest risk approach for government is to fund existing carriers to undertake construction and manage these networks.
- The funding applicants must include a licensed telecommunications carrier.

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?

- Yes, other organisations that could be considered 'trusted sources of information' include local and regional grower groups, industry associations and community service organisations. For example, disability services, indigenous groups, local/regional/state emergency services organisations, police, fire departments and community resource centres.
- In addition, community groups and members of the public who are affected by poor telecommunications services are also at risk. For example, the Isolated Children's Parents' Association has a critical need for high-quality telecommunications services and an increasing need for High-Definition video collaboration for learning.
- By including these user groups, we will increase the trust of the community and allow better understanding to create a service that is usable. The Australian Data and Digital Council are currently creating Trust Principles that align with this initiative.

Question 4

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

- Engage with the local government shires and councils, who will have local knowledge to identify which of the above organisations are most relevant to providing advice that will address the local conditions and needs.
- The use of existing Federal and State (for example Defence) networks in remote locations could provide connectivity to local communities.

Question 5

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

- While cash co-contributions are important, the value of value-in-kind contributions cannot be over-emphasised. For example, in regional areas throughout Australia, local councils often own communications towers, which they make available to organisations such as bushfire services, police, health, and others. Most towers have spare capacity for additional equipment and making this space available to third parties such as fixed wireless providers (or mobile carriers, where appropriate) can save significant costs to construct new towers. The value of this contribution by the shires is significant and this market value as a contribution to the project should be accepted by the fund as a valid value-in-kind that is no less valuable than an actual cash contribution.
- In regional areas it may not always be appropriate to require 1-to-1 matching funding as the 'market failure' value of the project requiring government contribution will vary according the remoteness and population density of the region. Further, even though population density may be low, the regional production value of large areas may be significant and there is an urgent need to provide globally competitive broadband to those areas to protect that regional production value. To trigger the financial viability of such a project may require a government contribution that is greater than the proponent contribution.
- The State's Department of Education has successfully leveraged carrier loyalty rebates through existing contracts to deploy optical fibre services to 180 regional and remote schools since 2016. This existing carrier loyalty fund should be leveraged as a co-contribution and the monthly service fee for connectivity to schools be included as part of the co-contribution assessment.
- The requirement for financial co-contributions will make it challenging for those areas that are very remote to receive prioritisation. There should be a government response to those areas clearly unviable from a retail or co-investment perspective, and be connected by government exclusively under the Universal Service Guarantee. Without government-targeted investment, the gap between those without and the most at need, and the rest of the community, will increasingly widen. In this context, it will not always be practical to have a commercial/public-private partnership element to the investment.

Question 6

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

- Fixed wireless technologies can be the most cost-effective means of delivering high-capacity broadband services to regional areas, but any such programs should not exclude the potential for new, innovative technologies to propose ways of solving this deficiency. For example, a number of High Altitude Platform Services (HAPS) technologies, which employ miniature nano-satellites, are in the final stages of planning and testing. These services could potentially deliver high-performance broadband to remote areas within 2-3 years, but are to be proven in the real world.
- Community Wi-Fi installations in regional, rural and remote communities
- Solutions combining transmission upgrades, fibre builds and new mobile coverage over a specific focus area.
- Mobile base station upgrades from 3G to 4G (and/or 5G if available) in regional areas.

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?

- Enforcing a 10-year requirement could be difficult, but it is a good metric to use. However, with the rapid evolution of digital transmission technology occurring, it is likely that the great majority of gear being deployed now would become obsolete and be replaced by the carrier well within 10 years.
- There should be commitment by the carrier that funds will be provided (from the carrier) to meet ongoing maintenance and provide for appropriate network upgrades, as required.

Question 8

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

- While the concept of excluding areas already covered by NBN Fixed Wireless is a reasonable one, in reality, many customers in NBN Fixed Wireless areas do not receive acceptable speeds or data quotas. (Often, only a fraction of the intended 50mbs speeds) Consequently, if the government only funds areas beyond NBN's Fixed Wireless footprint, a situation is likely to occur where customers beyond NBN Fixed Wireless areas will receive far faster and better quality service than those closer to metropolitan areas on NBN Fixed Wireless services. NBN has stated that it cannot afford to upgrade its Fixed Wireless model to replicate FttN, FttP or FttC, therefore government policy should not exclude areas presently covered by NBN Fixed Wireless services.

Question 9

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

- Agree generally with the Commonwealth position.

Question 10

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

- To sustain and operate profitable services in remote Aboriginal communities.
- Otherwise, the only circumstances when the government should provide operating expenses should be in the first 12 months during the establishment phase of a project. Setup of processes, purchasing, systems and other operational tasks can be significant and will be non-recurring operational costs. Government should cover only non-recurring operational costs.

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)?

- Yes many small community Wi-Fi projects would fit into this third category.

Question 12

Are there any other design principles that should be considered?

- Yes. Only proponents who are willing to commit to an Open-Access, common-user infrastructure model (referred to earlier) for wholesale network infrastructure should be permitted to apply.
- Incorporate the type of connectivity into the principles. Investing in satellite-only services and calling these areas 'connected' is not always adequate. Satellite does not support all service needs due to latency, speed, reliability, cost of bandwidth, and environmental interference. There should be a focus on high-survivability, reliable investment of fixed infrastructure and fixed connectivity.

Question 13

Do you have any comments on the proposed assessment criteria?

- Criterion 1 – Economic benefit – include the impacts on global competitiveness.
- Criterion 2 – Social benefit – include a stronger focus on community wellness and sustainability.
- Criterion 3 – Project delivery – include the technical design.