

4 February 2014

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Commission
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RE: DOMESTIC TRANSMISSION CAPACITY SERVICE PRICING

Regional Development Australia (RDA) Sunshine Coast is aware that mobile coverage within the region is not complete and in fact there are major urban locations within the region that have no coverage. RDA Sunshine Coast believes a lower price for backhaul services, one that is more reflective of the incremental costs of providing access to the service, will mean the economics of coverage expansion will improve and incentivize investment in coverage expansion for the region.

The 2008 Glasston Regional Telecommunications Review found that, *"The availability of adequate backhaul, and its price, impacts on the availability, type and price of telecommunications services, such as terrestrial mobile services and broadband, that can be delivered to a community."*ⁱ

Regional consumers on the Sunshine Coast continue to suffer financially because the high cost of monopoly transmission (backhaul services) makes expanding mobile coverage too expensive. In fact, the price charged for backhaul/transmission has been identified as one of the most significant roadblocks to the expansion of mobile coverage and competition to regional Australia.

In the new digital world, telecommunications has become the bedrock to many types of economic activity. The National Digital Economy Strategy noted that a 10% increase in internet connectivity would raise regional output by 0.53 per cent. Mobile connectivity has a key role to play in improving the outputs of the regional economy.

It is predicted that from 2011-2025 Mobile technologies will deliver a productivity benefit of \$11.8 billion to the Australian economy.ⁱⁱ The 2009 Access Economics report commissioned by IBM predicted that the widespread adoption of smart technologies in the key sectors of electricity, irrigation, health, transport and broadband communications would increase the net present value of Australia's GDP by \$35-\$80 billion over the first 10 years of their deployment.ⁱⁱⁱ Many of these sectors are key to the growth and sustainability within this region.

If regional consumers do not have competition to drive price, service and product innovation they will be left behind. Reducing the cost of expansion for competing mobile networks improves the opportunities for greater coverage and increased competition.



The ACCC should set a price for monopoly transmission services that is an accurate reflection of cost. At present the price of backhaul is multiples above cost and expanding coverage is cost prohibitive. It should also review the pricing model to accurately reflect the cost of accessing existing backhaul infrastructure. This could lead to greater investment in regional coverage in locations like the Sunshine Coast and increase competition.

RDA Sunshine Coast believes a lower price for backhaul would improve the economics of mobile coverage expansion and assist to deliver better mobile services to our region.

Yours sincerely,



Professor Max Standage
Chair

ⁱ http://www.archive.dbcde.gov.au/2013/august/regional_telecommunications_review

ⁱⁱ http://www.amta.org.au/articles/The.mobile.nation.driving.productivity.jobs.and.social_change

ⁱⁱⁱ <http://ict-industry-reports.com/2009/05/24/economic-benefits-of-intelligent-technologies-ibm-access-economics/>

