



# **Regional Connectivity Program – discussion paper**

Submission by the Australian Communications Consumer Action  
Network to the Department of Communications and the Arts

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## About ACCAN

The Australian Communications Consumer Action Network (ACCAN) is the peak body that represents all consumers on communications issues including telecommunications, broadband and emerging new services. ACCAN provides a strong unified voice to industry and government as consumers work towards communications services that are trusted, inclusive and available for all.

Consumers need ACCAN to promote better consumer protection outcomes ensuring speedy responses to complaints and issues. ACCAN aims to empower consumers so that they are well informed and can make good choices about products and services. As a peak body, ACCAN will represent the views of its broad and diverse membership base to policy makers, government and industry to get better outcomes for all communications consumers.

## Contact

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# 1. Introductory Comments

ACCAN thanks the Department of Communications and the Arts (the Department) for the opportunity to comment on its planned designs for the Regional Connectivity Program.

Communications are an essential service for consumers and play an increasing and important role in accessing private and public services. Access to communication services ensures that individuals can remain socially connected, engage with health and emergency services as well as educational and employment opportunities.<sup>1</sup>

Telecommunications in regional and remote Australia have received significant attention and investment in recent years, a reflection of the considerable benefits that greater digital inclusion may bring to regional consumers, communities and economies. However, despite this, considerable challenges remain in infrastructure, affordability and digital literacy.

The Regional Connectivity Program offers an opportunity to address some of the infrastructure challenges in regional Australia. We encourage the program to be flexible and responsive to the unique needs of individual areas.

Research published by the Regional Australia Institute illustrates that collaborative processes between governments and communities, as well as the private sector, offer a new way to deliver effective outcomes while minimising costs.<sup>2</sup>

However, investment alone will not fully address regional connectivity. Currently, regional services experience longer outages than urban areas.<sup>3</sup> The only mandated connection and repair timeframes apply to voice services – there are no regulations relevant to broadband. We thus encourage the Government to implement the Consumer Safeguards Part B – Reliability changes.

Telecommunications are essential services and regulations are required to obligate providers to connect or repair services within specified timeframes. This is particularly important in regional areas where competitive pressure on providers is less intense. Indeed this means that costs are often much higher than in urban areas. Even on the NBN, to achieve equivalent download allocations households need to spend considerably more.

We encourage the Government to adopt ACCAN's policy position "No Australian Left Offline" in order to support the many households that currently receive financial assistance but may not yet be connected due to cost.

Achieving regional connectivity requires infrastructure, regulation and appropriate supports to enable households get online (including connection and digital training assistance).

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<sup>1</sup> Productivity Commission, 2017, Telecommunications Universal Service Obligation, Canberra, p. 29; Graham, N. 1999, 'Amartya Sen's capabilities approach to the evaluation of welfare: Its application to communications', Communication, citizenship and social policy: Rethinking the limits of the welfare state, pp. 113–24.

<sup>2</sup> The Case for Collaboration: What it is and how to do it well", December 2018.

<sup>3</sup> In 2016-17, average fault repair timeframes across the network was 97 hours, whereas for non-urban areas it was 119 hours. See ACMA, Communications Report 2016-17, 2017.

## 2. Responses to Questions

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

ACCAN considers that service performance parameters are important for the long term success of funded projects in the program.

We consider that performance standards consistent with those contemplated in the Statutory Infrastructure Provider scheme are appropriate for the Regional Connectivity Program.<sup>4</sup> The minimum targets for the Statutory Infrastructure Provider Scheme are 25 Mbps download speed with 5 Mbps upload speed. This enables long term viability that is consistent with other areas of the NBN rollout and as demand for services grow, funded projects will be able to meet consumer expectations.

In addition, we encourage the Department to consider the affordability of the service offering. This is an important consideration for value for money, because if the service is too expensive it will affect take-up and effectively serve fewer households, reducing the overall benefit of the government's investment. The end-price of services is a common parameter to assess public benefits of Government grants programs. For example, in Canada, the Connecting Canadians<sup>5</sup> program included affordability as an assessment criterion. Applicants provided a proposed price per subscriber. Projects with a lower monthly cost for subscribers rated higher than projects with a higher monthly cost.

