



**SEPTEMBER 2019**

**AgForce Submission**

**Regional Connectivity Program 2019 – Discussion Paper**

## INTRODUCTION

AgForce Queensland Farmers (AgForce) is the peak rural group representing beef, sheep & wool and grain producers in Queensland. The broadacre beef, sheep and grains industries in Queensland generated around \$6.2 billion in gross farm-gate value of production in 2017-18. AgForce exists to facilitate the long-term growth, viability, competitiveness and profitability of these industries. The producers who support AgForce provide high-quality food and fibre to Australian and overseas consumers, manage around 40 per cent of the Queensland agricultural landscape and contribute significantly to the social fabric of rural and remote communities.

Queensland is the most decentralised state in Australia, and the need for fairer, more reliable and more affordable phone and internet services is a high priority issue for people living and working in regional, rural and remote (RRR) areas. Effective, reliable and affordable phone and internet services is an essential part of everyday life, providing an economic and social lifeline for RRR Queenslanders. Telecommunication services are vitally important for community safety, to support business development, enhance children's education and maintain social connections.

## SUMMARY OF AGFORCE RECOMMENDATIONS

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***Recommendation 1: AgForce recommends allowing applicants other than licensed telecommunications carriers to be the lead applicant for Regional Connectivity Program funding.***

***Recommendation 2: AgForce recommends that the Department considers local community organisations as ‘trusted sources of information’.***

***Recommendation 3: AgForce recommends that the Department hosts a mix and match website that enables local communities to present their infrastructure needs and invites infrastructure providers to put forward proposals outlining how they can work with communities to meet their needs.***

***Recommendation 4: AgForce recommends that the Department considers lifting the strict co-contribution criteria for smaller projects run by community organisations or grower groups under the Regional Connectivity Program.***

***Recommendation 5: AgForce recommends broad criteria for the competitive grants program under the Regional Connectivity Program only limit project proposals to two core principles:***

- ***Proposed telecommunications solutions must not be available in the area currently or in the foreseeable future;***
- ***Proposed telecommunications solutions must deliver social and economic benefits for regional communities.***

***Recommendation 6: AgForce recommends that the Department commissions regional benefit and economic impact modelling of RRR Australia’s telecommunication coverage to identify areas of need.***

***Recommendation 7: AgForce recommends that the Department considers whether there is scope to fund ongoing operating expenses for not-for-profit lead organisations that are actively involved in telecommunications service provision.***

***Recommendation 8: AgForce recommends establishing a third category for highly localised solutions for telecommunications projects up to \$200,000 (GST inclusive) for not-for-profit community or industry organisations in RRR Australia.***

## KEY AREAS OF INTEREST

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AgForce welcomes the *Regional Connectivity Program – Discussion Paper* and is excited to see what this important program will deliver for Australian agriculture. To solve telecommunications in RRR, cooperation and multi-faceted solutions will be required, involving government and non-government, large and small.

The Australian agricultural industry is striving towards a farm-gate value of \$100 billion by 2030 (currently at ~\$60 billion). One of the identified enablers of achieving this goal is innovation and new technology. Technology has been identified as overcoming several of the expectations of a modern consumer – paving the way for more seamless and gratifying connections with not only Australia’s domestic consumer base but also global buyers of Australian food and fibre products<sup>1</sup>.

For Australia’s agricultural industry to remain globally competitive, the productivity gap needs to be reduced. Meat and Livestock Australia (MLA) have identified 100 internet of things (IoT) devices commercially available to the Red Meat industry to increase productivity. MLA have identified digital communication as critical to industry growth<sup>2</sup>. The Australian agricultural productivity growth rate is averaging at 1.1 per cent<sup>3</sup> whereas the global rate was 1.7 per cent 2015-16. Investment in and adoption of new technology on-farm is critical, and as highlighted in the Precision 2 Decision (P2D) project these technologies can unlock \$20.3 billion in gross value of agricultural production<sup>4</sup>. However, the settings must be right to facilitate this adoption and realise the full potential of our agricultural industries.

