



TELSTRA CORPORATION LIMITED

Audit of Telecommunications Infrastructure Assets – Record Keeping Rules Consultation Paper Response

20 December 2019



1.1. Introduction

Telstra welcomes the opportunity to provide this submission to the Australian Competition and Consumer Commission's Audit of Telecommunications Infrastructure Assets – Record Keeping Rules Consultation paper.

Telstra believes the regulatory environment should stay up-to-date with changes in the industry and continue to be fit-for-purpose. Telstra does not oppose the expansion of the Record Keeping Rules ("RKR") to include those entities suggested by the ACCC. However, we do have some concerns with the ACCC's proposals regarding mobile infrastructure information. Telstra has set out its views on the proposed changes below.

We also note that the changes proposed by the ACCC generally increase the regulatory burden for industry. As a matter of good regulatory practice, we believe that processes to update regulatory requirements (such as the Infrastructure RKR) should at the same time consider whether regulatory requirements can be streamlined and simplified, while still providing useful information for the ACCC.

1.2. Specifying coverage by frequency band is unhelpful and likely to mislead

Telstra does not support providing coverage by frequency band. Telstra calculates and represents coverage based on the primary coverage frequency band for each technology. These primary coverage bands are deployed as an overarching "umbrella" of coverage that extend over the top of coverage from other bands. Telstra believes it would be misleading to present coverage by each frequency band as to do so for other than these primary frequencies would only show a partial and fragmentary view of the coverage that customers can actually access. Providing this information would also result in an unnecessary burden on operators with no additional benefits to the ACCC or consumers.

More specifically, there are three key reasons why provision of coverage information by frequency should not form part of the amended RKR. First, Telstra calculates and represents coverage for 3G based on the 850MHz band and for 4G based on the 700MHz band. All devices we market can access these bands. These bands are available across Telstra's 3G and 4G coverage areas respectively and coverage representations based on these bands provide by far the best indication of where customers can actually access a service.

We do not calculate and represent coverage by other transmission frequencies as this has no benefit or meaningfulness to either consumers or to Telstra. These other bands are higher in frequency and are used to provide additional capacity above that provided by the primary coverage bands (850MHz and 700MHz) and are added where required based on customer usage demand. These higher frequency bands do not provide any material coverage beyond the overarching coverage bands, and as they are only provided where needed for capacity, do not and are not expected to provide any sort of contiguous coverage. Such bands are rarely if ever used independently, rather devices may access the additional capacity from these in combination with the base coverage layer.

Second, providing additional information by frequency would still provide inconsistent comparison between operators' coverage mapping. Like Telstra, the other carriers also plot their coverage based on their primary low-band frequencies. Coverage maps vary because of differences in our sites and site configurations, differences in data and modelling available relating to terrain, vegetation, urban densities and related losses and whether carriers offer coverage aids such as mobile repeaters or external antenna. The assumptions made relating to these and the prediction tools and algorithms used to create maps vary between operators and can change over time. Buildings and vegetation for example are subject to changes from construction, demolition, new plantings and vegetation clearance.

Finally, the RKR already requires operators to provide the bands that are in use on each tower. This information is also available in the public domain and should be sufficient for the ACCC to understand our and other operators' use of spectrum by location.



Telstra believes the best approach is the status quo where all operators represent their coverage based on primary coverage band that overlays all other bands for each generation of mobile network technology (e.g. 3G, 4G etc.) the operator runs, because this will provide the ACCC with the most relevant and comparable coverage information from all operators and be the most readily understandable coverage information for consumers.

1.3. Identifying co-funded mobile sites

Telstra does not support providing information on co-funded mobile sites under the RKR. There have been a multitude of such programs over the last two decades operated under widely different guidelines and involving multiple levels of government. As there has never been any requirement to record and retain records on all these programs, we do not hold any consolidated list of which sites have been co-funded and a retrospective requirement to report this information would require significant investigation of historical records.

More specifically, there are two key reasons why provision of information on funded mobile sites should not form part of the amended RKR. First, collating this information retrospectively would require many hours of work to trawl through internal documents and emails, as well as public documents and media releases from Government agencies, to identify co-funded sites, and the information gathered would likely be imperfect and/or incomplete. However, this information is available from the relevant government departments administering these programs. The information held by government departments would be comprehensive and consistent across all operators and it therefore would be more efficient for the ACCC to seek this information from these agencies. This aligns with the intent of the new provisions regarding the RKR inserted into the *Competition and Consumer Act 2010 (Cth)* on 12 December 2019 by the *Communications Legislation Amendment (Deregulation and Other Measures) Bill 2019 (Cth)*. As the ACCC will know, the RKR are now subject to a periodic review, including taking into consideration whether the information required under a RKR is already publicly available and its usefulness of the information to consumers, industry, the Minister and Parliament.

