Digital Farm Grants Program

Round 3

Program Guidelines

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1 Definitions

Agribusiness means a registered business entity engaged in food, fibre or beverage production and/or supporting agribusiness in storage, processing and distribution of farm commodities and items made from them.

Department means the Department of Primary Industries and Regional Development.

Grainbelt Region means the grain growing region represented in the map at Appendix 1.

Minister means the Government of Western Australia's Minister for Regional Development; Agriculture and Food.

Network means the network infrastructure and related support systems that will be built as part of a Project.

Operator means the entity or consortium which will be managing and operating the network infrastructure and related support systems after it has been built as part of a Project.

Priority Area means the three key areas of Western Australia specifically covering the Grainbelt Region's Central, South-East and Esperance locations – refer to *Appendix 2: Digital Farm Grants Program – Round 3 Priority Areas Map*.

Project means a Proposal that has been accepted by the State for co-funding under this Program. It includes network infrastructure and related support systems that will be developed by its Proponent.

Program means the Digital Farm Grants Program – Round 3.

Proponent means the entity or consortium that has submitted a Proposal to the State for co-funding consideration under this Program.

Proposal means all documentation submitted by a Proponent to the State for co-funding consideration under this Program. The documentation includes network infrastructure and related support systems that could be co-funded by the State.

State means the Government of Western Australia.

2 Background

The business case for investing in infrastructure to enable digital connectivity in agriculture is compelling, with potential for significant productivity uplift in Agribusiness and other types of primary production in regional Western Australia (WA). It is now possible to capture, report and improve almost every step of agricultural production and supply chain processes through digitisation. Access to enterprise grade broadband infrastructure is essential if the State's Agribusinesses are to grow and prosper in the global digital economy.

While significant advances have been made in connecting communities in regional areas through the rollout of the National Broadband Network (NBN), and State and Commonwealth investments to expand mobile coverage, many Agribusinesses and regional communities generally in areas of low population density are reliant on sub-optimal connectivity solutions.

Some regional Agribusinesses have access to enterprise-grade broadband services from one or more network operators. These Agribusinesses are in a strong position to take advantage of new digital applications and economic opportunities.

For other regional and rural businesses, however, the situation is not as conducive to maximising economic opportunities. Consumer grade Sky Muster satellite limitations, the price of NBN Business Satellite Services, performance on the NBN fixed wireless network, and poor coverage and performance deficits of the mobile phone network in many areas is creating significant disparities for these Western Australians.

The absence of reliable, affordable, business-suitable telecommunications infrastructure significantly inhibits the adoption of technology in agriculture. The key constraints are:

- poor viability of commercial solutions where population density is low;
- limited mobile coverage, or where data demands are high, a high overall cost of mobile data;
- limited capacity of the mobile network for high speed data in many rural areas;
- no plans to deploy NBN fixed-line service across many farming areas;
- the cost and latency issues with NBN Business Satellite Services; and
- the high cost of establishing connectivity in regional areas.

A basic, single point internet connection that is designed for residential use is insufficient for digital farming. Broad coverage of the entire farm is essential for the sustainable growth of a competitive, world-class agricultural sector.

Ideally, the connection layer to the farm should be fast, reliable and symmetrical, with sufficient network capacity to handle large data packages in real time, with low latency access to cloud computing resources, content delivery networks and available at a cost comparable to metropolitan services.

The Grainbelt Region of Western Australia

The WA Grainbelt region covers an area of roughly 200,000 square kilometres, with an estimated population of more than 200,000 residents (2018 census).

In 2018/19, WA delivered $10.7 billion in agricultural production gross value, primarily grains produced across the Grainbelt. With $8.5 billion of agriculture produce exported, agriculture is the State's second largest export industry, behind mining, oil and gas combined.

Regional agriculture is also a significant source of employment in WA, providing jobs for 188,400 people in 2016/17, a major source of livelihood in rural and regional communities.

Other significant contributors to the Grainbelt economy include mineral resources and tourism (wildflowers, astro-tourism, fossicking, camping, bushwalking, fishing and water sports).

WA Agribusinesses and other regional industries are amongst the most productive in the world, and are one of the State's key sources of economic competitiveness; even though WA is only ten percent of Australia's population.