### **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?**

AgForce is broadly supportive of the five key design principles put forward for the Regional Connectivity Program and will respond to the five design principles in more detail 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?**

***Recommendation 1: AgForce recommends allowing applicants other than licensed telecommunications carriers to be the lead applicant for Regional Connectivity Program funding.***

<sup>1</sup> Talking 2030: Growing agriculture into a \$100 billion industry

<https://assets.kpmg.com/content/dam/kpmg/au/pdf/2018/talking-2030-growing-australian-agriculture.pdf>

<sup>2</sup> 100 (now 107) IoT devices for the Livestock Industry <https://www.linkedin.com/pulse/100-iot-devices-livestock-industry-sean-starling/>

<sup>3</sup> Agriculture Commodities: March Quarter 2018

[http://data.daff.gov.au/data/warehouse/agcomd9abcc004/agcomd9abcc20180306\\_6R2bY/AgCommodities201803\\_v1.0.0.pdf](http://data.daff.gov.au/data/warehouse/agcomd9abcc004/agcomd9abcc20180306_6R2bY/AgCommodities201803_v1.0.0.pdf)

<sup>4</sup> Technical Report: Accelerating Precision to Decision Agriculture Report 2017

<https://www.crdc.com.au/sites/default/files/P2D%20producer%20survey%20-%20CSIRO%20Final%20Report.pdf>

AgForce strongly recommends allowing applicants other than licensed telecommunications carriers to be the lead applicant for Regional Connectivity Program funding. In RRR Queensland there is a need for LGAs, business organisations and industry groups to be actively involved in identifying telecommunication service delivery gaps, identifying which solution would work for their local area and partnering with telecommunication carriers without the carrier themselves, being the lead applicant. Grower groups, for example, that aim to bring better connectivity to their local area, should be allowed to apply for program funding as the lead applicant.

The Australian agricultural industry is diverse with no two farming enterprises being the same. Therefore, the technology mix and solutions must reflect this diversity. Further, the current network connectivity solutions are not standalone and require a mixture of fixed and mobile options also respond to the needs of the Australian agricultural industry.

**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?**

***Recommendation 2: AgForce recommends that the Department considers local community organisations as ‘trusted sources of information’.***

Given the scale of RRR Australia, local community organisations can provide government with greater visibility of gaps and needs experienced by residents, that would otherwise remain unknown. People in RRR Australia understand their situation better than anyone and local community organisations are often well placed to provide this information, given that they are trusted by the people they serve.

Greater involvement of longstanding community organisations such as AgForce, with stable and enduring memberships is key to informing key planning decisions. Our links and trust within the community is enduring and for the development of future programs, we recommend that government seek to utilise the knowledge of community organisations and the data they hold. AgForce, for example, not only holds rich spatial data but can poll our membership on their unique needs and support regional initiatives and infrastructure rollout.

AgForce recommends that the Department acknowledges the important role played by local community organisations in identifying local telecommunications priorities.

**Question 4: Are there ways that the Department can facilitate linkages between potential infrastructure providers and local communities?**

***Recommendation 3: AgForce recommends that the Department hosts a mix and match website that enables local communities to present their infrastructure needs and invites infrastructure providers to put forward proposals outlining how they can work with communities to meet their needs.***

AgForce recommends that the Department invites local communities to put forward their telecommunication infrastructure needs. The Department can then work together with local communities to present these potential projects on a website run by the Department, inviting infrastructure providers to put forward a proposal how they could meet the communities' needs.

**Question 5: Are there any comments that you wish to make in relation to co-contributions?**

***Recommendation 4: AgForce recommends that the Department considers lifting the strict co-contribution criteria for smaller projects run by community organisations or grower groups under the Regional Connectivity Program.***

AgForce recommends that the Department considers whether there is scope to exclude not-for-profit lead organisations and community groups from needing to fulfil the 50 per cent co-funding requirement for eligible project costs. There might be smaller community projects under \$200,000 (see answers to Question 11) which would fulfil the needs criteria and the community service criteria which might not have the resources to match the funding requirements. Alternatively, the Department could consider allowing in-kind contributions (or similar) to meet the co-funding criteria.

**Question 6: What type of projects should be considered for funding through the Regional Connectivity Program?**

***Recommendation 5: AgForce recommends broad criteria for the competitive grants program under the Regional Connectivity Program only limit project proposals to two core principles:***

- ***Proposed telecommunications solutions must not be available in the area currently or in the foreseeable future;***
- ***Proposed telecommunications solutions must deliver social and economic benefits for regional communities.***

While Australia's telecommunication market has seen considerable transformation over the past five years, the number of providers accessing regional and rural areas is limited due to the lack of existing infrastructure and high barriers to entry, often, for a low return on investment. In addition, regional consumers' ability to identify and take up substitute products is low.

The barriers to entry that exist in the telecommunications space are high, being economies of scale, capital intensity, service differentiation, distribution network development and licensing<sup>5</sup>. Regulation has assisted in removal of some barriers along with government support (i.e. Mobile Black Spot Program) however the industry remains difficult to enter.