### 2.2. Should other parties, for example local government authorities, business organisations or industry groups, be allowed to lead a bid for Regional Connectivity Program funding?

ACCAN considers that it is appropriate for other parties be allowed to lead a bid for Regional Connectivity Program funding. However, we agree that a telecommunications provider will be required as part of the bid in order to meet the mandate of the program to improve regional connectivity. Notwithstanding the inclusion of a telecommunications provider, ACCAN does not wish the program to be limited to particular types of technology infrastructure building. We encourage flexibility in terms of the types of connectivity that can be funded, such as enabling community driven-solutions such as public wifi.

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<sup>4</sup> See Telecommunications Legislation Amendment (Competition and Consumer) Bill 2017, Explanatory Memorandum.

<sup>5</sup> See <https://www.ic.gc.ca/eic/site/028.nsf/eng/50010.html>. Also note the comments from Mr. Proctor of Ssi Micro as part of the Hearing to consider the review of basic telecommunications services, CRTC Transcript, Hearing, 12 April 2016, paragraph 2591, "We currently operate under a regulated rate, the \$80 a month plan that we're offering as our Basic Connect Package is in fact a rate that was set by Industry Canada under the Connecting Canadians Program. So we are following what was viewed to be affordable for the resources available, a package that's being offered." Available from: <https://crtc.gc.ca/eng/transcripts/2016/tt0412.htm>

There is considerable knowledge within communities regarding the areas that are underserved and the communication needs that would meet them. From our consultation with members, there is a willingness for community groups to work with Government and its representatives to improve connectivity in regional areas. We encourage the Department to work collaboratively with local communities and their representatives.

### 2.3. 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?

Community groups should be considered trusted sources of information to identify local priorities. It is the experience of those living and working in the community that can identify telecommunications needs, such as where services are not present and where upgrades are needed. This is particularly the case in rural and remote parts of Australia where local government areas are so large that the local government may not have full visibility of the connectivity needs and gaps experienced by residents and small businesses.

As contemplated in response to the above question, community groups have a role in working with Government to identify needs and bid for funding to address them.

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

ACCAN is aware of some government procurement processes that fund facilitators to assist applicants. We consider this program is an opportunity for the Department to facilitate linkages between infrastructure providers and local communities. There is considerable support among ACCAN’s members and stakeholders for the Department to fund facilitators to assist communities with building business cases.

Building a business case takes resources that are often limited in community organisations and local councils. The Department will likely receive more high quality applications from local community groups by providing funding for a facilitator. This may include local communities that would otherwise not have the resources to make a bid.

Assistance of this kind may be able to be provided after an initial expression of interest. This stage-based approach or more collaborative procurement has been adopted by the NSW Government.<sup>6</sup> The Victorian Government has an approach that enables the market to propose projects and then proceed through a multi-stage assessment process.<sup>7</sup>

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<sup>6</sup> <https://www.afr.com/companies/nsw-overhauls-mega-projects-amid-cost-blowouts-20180604-h10y6b>

<sup>7</sup> <https://www.dtf.vic.gov.au/sites/default/files/2018-03/Market-led-Proposals-Guideline-November-2017%20%282%29.pdf>

We encourage the Department to consider collaborative approaches that will reduce the costs of bidding and enable more local community involvement through the assessment process. Research published by the Regional Australia Institute illustrates that collaborative processes between governments and communities, as well as the private sector, offer a new way to deliver effective outcomes while minimising costs.<sup>8</sup>

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

ACCAN agrees that a 50% co-contribution is appropriate. However, we encourage higher contributions where the demonstrated need (and assessed benefits) are high.

Our consultation with members and stakeholders indicate that while there may be a case for higher contributions in some areas for ongoing costs (discussed further below) a 50% contribution is supported. A capital contribution of 50% indicates a commercial commitment by the provider and likely prevents business failure if less capital were required. The 50% contribution is also consistent with Mobile Blackspots funding contribution proportion.