With the increasing availability of more digital technology and services globally, WA's Grainbelt Agribusinesses are now facing increasing competition from overseas operators, already with access to world-leading broadband.

(Refer to Appendix 1: Western Australians Grainbelt Map).

The State's Initiative

Recognising the value of digital communications infrastructure and the need in the WA economy to both sustain existing industries and enable future economic growth, the State allocated $22 million to the WA Agricultural Telecommunications Infrastructure Fund (ATIF) in 2017.

The ATIF's purpose is to improve innovative agricultural telecommunications in regional WA, and to provide productivity, commercial and social benefits to regional agricultural communities. The ATIF is administered by the Department.

The Digital Farm Grants Programs

In 2018 and 2019 the Department launched the inaugural Digital Farm Grants Program (DFGP) and the Digital Farm Grants Program – Round 2 (DFGP2) that has delivered digital connectivity for Agribusinesses across regional WA. This has principally been achieved in partnership with independent telecommunication companies establishing last mile services through fixed wireless solutions.

The DFGP covers the following regional areas:

Region	Approx. Coverage Area (sq.km)	Part Areas Covered
Great Southern	12,800	Mt Barker and South Stirling's area; Narrogin, Wagin, Katanning, Gnowangerup, Borden and Ongerup
Kimberley	436	Kununurra/Kununurra North and Ord River Central/North
Mid-West	20,000	Coorow, Perenjori, Three Springs, Mingenew, Irwin, Morawa, Carnamah Chapman Valley and Northampton
Peel	770	Wagerup, Boddington, Harvey, Australind and Binningup
South West	131	Capel, Yonganup and Busselton
Wheatbelt	5,944	East Wickepin, Kirk Rock, Wogolin, Bullaring, Gillmanning, Malyalling, Goodlands, Williams and Darkan

The DFGP2 covers the following regional areas:

Region	Approx. Coverage Area (sq.km)	Part Areas Covered
Gascoyne	662	Carnarvon Horticultural District
Mid-West / Wheatbelt	5,000	Dandaragan
Wheatbelt	18,330	Geraldton, Mullewa, Chapman Valley, Merredin, Bruce Rock and Narembeen

3   The Digital Farm Grants Program – Round 3

The State has opened the Digital Farm Grants Program – Round 3 (the Program) to help bridge the remaining digital gaps in the agricultural areas of regional WA. Funding of up to **$7 million** is available from the State's ATIF. As with the DFGP and DFGP2, the objective of the Program is to improve business and agricultural productivity through the provisioning of business-grade connectivity for regional WA.
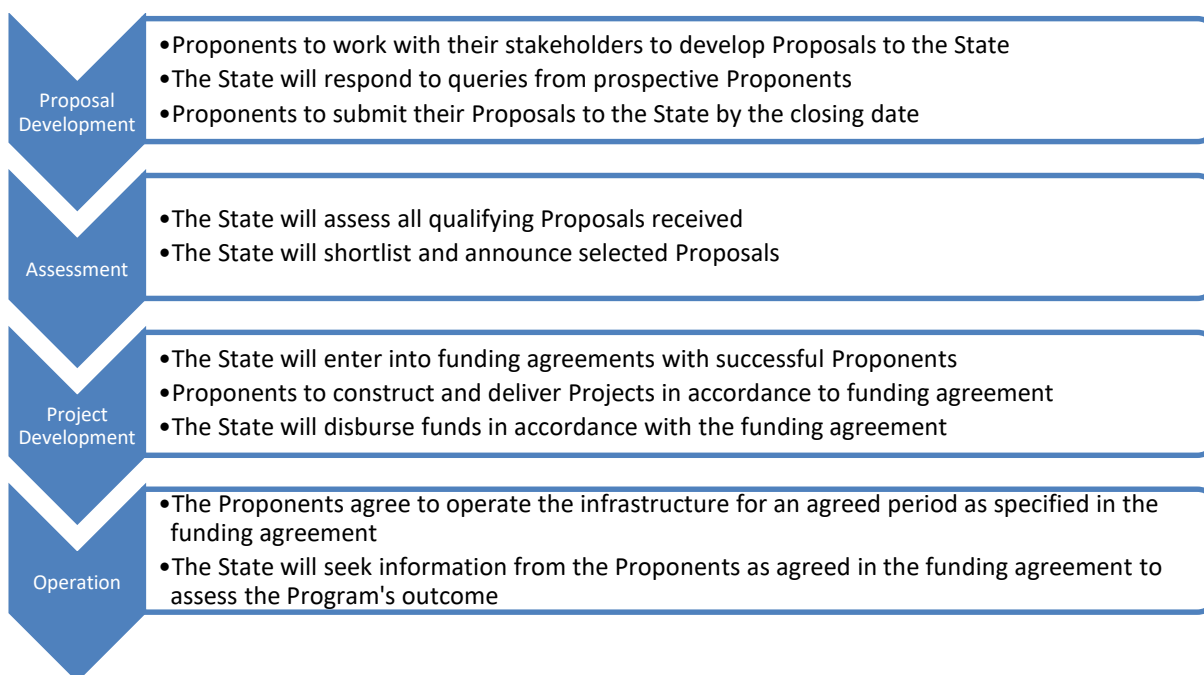
The Program will prioritise Proposals that provide the highest ubiquitous bandwidth; and reliable, affordable and scalable internet access for Agribusinesses and residents across the three remaining approximate Priority Areas within the Grainbelt region of WA. These are:

