Australian Government
Regional Connectivity Program
Round 2 Grant Opportunity Draft Guidelines

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Further Information

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About Gippsland and One Gippsland

Gippsland is a geographically, socially and economically diverse region. At approximately 41,000 km2, it is the largest region in Victoria. Home to over 270,000 people[1] and 6 Local Governments, the region annually produces over $18 billion in Gross Regional Product (GRP).

One Gippsland is the peak regional advocacy body representing this diverse region. We aim to connect the dots between government, business and community, while also collectively working together to champion the interests of our region and our people.

It is our mission to create a thriving and dynamic region that harnesses the social, environmental and economic capabilities and assets. Gippsland has remarkable diversity so that we can offer residents opportunities for a great lifestyle and access to services at all stages of life.

Snapshot

A recent report produced by SGS Economics shows that Gippsland has undergone a series of economic shocks that has impacted the economic output of the region. Between 2015 and 2020 the combined effect of the COVID-19 restrictions, bushfires, dairy crisis, drought and hazelwood closure have had the following impact:

- Direct output loss of **$3.28 billion**;
- Combined direct and indirect output loss was **$6.86 billion**;
- A total of **10,213** job losses (direct and indirect); and
- Gross Regional Product shrunk by **$2.66 billion**.

The closure of the native timber industry is expected to negatively impact direct output by **$548 million** and further shrink Gross Regional Product by **$431 million** in the next 10 years.

Despite these challenges, Gippsland has great growth aspirations including:

1. Being Australia's **most liveable region by 2040**;
2. **Raise the Digital Inclusion Index Score** to be in parity with Melbourne;
3. Attracting an additional **75,000 residents 2040**; and
4. Increasing the annual **Gross Regional Product to $23.2 Billion** by 2040.

To achieve these goals, investment in digital connectivity infrastructure will be required to improve the region's investment attractiveness, both to businesses looking to decentralise and to tree changers.

The *One Gippsland Digital Connectivity Policy Position* can be viewed at this link.

[1] https://quickstats.censusdata.abs.gov.au/census_services/getproduct/census/2016/quickstat/205?opendocument

Executive Summary

Gippsland is a large, diverse region with a sizable economic output. Good digital connectivity is fundamental to facilitating good emergency response capabilities, attracting investment and tourism to the region and improving liveability for those that reside there. Without sufficient mobile and broadband connectivity, individuals and businesses in Gippsland will find themselves at a growing disadvantage. This is increasingly more important with the recent shift in thinking around remote working and the opportunities it presents post-COVID-19.

Digital connectivity is essential to modern-day life, both to those who reside in metropolitan and regional Australia. Although connectivity has come a long way in recent years, there is still a large digital divide between urban, regional, rural and remote Australia.

The Australian Digital Inclusion Index (ADII) 2020, which measures the level of digital inclusion across the Australian population, puts the Gippsland region nearly 13.6 points behind inner-city Melbourne.[2] Although this gap has decreased marginally over the past few years, the divide is not resolving quickly enough. Even within 'well served' regional areas, users regularly face issues in accessing the same reliable and high-capacity mobile coverage levels enjoyed by those in metropolitan Melbourne.

In 2019, the *Gippsland Digital Plan* was developed to articulate the region's current gaps in digital infrastructure and where future demands may lie. The development of the plan was a collaborative process that sought the views of the regional leaders, the business sector, community groups and local government. Market experts were also engaged and existing strategies and technical papers were reviewed to formulate the plan. The findings of the consultation revealed the key regional digital connectivity issues:

- **Place based Mobile Blackspots**: 496 registered mobile blackspots throughout the region;
- **Place based Fixed Line Broadband:** 72% of the regions cities and towns identified an "intermediate" supply shortfall in access to fixed line broadband;
- **Tourism Fixed Line Broadband:** 68% of key tourism locations identified a "major" supply shortfall and 32% have an "intermediate" supply in access to fixed line broadband;
- **Tourism Mobile:** 12% of key tourism locations identified had "major" supply shortfall and 24% had an "intermediate" supply shortfall for mobile coverage;
- **Agriculture Fixed line Broadband:** 100% have a "major" supply shortfall in fixed access broadband services for business users across the 5 key primary production regions;
- **Agriculture LP-WAN**: 60% have an "intermediate" supply shortfall for LP-WAN IoT supported services were identified across the 5 key primary production regions;
- **Freight Mobile:** Two class A roads and two key class B had "major" supply shortfalls mobile coverage; and
- **Road Mobile:** all 113 C classified roads within the region had "major" supply shortfalls mobile coverage.