However, with any government funding there is a risk that commercial operators will apply for funding in commercial areas. ACCAN encourages the Department to consult with community stakeholders to identify underserved areas where there has been limited interest from commercial providers. This will reduce the risk that funding is used in areas where it may not be necessary.

There also may be cases where a higher contribution is reasonable. For example, where the demonstrated need is high and the absolute funding is low, a higher contribution offers good value for money. For example, community wifi projects have low capital costs but offer high benefits in terms of addressing digital inclusion in previously underserved areas or where commercial services are unaffordable. In the Connecting Canadians program, contributions of up to 75% was available for very remote communities and Indigenous communities (whereas for others it was capped at 50%).<sup>9</sup>

Alternative contributions from other parties should also be considered. For example, we understand in some partnership projects, local governments have contributed by providing staff to assist with outreach. This should be considered in collaboration with the Department as any outreach activity is measureable and can have a considerable impact on uptake. In other instances, contributions by local communities can consist of access to facilities suitable for installation of telecommunications infrastructure.

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<sup>8</sup> The Case for Collaboration: What it is and how to do it well”, December 2018.

<sup>9</sup> See <https://www.ic.gc.ca/eic/site/028.nsf/eng/50010.html>

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

There are many towns that are predominately served by (or mapped for) the NBN Sky Muster service area (“Eligible Areas”) that currently rely on legacy ADSL technology. Many regional and remote consumers are facing considerable uncertainty regarding the future of these services. Feedback from our members and stakeholders is that these communities need a clear future upgrade path to provide at least equivalent or improved services.

Many of these small towns are currently mapped for NBN SkyMuster, however Sky Muster services represent a backward step, due to limited data allowances and higher prices. There is also concern regarding the latency of satellite services such that customers would experience a quality difference. These areas need to be served by NBN FTTN or fixed wireless to maintain equivalent services, and the Regional Connectivity Program is an opportunity to support this infrastructure upgrade. ACCAN considers that ADSL upgrades should be considered for funding and that towns with ADSL mapped for NBN Sky Muster be priorities under the Program.

ACCAN also considers that there are opportunities for local communities to develop options with providers to expand existing services to underserved communities. For example, there is currently no program to support the connectivity of Indigenous communities in remote areas with populations of between 50 to 350 residents. Services could be delivered at relatively low cost, by providing funding for public wifi for these communities, using the NBN Sky Muster service. Other likely projects could include fixed wireless, or small cells in Eligible Areas or even fibre upgrades and backhaul connections.

Despite these suggestions, ACCAN cautions against the Department determining a set list of eligible projects. We encourage the Department to work with communities and infrastructure providers to identify the most appropriate solution targeted to the needs of specific areas.

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

ACCAN agrees that a commitment to provide Retail Services for a minimum of 10 years after the Asset has become operational is appropriate.

We have had feedback from members that consumers can be adversely affected when carriers go out of business. This has happened a number of times with respect to alternative fixed wireless providers in regional areas. Thus, it is positive that the Program supports an approach to ensure that providers have the capacity to maintain services for ten years.

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

NA



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

NA

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

ACCAN considers that where the area is particularly remote with a small population the commercial business case for ongoing maintenance will be low. In such a case applicants should indicate this possibility in a proposal, and the Commonwealth consider a contribution toward ongoing operating expenses. It is likely good value for money for the Department to make an ongoing contribution than the local community be affected by the loss of a provider going out of business.

2.11. 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)?

ACCAN agrees that there is a case for a third category. The bid process should have a first stage that assesses the viability of a project and has less rigorous process for smaller contributions.

Our consultations with members indicate that there is an array of options to address the needs of currently underserved communities – many of which would require a contribution of less than \$200,000. It is for these reasons ACCAN encourages the Department to consider collaborative approaches, and work with community organisations.

2.12. Are there any other design principles that should be considered?

NA

2.13. Do you have any comments on the proposed assessment criteria?

NA