- Priority Area A – Central part of the Grainbelt region;
- Priority Area B – South-East part of the Grainbelt region; and
- Priority Area C – Esperance part of the Grainbelt region.

(Refer to Appendix 2: Digital Farm Grants Program – Round 3 Priority Areas Map.)

Program Stages

The Program will be delivered in four stages. From the Proponent's perspective, the stages will progress in the following manner:

Proposal Development
- Proponents to work with their stakeholders to develop Proposals to the State
- The State will respond to queries from prospective Proponents
- Proponents to submit their Proposals to the State by the closing date

Assessment
- The State will assess all qualifying Proposals received
- The State will shortlist and announce selected Proposals

Project Development
- The State will enter into funding agreements with successful Proponents
- Proponents to construct and deliver Projects in accordance to funding agreement
- The State will disburse funds in accordance with the funding agreement

Operation
- The Proponents agree to operate the infrastructure for an agreed period as specified in the funding agreement
- The State will seek information from the Proponents as agreed in the funding agreement to assess the Program's outcome

Each Proposal must demonstrate its eligibility against all the criteria listed in Section 3.1.1. Failure to demonstrate against any eligibility criteria will result in its disqualification and thus its progression to the Assessment Stage detailed in Section 3.2.

An Independent Assessment Panel (Panel) will evaluate all the Proposals against the eligibility and assessable criteria detailed in Sections 3.1 and 3.2.

3.1 The Proposal Development Stage

The Department recommends that Proponents engage closely with stakeholders while preparing a Proposal. A Proposal can have multiple Proponents as long as its key Proponent is a Licenced Carrier under the *Telecommunications Act 1997* (Cth). A Licensed Carrier is authorised under this Act to provide carriage services to the public.

Applications from Proponent's holding only a *Nominated Carrier Declaration* will **not** be accepted.

Based on the learnings from DFGP and DFGP2, the Department has been engaging with backhaul providers for the provision of potential cost-effective backhaul arrangements for projects under the Program. Proponents are encouraged to contact the Department to discuss this aspect of their Proposal.

Proponents are permitted to submit multiple Proposals under the Program.

The Department is aware of the need to provide an equal level of information to all Proponents to ensure a level playing field. As such, should a Proponent engage the Department to solicit additional information after reviewing its WA Digital Infrastructure Atlas (the Atlas), the Department will only provide referrals where additional information could be sought.

This information referral service could include detail on farms, farming groups, and network infrastructure and related support systems in areas relevant to a Proposal. Please visit the Atlas and contact the Department as necessary. Early engagement is recommended for Proponents wishing to access this information referral service.

Please note that a Proponent's decision to engage the Department on this service will have no bearing on eligibility or assessment of their Proposal.

Proposals must detail how fast, reliable, affordable and scalable internet access can be provided for Agribusinesses and residents in the three Priority Areas.

3.1.1 Eligibility Criteria – ADDENDUM 1
Proposals must satisfy all eligibility criteria in order to qualify for funding.

The State is looking to award grants in each of the three priority areas and will evaluate the submissions by priority area. Proponents are encouraged to clearly identify their proposals by priority areas. Proponents are allowed to submit proposals for one, two or all three priority areas.

