

IRCA Response to ACCC Mobile Roaming Declaration Inquiry Draft Decision

9 May 2017

1. ABOUT IRCA

The Indigenous Remote Communications Association (IRCA) is the peak body representing not-for-profit remote Aboriginal and Torres Strait Islander broadcasters and media producers. Since September 2016 it has expanded to include regional and urban not-for-profit Aboriginal and Torres Strait Islander broadcasters and media producers.

IRCA advocates for the interests of Indigenous communications consumers, particularly those in remote and regional Australia where there is limited access to mobile or domestic telephony services.

IRCA is also a founding member of the Broadband for the Bush Alliance, a network of community organisations seeking to address the issues of Internet connectivity and digital inclusion in regional, rural and remote Australia.

2. Response to ACCC Draft Decision

IRCA supports the ACCC's draft decision released on 5 May, proposing not to declare a domestic mobile roaming service. IRCA agrees with the ACCC's findings that:

- “There is reasonably effective competition in the national mobile services market. Service providers compete on a broad range of product features such as price, geographic coverage, service quality, network technology, inclusions and content. The difference in geographic coverage is contributing to competition.
- In some regional, rural and remote areas of Australia, choice of mobile service provider is not available or is more limited. However, these consumers still benefit to some extent from competition outside of these areas due to national uniform pricing.
- There is insufficient evidence that, given the current state of competition, declaration of a mobile roaming service is likely to promote overall competition to a significant extent.
- There is evidence that mobile network operators are continuing to make efficient investments to compete on regional coverage. Declaration of a mobile roaming service in these circumstances may distort efficient investment incentives.”

3. IRCA Comments

IRCA sees expansion of reliable and affordable mobile telecommunications services as a critical enabler to the social and economic development of remote and regional Australia. Mobile services provide an important means of improving access to necessary communications services for people living in remote Indigenous communities. As well as telephony, 3G and 4G provide a primary means of internet access in remote and regional Australia where much of work and business activity is not based in a building.

Connectivity and digital citizenship are increasingly being described as basic rights in a growing information economy. This is increasingly important to enable online and voice access to government services, banking, and information for employment, health, education and relevant content in remote areas where there is limited or no access to on-site services. While NBN is addressing some of this gap, it does not provide voice services to remote Australia where there is still a huge unmet demand for basic telephony services.

We understand that domestic mobile roaming may be viable in larger population areas where there are commercial markets and several telcos investing in infrastructure. However, in remote Australia there are very limited markets due to small dispersed populations and diverse economic conditions, as compared with the lucrative markets in cities and larger population areas. Thus a competitive market approach will not work in much of remote Australia.

A move to mobile roaming in remote Australia carries significant risk of reducing the likelihood of further telco investment in infrastructure as well as affordability and reliability of mobile services. For these reasons, IRCA supports the ACCC's draft decision to not declare a domestic mobile roaming service.

Need for Targeted Strategies and Co-Investment

IRCA sees the expansion of mobile coverage as a greater priority than increased competition in remote Australia. It is important that the incentive for telecommunication organisations to invest in mobile infrastructure is maintained. Mobile infrastructure and operations is very expensive, including backhaul, base stations, towers and maintenance. It is unrealistic to expect any commercial provider to take on the risk of rolling out infrastructure and providing services if there is not a reliable business case or ongoing non-market revenue stream (e.g. Government subsidy) for return on investment.

The challenges of meeting the telecommunications needs and affordability in remote Australia will only be addressed by targeted strategies, including national uniform pricing. Capital costs have been addressed by Mobile Black Spots Program investment and co-investment arrangements (such as with WA and NT Governments), a recognition of the need for government investment to expand services. Backhaul infrastructure has also been rolled out through the Universal Service Obligation contracts as well as previous government investment programs, including as the Coordinated Communications Infrastructure Fund and the Networking the Nation program. Further innovative technologies for backhaul, base stations (including micro-cells) and network management are being implemented by telcos to reduce the capex and opex of mobile delivery. These strategies would be undermined by a move to mobile roaming, as it would effectively reduce the incentive for telcos to co-invest in infrastructure.

Issue of Reduced Technical Service Capacity

Further, the issue of ongoing maintenance of infrastructure in remote Australia is a key area of concern. Increasing competition in remote areas may lead to reduced reliability of critical services. A move to mobile roaming, along with the gradual reduction in fixed line, public phone and Telstra satellite services, risks a further reduction in experienced technicians servicing remote Australia. The benefit of a monopoly provider in remote Australia is that there is greater likelihood of continuity of services, installation of new services and timely maintenance.

Spectrum Differences

If the objective of mobile roaming is to enable people with non-Telstra mobile phones to access services during visits to remote areas, they may have to just accept that a different phone is needed during these times. Pre-paid phones are relatively affordable and available in most remote communities, towns and even many roadhouses.

Even if mobile roaming was allowed, given the different frequencies that telcos use to deliver their 3G and 4G services, it is not a simple matter of enabling people with non-Telstra phones to access their supplier's network via Telstra towers. This would still require a different handset.

Strategies for Mobile Expansion

Beyond current programs such as the Mobile Black Spots Program, there are a number of other possible strategies that could be considered to enable further expansion of mobile coverage into remote and regional Australia.

Mobile expansion and affordability could be part of the considerations of a future Universal Service delivery model. Many submissions to the Productivity Commission Inquiry into the USO urged the inclusion of data and mobile services as part of a contemporary Universal Service model, rather than the current focus on standard telephony services.

There needs to be a national approach that considers commercial investment and service delivery along with government investment and regulation to ensure communications services in remote Australia remain affordable long-term. In an ideal world, a wholesale network provider would be established to create a level playing field for all mobile service providers in remote Australia (i.e. within the NBN satellite footprint zone). However, given the current monopoly situation of Telstra in remote Australia and non-inclusion of mobile backhaul in the NBN charter, this is unlikely to be achievable without significant intervention in the market and cost.