The Regional Connectivity Program should therefore aim to target areas that would otherwise not be serviced and look at innovative solutions to deliver telecommunication services, such as grower groups in arable areas building their own telecommunications infrastructure to meet their specific needs.

<sup>5</sup> Telecommunication Service – Australia Market Research Report  
<https://www.ibisworld.com.au/industry-trends/market-research-reports/information-media-telecommunications/services/telecommunications-services.html>

**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.**

AgForce considers this requirement as crucial and supports the Department in mandating a 10-year minimum of service provision. However, this 10-year minimum of service provision should not lock the service provider and the telecommunications consumer into non-adjustable telecommunications delivery system, and there should be scope to change, innovate and improve on service delivery as new options become available.

**Question 8: Are there any comments in relation to the proposed Eligible and Ineligible Areas?**

***Recommendation 6: AgForce recommends that the Department commissions regional benefit and economic impact modelling of RRR Australia’s telecommunication coverage to identify areas of need.***

AgForce strongly recommends that the Department commissions regional benefit and economic impact modelling of Australia’s telecommunications coverage to identify areas of need. This will ensure that the competitive grants program under the Regional Connectivity Program has good geographical spread and is tailored to the needs of those Australians living in RRR communities that might otherwise be missed.

A good template how this could be done would be the CSIRO’s Transport logistics tool TraNSIT<sup>6</sup> that has looked at RRR Australia’s agricultural transport infrastructure needs by modelling supply chain freight flow. This tool is now able to guide infrastructure investment decisions and regulatory changes for the benefit of Australian agriculture. The idea behind TraNSIT is to better understand the impact of investment and regulatory changes and to ensure the best possible value from available investment options. Further to this idea of using something like TraNSIT to model telecommunications coverage, it appears there is a lack of mobile coverage along our highways and rural roads with the primary focus being on where people live, which leaves large swathes without coverage. Assessing road coverage could be an option to at least ensure people have reception between locations.

Highest demand for data is likely to be greatest in the arable farming areas, so coverage of the cropping areas would be a good indicator of improvement and would also allow for rapid deployment of advanced telemetry/sensors as many cropping enterprises already have GPS systems for controlled traffic/precision agriculture operations.

Further, there is no accurate, consolidated and independent coverage maps that outline mobile coverage across Australia. Working towards developing consolidated maps would not only provide consumers with insight on the best options available to them, it could be used to assess need when prioritising the provision of funding and infrastructure.

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<sup>6</sup> <https://www.csiro.au/en/Research/LWF/Areas/Landscapes/Transport-logistics-TRANSIT>

**Question 9: Are there any comments in relation to the proposed eligible and ineligible expenditure?**  
**Question 10: Are there particular circumstances where it may be appropriate for the Commonwealth to make some contribution to ongoing operating expenses?**

AgForce recommends that the Department considers whether there is scope to look at making contribution to ongoing operating expenses for not-for-profit lead organisations that are actively involved in telecommunications service provision.

**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)?**

***Recommendation 7: AgForce recommends establishing a third category for highly localised solutions for telecommunications projects up to \$200,000 (GST inclusive) for not-for-profit community or industry organisations in RRR Australia.***

AgForce recommends establishing a third category for highly localised solutions for telecommunications projects up to \$200,000 (GST inclusive). This category should only be available for not-for-profit community or industry organisations that operate in RRR Australia.

#### **Proposed assessment criteria**

**Question 13: Do you have any comments on the proposed assessment criteria?**

AgForce is supportive of Criteria 1 (Economic benefit), 2 (Social benefit), 3 (Project delivery) and 5 (Overall value for money). However, AgForce recommends investigating whether criterion 4 (financial co-contributions) might have inadvertent implications in excluding not-for-profit organisations from participating in the program and depriving communities from important telecommunications service delivery that might otherwise not occur.

#### **CONCLUSION**

AgForce welcomes the opportunity to provide feedback on the *Regional Connectivity Program – Discussion Paper*. It is important that program considers the telecommunication needs, activities and practical reality of all who live in RRR Australia. AgForce is willing to discuss further the recommendations outlined in this submission.

The role of government in assuring telecommunications is accessible is important and needs to be ongoing.

For any questions or further discussion on this submission, please contact Zachary Whale, Policy Director ([whalez@agforceqld.org.au](mailto:whalez@agforceqld.org.au)) on 07 3236 3100.