Criteria		**Details**
Minimum technical and performance standards	E.1.1	**ADDENDUM 1** - At a minimum, a proposed Network should provide a baseline download capability of 80 Megabits per second (Mbps) and upload capability of 40 Mbps at the customer premise.
	E.1.2	The Proponent must hold a valid Carrier Licence under the *Telecommunications Act 1997* (Cth), and thereby be authorised by the Australian Communications and Media Authority (ACMA) to provide carriage services to the public. (Note: this condition is **_not_** satisfied by a *Nominated Carrier Declaration*)
Coverage	E2.1	Proposals must be located within one of the three approximate Priority Areas within the Grainbelt region of WA. Refer to Appendix 1: Digital Farm Grants Program – Round 3 Priority Areas Map.
	E2.2	Proposals must provide services in areas not currently served, or planned to be served, by NBN's fixed line or fixed wireless networks by 2021. A maximum of 20 per cent overlap with NBN's Fixed Wireless or Fixed Line Services is permitted.
	E2.3	Proposals must provide services in areas not covered by projects being delivered under the DFGP and DFGP2 or any other new or existing fixed wireless service areas. A maximum of 20 per cent overlap will be permitted.

		Proposals must include a coverage area map satisfying E2.1, E2.2 and E2.3.
	E2.4	Subject to specific projects, Proponents must demonstrate that at least twenty-five (25) Agribusinesses are served under a Proposal.
Co-investment	E3	Proponents must provide a co-contribution towards the Proposal. However, a Proponent's co-contribution ratio can be reduced. Please see section 3.1.4.
Minimum financial and commercial viability	E4	Proposals must detail the commercial viability and profitability of the proposed Network.

3.1.2 What the State will fund

It is intended that the State contribution be distributed between the three approximate Priority Areas of the Grainbelt region of WA (refer to Appendix 2: Digital Farm Grants Program – Round 3 Priority Areas Map) subject to a full assessment, effectiveness, efficiency and value for money. The State may consider funding only portions of Proposals which have proposed overlapping coverage footprints with other Digital Farm Grants Program – Round 3 Proposals.

Qualifying co-contribution claims can include engineering design, infrastructure, site acquisition costs, power connection, construction, equipment, regulatory approval and related one-off expenses, including costs for labour.

In addition, funding may be considered to offset customer connection fees to remove financial barriers for customers to connect to the proposed Network. Proponents will need to demonstrate the financial barriers, how the full cost of connection fees and expected number of customers that may require financial assistance may prevent customers from connecting to the proposed Network.

Proponents will be wholly responsible for meeting any actual costs that exceed the estimated costs.

3.1.3 What the State will <u>not</u> fund

State funding cannot be used for:

- Any network components for internet of things (IoT) devices.
- Ongoing operational, maintenance, repairs or upgrades of the Network infrastructure.
- Feasibility studies, cost benefit analyses, impact studies, marketing plans, environmental assessments, research or compliance costs.
- Project management, operations or staff-related expenses, except during the construction stage.
- Any costs incurred in connection with preparing and submitting an application for funding under the Program, providing or considering additional information sought by the Panel or undertaking any discussions or negotiations with the Department.
- Retrospective funding, where projects have been completed or commenced construction prior to the date of notification of a successful application for funding under the Program.

3.1.4 Co-contributions

The base criteria of the Program require a $1 Proponent contribution for every $1 of State funding requested. However, less than this amount in co-contributions from Proponents is acceptable, providing Proponents submit a clearly-documented case to justify the request. This potential concession is designed to encourage Proposals that will serve more remote and / or high production

value agricultural regions that are typically further from existing telecommunications assets and often less-intensively farmed.

To increase the reach of the Program, and to ensure that the Network has a more diverse customer-base, Proponents are also encouraged to seek co-contributions from other parties. These can include (but are not limited to) the Commonwealth government, local governments, grower groups, businesses or industry representative bodies. These co-contributions may be financial and / or in-kind.

In-kind co-contributions are encouraged. Examples of in-kind contributions could include a commitment for complementary access to existing infrastructure, identifying a suitable site for infrastructure placement, civil works required to access a site, assistance with connecting power, or facilitating access to existing infrastructure.

