

The Hon Philip Dalidakis MP

Minister for Small Business, Innovation and Trade

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File:

Ms Sarah Danos
Assistant Director
Mobiles and Consumer Engagement
Australian Competition & Consumer Commission
Level 20, 175 Pitt Street
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Dear Ms Danos

VICTORIAN SUBMISSION TO THE AUSTRALIAN COMPETITION AND CONSUMER COMMISSION'S DOMESTIC MOBILE ROAMING DECLARATION INQUIRY

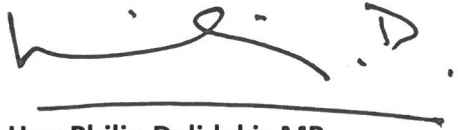
I am writing to present the enclosed Victorian Government submission (the submission) to the Australian Competition and Consumer Commission's (ACCC) *Domestic Mobile Roaming Declaration Inquiry* (the Inquiry). The ACCC has requested further submissions to the Inquiry regarding measures that could lead to improvements in mobile network competition and coverage in regional areas.

As you are aware, telecommunications plays a critical role in economic development, social inclusion and the delivery of essential public services, especially in regional communities. The submission is consistent with the Victorian Government's previous advocacy for better telecommunications outcomes for all Victorians.

The submission seeks changes to regional mobile communications policy to better support collaborative investment and infrastructure sharing arrangements. The submission also stresses the critical need for robust, clear and precise geospatial information on the quality and coverage of mobile networks. This lack of information is hindering the ability of individuals, businesses and governments to develop and assess their case for infrastructure investment. Access to better information is integral to the implementation of the Government's strategic regional digital initiatives, including the Connecting Regional Communities Program (CRCP) and Public Safety Mobile Broadband (PSMB).

If you require further information, please contact Mr Matthew Dummett, Program Director Telecommunications of the Department of Economic Development, Jobs, Transport and Resources on telephone (03) [REDACTED]

Yours sincerely

A handwritten signature in black ink, appearing to read 'Philip Dalidakis', with a horizontal line drawn underneath it.

Hon Philip Dalidakis MP
Minister for Small Business, Innovation and Trade

10 / 8 / 17

***Victorian Government Submission to the
Australian Competition & Consumer Commission
Draft Decision Report***

Domestic Mobile Roaming Declaration Inquiry

July 2017

Introduction / opening comments

1. The Victorian Government welcomes the Australian Competition and Consumer Commission's (the Commission) inquiry into whether to declare a wholesale domestic mobile roaming service in the Australian mobile telecommunications market. The Victorian Government agrees that market, technological and policy developments along with changing consumer preferences have led to the need to reconsider competition settings in the mobile market, including investment incentives for Mobile Network Operators (MNO's) to maintain, upgrade and extend their networks.
2. The Victorian Government understands the value of infrastructure competition and its role in developing Australia's advanced mobile networks and markets. The Victorian Government acknowledges that mobile network infrastructure competition has delivered three quality mobile networks (and TPG as a potential fourth network) providing world leading mobile services in Australia.
3. The Government considers it important to maintain mobile network infrastructure competition in the State and avoid initiatives that reduce MNO incentives to invest in regional mobile infrastructure and services. Additionally, any forthcoming policy and subsequent initiatives need to be future-oriented, pro-investment, pro-innovation and enable competition where appropriate to support the widespread rollout of next generation technologies such as 5G wireless networks.
4. The Commission's *Domestic Mobile Roaming Declaration Inquiry* Discussion Paper (the Inquiry) including the Draft Decision Report May 2017 (the Report) provides a comprehensive description and analysis of the economics, regulation and broad issues facing the Australian mobile sector. The Commission's mobile roaming declaration decision will be a valuable input to national telecommunications funding and policy decisions.
5. This submission provides the Victorian Government's formal response to the Report and the Commission's request for views about measures that could lead to improvements in MNO competition and network coverage in regional areas. These measures include:
 - Improving transparency around MNOs' investment plans and commitments in regional Australia, including information about network quality and coverage
 - Improving the effectiveness of infrastructure sharing.
6. This submission was prepared in consultation with relevant Victorian departments and agencies.

Key Points – Considerations and outcomes sought from the Inquiry:

Improving transparency around MNOs' investment plans and commitments in regional Australia, including information about network quality and coverage

The Victorian Government strongly supports the Commission's Report findings (Section 9.1: pp 76-78) regarding increasing transparency about network quality, expansions and improvements. In the absence of a mandated mobile roaming arrangement, information becomes more important. There is a critical need for robust, clear and precise geospatial information on the quality and coverage of mobile networks in regional areas to support individuals, businesses and governments telecommunications policy, planning and infrastructure investment decisions.

The Victorian Government considers that publicly available mobile coverage data is not provided in an accessible form, which hinders the ability of individuals, businesses and governments (local, state and commonwealth) to be sufficiently informed to build strong cases for investment. This lack of information impedes decision making and the justification for mobile infrastructure investment.

The MNO's mobile coverage maps do not provide:

- geospatial information on the quality of mobile coverage based on an understood industry based standard
- geospatial information on future network rollout or upgrade plans
- geospatial comparison of MNO's and other complementary networks so that on a geographical basis coverage and quality can be assessed from the perspective of multiple carriers or technology options.