[2] Royal Melbourne Institute of Technology-Swinburne-Roy Morgan-Telstra, 'The Australian Digital Inclusion Index 2020' https://digitalinclusionindex.org.au/wp-content/uploads/2020/10/TLS_ADII_Report-2020_WebU.pdf

Further to the lack of access to this integral enabling infrastructure, the plan further revealed that digital skills shortages are a persistent issue across Gippsland, both in terms of basic digital literacy as well as specialist technical skills to support business growth and competitiveness across the region.

This demonstrative lack in access to this important connectivity infrastructure will continue to impact and prohibit productivity and economic growth in almost all sectors across the region. An outcome not conducive to fostering and supporting economic development opportunities in Gippsland, which is urgently needed to allow the region to recover from many regional shocks.

Not only is good connectivity important to the economics of a region like Gippsland, it is vital to the region's ability to react appropriately, manage and conduct good emergency procedures during times of natural disasters (like the recent bushfires). The importance of assurances on digital connectivity in these times does not only relate to the elimination of current blackspots, but also to the network resilience of current and future infrastructure to prevent outages in times of emergency.

Overview of the Regional Connectivity Program Round 2 Grant Opportunity Draft Guidelines (The Guidelines)

One Gippsland is in support of the most effective application that will improve both overall mobile and broadband coverage in Gippsland and address existing blackspots within the region. One Gippsland is in general support of *The Guidelines* published for review and appreciates the opportunity to make a submission.

We are supportive of *The Guidelines'* intention of providing place-based solution to regional connectivity and that the program intends to complement the National Broadband Network, the Mobile Blackspot Program and the telecommunications industry's commercial investment plans. We are also supportive that grant opportunities will focus on areas of high economic and/or social value and where better connectivity and increased data have a clear benefit to a local region.

Although we give general support, we also have some concerns - and these are documented below.

CONCERNS

One Gippsland has two major areas of concern:

- The capacity of local governments within the Gippsland region to co-contribute to telecommunications will be limited as a result of sustained periods of lockdown in Victoria, a series of extreme weather events and industry closures all requiring support from council budgets;

- That the program's intent to create bespoke solutions to digital connectivity gaps still heavily relies on the support of the MNOs which are commercial operators focused on commercial outcomes. Due to Gippsland's more dispersed population the return per capita for piece of infrastructure is likely to be less.

The Financial Strain of Co-Contribution

The DRAFT program guidelines stipulate that all application are expected to leverage a substantial financial (cash) co-contribution to the capital costs of building or installing each funded project from state, territory or local governments, local communities and/or third parties.

The weighting of this requirement is concerning. It is clear from the statistics outlined above, that Gippsland is a region that has significant digital constrains that have impacted the community and industry to participate in the online economy, online learning and in many instances a suitable emergency response.

There are concerns that Local councils within the Gippsland region (and by extension their communities) will be at a disadvantage if they are unable to allocate the appropriate level of co-contribution to be competitive for this program. Apart from the rate capping by Victorian local councils for the past few years, Gippsland local councils have endured bushfires, floods and industry closures and sustained COVID-19 lockdowns – which have created extensive competition for the council budget.

Recommendation: the weighting for co-contribution is re-assessed with a higher focus on demonstrated need.

Gippsland's Geography and Population Density

Gippsland is Victoria's and one of Australia's largest regions. Due to the size of the region, the population density (as outlined above) and the geography there are large digital and mobile connectivity gaps - which to date have not been commercially viable for MNOs or the NBN to close.

Although this program is intended to work in conjunction with the NBN rollout and the Mobile Black Spot Program to provide bespoke solutions there is still a heavy focus on solutions provided by commercial entities. It is on this basis that One Gippsland has concerns the providers may overlook much needed investments in Gippsland as the commercial return will be reduced.

Tourist attractions and agriculture facilities, which are fundamental to the success of Gippsland Tourist sites within the region, are further from populated centres. It is One Gippsland's strong recommendation that the program guidelines seek to drive a fair balance between commercially viable and demonstrative need. It is further recommended that region's such as Gippsland which has higher than average digital and mobile gaps are rated higher for investment so that providers are encouraged to look at submitting proposals for our region through this program.

Recommendation: ensure regions with demonstrated high degrees of digital and mobile gaps are rated higher for investment to ensure proposals from providers are submitted to the program.

Summary of Recommendations

Recommendation
The weighting for co-contribution is re-assessed with a higher focus on demonstrated need.
Ensure regions with demonstrated high degrees of digital and mobile gaps are rated higher for investment to ensure proposals from providers are submitted to the program.