Where a value is assigned to an in-kind co-contribution, details of the methodology used to calculate the valuation must be provided in the Proposal.

The Department may independently verify Proponent Proposal cost claims as part of its due diligence. As such, please note that the Department may contact third parties detailed in the Proposal. Any claim made by the Proponent with respect to experience, credentials, qualifications, or other selection criteria which subsequently is determined to be false during the Department's due diligence process will result in the Proposal being disqualified.

The Proponent is responsible for securing all commitments from third parties. If a Proposal includes third party co-contributions, the Proponent is liable to cover any shortfall, should a third party co-contribution not proceed.

3.1.5 How to apply
Proposals are being accepted via the Digital Farm Grants Program – Round 3 SmartyGrants (online) portal.

No other forms of submission are permitted.

3.1.6 Closing date - ADDENDUM 2
The closing date for submission of Proposals is: **Friday 27 November 2020 at 5.00pm (AWST).** Proposals will not be accepted beyond the closing date.

3.2 The Assessment Stage
Proposals appraised to have met all Eligibility Criteria detailed in Section 3.1.1 will be assessed based on the Assessable Criteria as detailed in Section 3.2.1.

Assessments will be made regarding the commerciality, proposed technical specifications, technical capability, experience, value for money and risk profiles of all eligible Proposals and their Proponents.

Eligible Proposals will be assessed by the Panel that will consider the relative merits of each Proposal and make recommendations to the Department. The Panel may, at its absolute discretion, request additional information to assist its evaluation of a Proposal. The Minister will provide final approval and may choose, in her absolute discretion, to reject, without liability, any or all Proposals submitted.

Unsuccessful Proponents will be able to seek feedback from the Department on their Proposal, however, the decision of the Minister is final and cannot be appealed.

3.2.1 Assessable Criteria - **ADDENDUM 3** to A4.1 Minimum financial and commercial viability.

Proposals will be assessed according to these Assessable Criteria, which generally reflect the eligibility criteria detailed in Section 3.1.1.

Criteria		*Details*
Minimum technical and performance standards	A1.1	The Proponent must provide a detailed description of the design approach, processes, internal and external expertise to ensure the Network is reliable, affordable and viable over the intended asset lifecycle.

For each Network architecture, the Proponent must detail and provide schematic block diagrams explaining the technical designs of the proposed Network, including proposed manufacturer(s) of equipment, spectrum utilised (e.g. 5.8GHz Class Licensed; 11GHz licensed, etc.)

The Proponent must provide a clear description of any interconnect requirements including wholesale interconnect points and backhaul requirements. Proponents must include the Backhaul Arrangements form as part of the application.

The form can be downloaded here. |
| | A1.2 | Service specifications of the Proposal - Proponents must detail the quality (download and upload speeds and reliability), number of expected Network connections (e.g. residential, business, enterprise, government and wholesale) and cost of service/s available to customers for each plan type (including retail price per plan).

If Proponents are seeking funding to offset customer connection fees, the Proposal must demonstrate the financial barriers; how the full cost of connection fees and expected number of customers that may require financial assistance, may prevent customers from connecting to the proposed Network. |
	A1.3	The Proponent must detail the Network's access arrangements to demonstrate how the proposed network will interoperate with other public networks.
	A1.4	The Proponent must detail the Network's security arrangements to achieve, maintain and consistently satisfy physical infrastructure and data security requirements and standards.
Coverage	A2.1	Network coverage map in soft copy and in Google Earth KML or KMZ formats which describes the components of the proposed solution, along with approximate locations and coverage of towers or other Network access points.
	A2.2	Total coverage (in square kilometres)

	A2.3	Number of Agribusinesses covered by the Proposal.
Co-investment	A3.1	Amount of Proponent contribution (in cash or value-in-kind) For Proposals seeking a Proponent-to-State funding ratio that is less than dollar-for-dollar co-contribution, please see section 3.2.1.1.
	A3.2	Amount of State grant requested.
ADDENDUM 3 *Minimum financial and commercial viability*	A4.1	Proposals must detail the commercial viability and profitability of the proposed Network. Proponents must include the following financial sustainability forms as part of the application: 1. Cash Flow Statement – five-year cash flow; 2. Capital and Project Expenditure; and 3. Plans and Uptakes for the Proposed Network. The forms can be download here.
Demonstrate broad social and economic benefits for the wider community	A.5.1	How will your project build the capability of local suppliers, or allow regional businesses to provide their services for the project?
	A5.2	How will your project increase regional employment and regional business participation through subcontractors, suppliers, apprenticeships and traineeships?
Co-operation	A.6.1	Letters of support from stakeholders, local governments or partners is strongly encouraged.

