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Director, Regional Connectivity
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Dear Director

Regional Connectivity Program Round 3 Grant Opportunity Draft Guidelines - Central Highlands Regional Council Submission

Central Highlands Regional Council (**council**) welcomes the October 2022-23 Federal Budget delivered by the Treasurer on Tuesday 25 October 2022 which made the following commitments under the Better Connectivity Plan for Regional and Rural Australia payment measure:

- \$400 million over five years from 2022–23 to support the roll out of mobile base stations to improve highway and underserved community mobile coverage, and initiatives to improve the resilience of communications services to support the roll out of base stations to improve highway and underserved community mobile coverage; and
- \$200 million over five years from 2022-23 for two additional rounds of the Regional Connectivity Program to fund the delivery of telecommunications infrastructure to improve digital connectivity in regional, rural and remote Australia with \$30 million of that sum set aside to improve telecommunications access in First Nations communities.

Council further welcomes and thanks the Department of Infrastructure, Transport, Regional Development, Communication and the Arts (**department**) for the opportunity to provide input in relation to the development of the draft grant opportunity guidelines for Round 3 of the Regional Connectivity Program (**draft guidelines**). Council have outlined its feedback below and trusts that such feedback will be of assistance to the department in the finalisation of the draft guidelines.

1. ELIGIBILITY CONSIDERATIONS

1.1 Both streams – Ineligible locations

It is noted that urban centres and localities are presently ineligible under the draft guidelines if they are classified by the Australian Bureau of Statistics



(ABS) as having a population of 100,000 or more (ie. Major Urban Centres). Noting that the intent of grant funding generally is to stimulate investment which may not otherwise be considered by the private sector in commercial planning both up to 2027 and beyond that horizon, it is suggested the draft guidelines currently reference a statistical classification which is not reflective of the economies of scale considered by telecommunications companies in making investment decisions – instead, it is suggested that the remoteness areas classification index would be a preferable measure, with only areas classified as Outer Regional, Remote and Very Remote included as be eligible locations under the draft guidelines – these are areas that:

- may otherwise be unlikely to leverage commercial investment by telecommunications providers when compared with Inner Regional and more highly populated areas;
- suffer the most disadvantage as a result of mobile blackspots and poor internet speeds due to proximity from health, educational and library services; and
- by virtue of the above factors, are in greater need of funding.

Targeting funding within many outer regional, rural, remote and very remote areas which are heavily reliant on coal or carbon emitting industries will also become essential in the transition to net zero to enable greater economic diversification of such areas – these are matters presently being considered by the Net Zero Transition Taskforce established under the Department of Prime Minister & Cabinet.

1.2 Mobile blackspot solutions stream – Eligible locations

Council supports funding under the mobile black spot solutions funding stream being allocated only to projects which deliver new handheld coverage and considers that the department's framing of the guidelines in this manner will best ensure expansion of mobile coverage rather than duplication – this is particularly important noting that the guidelines seek to encourage co-operation between mobile operators.

New handheld coverage is defined in the glossary to the draft guidelines as “coverage Proposed Solution that will be able to be obtained with a handheld mobile device in areas that do not receive Existing Handheld Coverage, in accordance with the meaning given in section 2.2.1”. Existing handheld coverage is further defined in the glossary to the draft guidelines as:

“coverage able to be obtained with a handheld mobile device within the applicant's mobile network:

- that is currently available;
- that will be provided by any base station that will be delivered by the applicant under a round of the Mobile Black Spot Program, Peri-Urban Mobile Program or other Commonwealth grant program; or
- that will be provided by any applicant base station funded under a State or Territory program.”

It is unclear whether the intent of the definition of “existing handheld coverage”, which operates in effect to exclude some projects from being eligible projects under the mobile blackspots solutions stream intends to prevent projects from being eligible if they may be funded under another not yet released funding stream (ie. mobile blackspots to improve highway coverage) for which the project is not yet successful. If that is the case, it is suggested that the assessment of funding applications under the Regional Connectivity Program should be delayed to coincide with the assessment of other funding and that projects should only be ineligible if they have been successful for funding under another Commonwealth grant program.

1.3 Regional connectivity solutions stream – Eligible locations

It is noted that the Regional Connectivity Solutions stream of the funding will focus on areas outside of the “NBN fixed-line footprint”. It is unclear whether the reference to “NBN fixed-line footprint” is instead intended to mean outside of the fibre to the node (**FTTN**), fibre to the premises (**FTTP**), hybrid fibre coaxial, fibre to the distribution point/curb and direct to the basement network. If that is the case, perhaps a simpler way of framing the guidelines is to focus on areas which are currently within the satellite or fixed-wireless NBN network, assuming that fixed-wireless is not deemed by the department to be fixed-line. Alternatively, this clarity could be achieved through revision of the fixed-line definition.

2. MERIT CRITERION

The draft guidelines presently provide for merit criterion which include economic and social benefit. Whilst it is noted that community themes are included under the explanation of social benefit, it is suggested that reference to social benefit should be replaced with “social and/or community benefit” so that the criterion can be more readily understood by the community.

The draft guidelines split merit criteria one (economic benefit) and merit criteria two (social benefit) into two criteria. It is suggested that the two are not mutually exclusive and that it would be preferable for projects to be assessed against criteria which enables economic and/or social/community benefit to be scored as a combined criterion. Provided that changes are made to the ABS classification applicable to this fund, combining existing merit criteria one and two will ensure parity across regional and rural areas.

In recognition of the post COVID-19 transition by both the private and public sector to enable work from home/work from anywhere working arrangements to be enshrined permanently into workplace culture, it is suggested that the examples of economic and social/community benefit be expanded to recognise that enhanced digital connectivity will strengthen working from home practices and support de-centralisation as one solution to current housing challenges. Again, such de-centralisation may also support economic diversification in regional and remote areas which will be impacted by the transition to net zero.

3. TIMEFRAMES FOR APPLICATIONS

Council has been engaging with Mobile Network Operators (**MNOs**) and NBN providers since August 2022 in relation to technological solutions to address priority areas within the Central Highlands region. Since that time the relevant MNOs and NBN providers have been maturing respective technological solutions required. Once the MNOs and NBN providers provide those solutions to council, council will require time to strategically consider and then make a decision via general council meeting in relation to co-contribution, which may include in-kind contributions by Council by way of leasing of council-controlled land to the telecommunications provider for the installation of digital connectivity infrastructure. In parallel, council will work with identified community stakeholders to articulate the benefit of the improved technology to the Central Highlands region. It is difficult to undertake that process in six weeks, particularly when noting that many regional and remote local governments hold general council meetings only once every four weeks - it is suggested that the provision of at least nine weeks from release of the guidelines would be more achievable for local government to meaningfully consider co-contribution. It is understood that other regional and rural local governments face similar challenges in terms of timings, with some not as advanced in discussions with telecommunications providers as Central Highlands Regional Council.

It is noted that the provision of additional time will also enable pre-lodgment planning conversations to be well advanced where any material change of use application is required.

On behalf of council, I would like to take this opportunity to thank you for consideration of this submission.