7. The Victorian Government highlights to the Commission that in markets impacted by service limitations (regional and rural areas), there is a critical need for robust, clear and precise geospatial information on the quality and coverage of mobile networks; based on an industry standard. The coverage maps published by the MNO's are not consistent or comparable and do not always reflect actual experience or the quality of the coverage offered. Also the maps do not reflect future network rollout or upgrade plans. This lack of information hinders the ability of individuals, businesses and governments to develop and assess their case for investment.
8. The Victorian Government understands that the MNO's geospatial mobile coverage information is currently locked away as commercial in confidence. Opportunities for business and government to deliver collaborative regional telecommunications initiatives with the MNO's, supported by strong cases for infrastructure subsidies and co-investments, are lost due to this lack of information invariably compounding service limitations in regional markets.
9. This lack of information creates an environment where 'blind auctions' occur for programs like the Commonwealth Government's Mobile Blackspot Program (MBSP) and inefficient allocation of scarce government resources. The Victorian Government considers lack of information needs to be addressed as a priority.

Improving the effectiveness of infrastructure sharing

10. In Victoria there are clear disparities in mobile network coverage with significant geographic blackspots in regional and remote areas of the state. The Victorian Government considers that there are limits to what mobile network coverage can be achieved purely through unassisted infrastructure MNO competition. Some areas present natural monopoly conditions where no carrier, or only one, is prepared to invest over the long term (non-commercial areas).
11. These disparities have economic and public safety implications for many Victorian communities. For example, the Victorian Government is investing in mobile infrastructure coverage to support the critical needs of citizens in emergencies. Victoria is a bushfire prone state and there are substantial mobile black spots in Victoria's regional and remote areas. Citizen access to critical services such as emergency SMS messaging alerts is vital to our communities' resilience and response, particularly in times of emergency.

In non-commercially viable areas a common telecommunications infrastructure platform needs to be developed to service the needs of all end users.

The Victorian Government considers that in non-commercial areas, government intervention should address the service needs of all end-users that face a common telecommunications infrastructure limitation. Building duplicative infrastructure for networks that address the needs of specific end-users worsens the commercial environment for supply and market development. Common infrastructure needs to be used and economies of scope pursued to meet a range of needs that individually have limited commercial viability. In these circumstances, innovative program design, collaboration and business models are required to encourage partnerships between community, government and industry.

12. The Victorian Government supports the Commission's view that it is likely that all three MNO's will continue to invest in mobile infrastructure as part of government co-investment programs, such as the Commonwealth Government's MBSP or state and territory subsidy programs. The Victorian Government notes that the Commonwealth Government's MBSP is not an on-going program. In May 2016, \$60 million in new MBSP funding was allocated to third round of the MBSP but no new funding announced in the 2017/18 federal budget. The Victorian Government considers co-investment programs play a key role in enabling the expansion of and improvement in mobile coverage in areas where commercial incentives to invest may be weak.
13. The Victorian Government considers it important that public subsidies capture long term strategic public benefits rather than just providing narrow commercial benefits. In particular, improved mobile coverage in regional locations can improve public safety and reduce community vulnerability during natural disasters and day to day emergency events. Future arrangements should not only deliver a minimum level of service to meet the communities most critical needs, but should be designed to complement the progressive development of the full range of services a community needs to prosper (i.e. economic development, public services and social inclusion).

14. A holistic approach to consolidating public telecommunications investment in non-commercially viable areas is required. For example, service delivery agencies such as public safety agencies face many of the same coverage problems as regional consumers and potentially have common infrastructure solutions (e.g. fibre backhaul, communications housing and spectrum).
15. Currently, local, state and federal government programs, and the shared use of assets and investments are not well coordinated. Public investment in telecommunications infrastructure is fragmented and imposes significant opportunity cost. National telecommunications policies and programs (e.g. the Universal Service Obligation, Emergency Alert, the National Broadband Network and the MBSP) should be better coordinated to improve telecommunications outcomes. Greater effort also needs to be taken to align national programs with state activities and priorities such as the provision of emergency services communications.
16. The Commonwealth Government needs to work with industry, state and territory governments on long term solutions to maximise regional telecommunications outcomes. Coordinated activity will enable multiple funding sources and existing infrastructure to be leveraged to support the development of a new high quality telecommunications platform that meets multiple public and private objectives including equity, safety and productivity.

In non-commercially viable areas infrastructure sharing arrangements would ensure the most efficient and effective use of spectrum and infrastructure.

The Victorian Government understands the value of infrastructure competition and its role in developing Australia's advanced mobile networks and market. The Victorian Government supports competition as the most likely mechanism to provide the preconditions for long term market development and innovation.

In non-commercially viable areas where government subsidies have supported telecommunications infrastructure development, infrastructure sharing arrangements need to be effective to ensure the most efficient use of infrastructure and benefits to all tax payers (all mobile subscribers).

17. In non-commercial areas, the Victorian Government supports the Commission's view that government co-investment / subsidy programs should be designed to promote service competition through the use of measures, such as placing sharing requirements on infrastructure. In these areas the collaborative investment would build a common/shared mobile infrastructure, (subject to competitive bidding), the networks operations costs amortised across MNO's depending on the commercial arrangements that are developed.
18. The Victorian Government considers that this approach would maximise the investment benefit by enabling the maximum number of mobile users in these non-commercial areas able to receive mobile services including location based emergency alerts.
19. Infrastructure sharing is an efficient solution for non-commercial markets. Retail service competition can still be delivered in a shared network infrastructure environment (for

example, the National Broadband Network is rolling out in regional and remote Victoria and supports retail service competition). A shared network environment would still allow MNO's to compete for customers at a retail service level and if limited to non-commercial markets (e.g. where government subsidy had been required for MNO's to invest), would not impact infrastructure competition for the bulk of existing networks.

20. The Commission needs to ensure infrastructure sharing is effective, reflects costs, does not create barriers to entry and supports service level competition.