3.2.1.1 Type and Amount of Proponent contribution

As outlined in 3.1.4, Proposals seeking a Proponent-to-State funding ratio that is less than dollar-for-dollar, it is particularly important for the Proponent to justify the reason(s) for the proposed variation, demonstrate how the proposed variation was derived, and detail the methodology and sources of information.

The Department may independently verify Proponent Proposal costs as part of its due diligence. As such, please note that the Department may contact third parties referenced in the Proposal.

3.3 The Project Development Stage

State grants will be provided through a Financial Assistance Agreement (FAA) that the Department will negotiate with each successful Proponent on the State's behalf.

Proponents are required to demonstrate progress in delivering their Projects in return for the State's gradual disbursement of grants. If the Proposal includes co-contribution from third parties, the State's contribution will also be contingent on confirmation of all other funding being secured.

The State also reserves the right to review, vary or withdraw its approval should any proposed third-party co-contribution not proceed.

3.3.1 Financial Assistance Agreement

The Proponent will be required to enter into a FAA with the State to deliver the Project.

Where the Department considers appropriate, a phased approach may be adopted for payment of the grant based on agreed milestones. Payment milestones will be negotiated with successful Proponents.

The FAA will include, amongst other things, obligations in relation to reporting, acquittal and audit requirements.

Attached is a copy of a standard FAA which should be used as a reference to the terms and conditions under which the State is prepared to contract with the successful Proponent. The Department's standard policy is that the Operative Part of the FAA is **NOT TO BE AMENDED**, as its subsequent schedules are sufficient to reflect relevant details of the Proposal or Project without necessitating changes to existing provisions.

The FAA must be signed by both the Proponent and the State before the funded activities of the Project commence and grant funds become available.

In the event that the FAA cannot be successfully negotiated and agreed between the parties within a reasonable period of time, the Department may, in its absolute discretion, withdraw from negotiations.

For the avoidance of doubt, no legal obligation of any kind will be owed to the Proponent, nor will the Department be liable for any direct or indirect loss suffered by the Proponent as a consequence of a decision to withdraw.

3.3.2 Approvals, Permits and Regulations

The Proponent will be responsible for acquiring relevant approvals and complying with all legislative and regulatory requirements while developing the Project or operating the Network.

The Department is unable to provide advice or recommendations other than for legislations under its administration. Please refer to the Department's Annual Report 2019 for this list.

3.4 The Operation Stage

3.4.1 Requirement to operate and maintain

Proponents will be required to manage, operate and maintain all infrastructure and equipment procured, constructed and installed for the benefit of businesses and premises as proposed at their cost for a period of Five (5) years. Equipment funded under this grant is not to be employed to connect or service customers outside the approved Program coverage areas.

3.4.2 Statistics

Proponents will be asked to provide information at intervals to be specified in the FAA of the funded Network on metrics such as the number of connections, data throughput and average contention rates to inform the Department's evaluation and review processes.

3.4.3 Freedom of Information Act

Please note that the Department is subject to the *Freedom of Information Act 1992 (WA)*, which provides a general right of access to records held by State Government agencies and local government authorities.