Second, Telstra is of the view that it is inappropriate for the ACCC to retrospectively apply record keeping rules on operators. While it would be straightforward for operators to identify future mobile sites which are co-funded, the ACCC's proposed changes require operators to identify all existing co-funded sites. It cannot be assumed that operators maintain such records, hence any record keeping requirements should be of a forward-looking nature only.

1.4. Reporting of mobile infrastructure changes

Telstra does not oppose the publication of information set out in section 3.3 of the ACCC's consultation paper. However, we express caution in using any change in infrastructure over time to infer the level of investment made by an operator.

There is no correlation between the number of mobile sites and the level of investment an operator makes in its network. A range of factors including location, terrain, backhaul requirements, proximity to existing infrastructure and capacity requirements affect the cost to roll out infrastructure and cost can be particularly high in remote areas.

Further, especially with deployment of 5G technology, the cost to deploy any new macro 5G site can vary easily by a factor of 3-4 fold simply based on the capabilities and future flexibility we want to build in upfront. This is because 5G is an evolving technology with many of its capabilities only becoming enabled in core technology and devices over the next 3-5 years. There are choices to be made on whether a bare bones site deployment is made to service the current capabilities only or whether to expend much more per site with an aim not to have to revisit as new use cases and demand develops.



Small cell technology currently being rolled out will further dilute the ability to draw the level of investment of an operator from the information proposed by the ACCC for the RKR. Small cells are cheap to install but provide only small areas of coverage. For example, small cells may be installed for businesses to provide Internet of Things solutions, with a company requiring a large number of cells to be installed at its premises around the country. These cells would be designed for the company's use and have little value to general consumers, acting in a similar function to WIFI access points.

Under the proposed publication of mobile site information, the template would show a large increase in site numbers. However, this does not imply a commensurate increase in coverage — small cells will disproportionately increase the number of cells relative to the levels of coverage available, and as per the IOT example, sites may not be available for public use.

In short simply counting and comparing numbers of sites are likely to be deeply misleading as a measure of an operator's levels of investment.



Appendix 1: Discussion Paper Questionnaire

Update to the list of record keepers

- 1) ***Is it appropriate to include Queensland Capacity Network Pty Ltd, Pivotel Group Pty Limited and Uniti Group Limited in the list of record keepers set out in Part 1 to Schedule 1 of the Rules? Please provide reasons to support your views.***

Telstra does not have a view on whether these operators should be added to the list of record keepers and believes the ACCC is best placed to form a view.

- 2) ***Are there other providers that should be included in the list of record keepers?***

Telstra is not aware of any other providers that should be added to the list.

Further information on mobile infrastructure - Use of a reporting template

- 3) ***Do you have any comments on the use of a template spreadsheet to guide the reporting of mobile infrastructure as per Appendix 1 to the draft instrument?***

Telstra supports in principle a common template for the reporting of information to the ACCC, however does not support providing co-funding information (see section 1.3 above).

- 4) ***Do you have any comments on the requirement for relevant record keepers to report mobile coverage across technology types and frequency bands?***

Telstra does not support providing coverage by frequency band (see section 1.2 above).

Information on relevant co-contribution programs

- 5) ***Do you agree with the inclusion of a requirement to provide information relating to sites funded under co-contribution programs?***

Telstra does not support providing information on co-funded mobile sites (see section 1.3 above).

- 6) ***Do you have any other comment on the proposed requirements?***

Telstra does not support providing information on co-funded mobile sites (see section 1.3 above).

Publication of annual reports on investments in mobile infrastructure

- 7) ***Do you have comments on the ACCC's proposal to report changes in mobile infrastructure in Section 3.3 above?***

Telstra does not oppose the publication of information set out in section 3.3.

- 8) ***Is the report template set out at Attachment B appropriate? Would the publication of maps showing the location of new mobile site be useful for the public?***

Telstra does not oppose the publication of information set out in attachment B. However, we do caution against using this information to infer the level of investment made by an operator (see section 1.4. above).

Telstra would not oppose the publication of maps showing the locations of new mobile towers as this is public information already available. However, the concerns raised in section 1.4 above apply.