4 Further Enquiries

If you have further questions regarding the Program, please contact one of our Agricultural Technology team members on (08) 6552-2133 or (08) 6552-2032 for assistance or email: digital.farm@dpird.wa.gov.au.
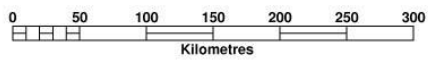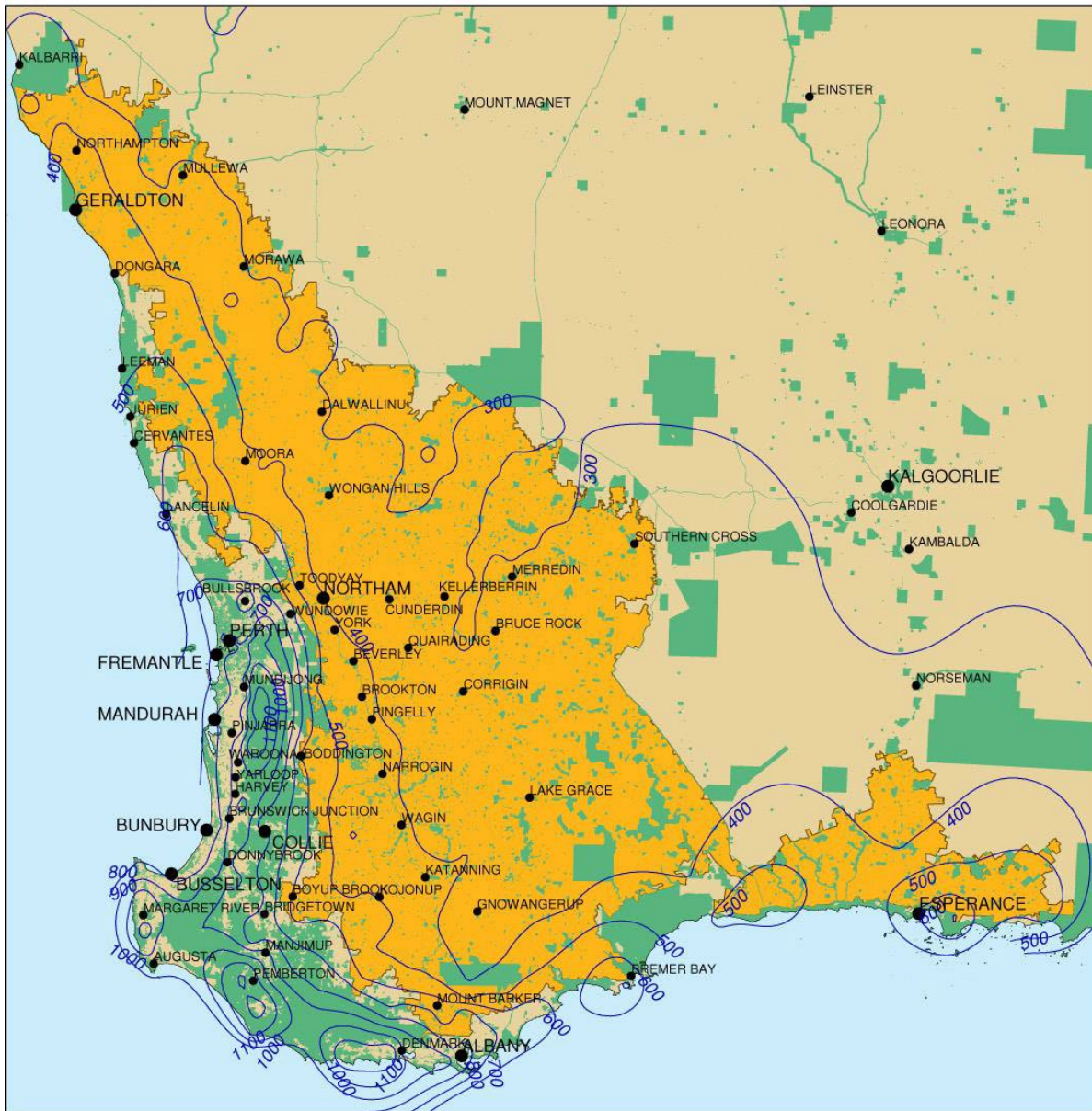
5   Disclaimer

Proponents must rely on their own investigations and satisfy themselves in relation to all aspects of the Program and all risks, contingencies and other circumstances having an effect on its Proposal.

The Department and its respective employees, officers and advisers are not liable for any incorrect or misleading information or failure to disclose information whether in connection with this document, any document attached or related to it or any other information provided to Proponents at any stage of the Proposal development, assessment and negotiation process.

The Program and this document (including any document attached or related to it) may be subject to review or change at any time without notice.

Appendix 1: Western Australia's Grainbelt Region Map

WESTERN AUSTRALIA GRAINBELT

Appendix 2: The Digital Farm Grants Program – Round 3 Priority Areas Map