

2 December 2016

Mr Rod Sims
Chairman
Australian Competition and Consumer Commission
Via email: mobileroaminginquiry@accc.gov.au

Dear Mr Sims

Domestic Mobile Roaming Declaration Inquiry 2016

Thank you for the opportunity to make a submission in relation to the abovementioned inquiry being conducted by the Australian Competition and Consumer Commission (the Commission).

I agree that ensuring that regional consumers have access to reliable, up-to-date and wide-reaching mobile services is of a high importance.

I welcome the indications by the Domestic Mobile Roaming Declaration Inquiry Discussion Paper that mobile service coverage continues to increase across Australia and particularly for regional communities. If the claims that the current system is fostering investment in the expansion of services to regional Australians are merited, then without a clear advantage in the quality or cost of the service being established for the alternative, there is currently no need to alter the regulatory system. Competition for investing in infrastructure, where it is warranted, has proven effective at providing greater options for consumers. However, it is of pronounced importance that the services are available for all; even to those Australians who live in areas where the provision of mobile services may be unprofitable for the mobile network providers.

Telstra's stance that the current system of their own network and the ability to co-locate services is sufficient for coverage of regional Western Australia should only be considered valid, from a competition standpoint, if there is wide-spread co-location by the other providers occurring on regional towers.



As noted by the discussion paper, there is not geographic parity of services from the other providers in regional Australia. Telstra's claim that this disparity is principally a result of a lack of investment by the other providers has merit, as does the claim by Telstra and Optus that coverage is a key area of competition between the providers.

As noted by the discussion paper, Telstra continues to maintain sole service for over 1 million km² of Western Australia. As can be seen from each of the providers' coverage maps there is not significant coverage offered by the other two major providers, Optus or Vodafone Hutchinson Australia (VHA), in regional Western Australia. This condition of the rural markets has emerged despite equal access by the providers to existing mobile towers through co-location agreements. This suggests that there is little interest from Optus or VHA in expanding their coverage beyond the largest population centres or major transport routes in regional Australia or competing with Telstra for more rural consumers. A roaming declaration is unlikely to significantly change these market conditions. This situation combined with existing claims that there is a lack of demand for multiple providers in much of regional WA, suggest that a declaration will not have its intended effect in these areas.

It is also understood that if a roaming declaration was implemented it would discourage the expansion of co-location by the providers. Under a declaration, this would in turn put a greater share of the responsibility for the infrastructure maintenance and upkeep on the single provider, the one which owns the mobile tower. While this responsibility is unlikely to be seen as desirable by the provider, it would be expected that they would be able to recoup some costs through the wholesale price charged to the other providers for the roaming service.

I also welcome the claims made by Telstra that prices are falling and that the services, particularly in data inclusions, are improving for regional Australians and also that new technologies are being invested in for regional Australians. It is important that regional consumers are not excluded from access to technological improvements which are on-par or better than the existing services.

It is well appreciated that the costs to customers may rise as indicated in the discussion paper due to the costs associated with a provider accessing the roaming services of other providers. However, because of the competitive nature of the industry it is unlikely that prices will rise above cost. Providers accessing new markets under a roaming declaration, predominately Optus and VHA in regional Australia, would be unlikely to use or provide services under the terms of the roaming declaration unless they have a reasonable chance to commercially offset their losses while in competition with existing providers in those areas. Given Telstra's existing advantages as the majority provider for regional Australia at the moment, it is unlikely that Optus or VHA will significantly increase existing prices out of concern for Telstra's capacity

to undercut their prices and sales. This combined with the uniform pricing providers offer across Australia suggests that there will unlikely be price rises as the providers will be unlikely to raise nationwide prices to offset costs primarily incurred in regional Australia. Prices should therefore not rise significantly above Telstra's current prices in regional Australia.

The potential for a roaming declaration to discourage the continued building of telecommunication infrastructure, especially in rural Australia, is concerning. The worry is that providers will no longer seek to expand their coverage out of the fear that any new coverage they create will become too easily available to their competitors under a declaration. This is a particularly relevant concern in the context of government partnerships with Telstra and the other providers in expanding infrastructure and coverage throughout regional Australia and the concern that the providers will not cooperate in building more telecommunication infrastructure under a declaration. As long as there continue to be Australians in regional communities who could benefit from greater communication infrastructure, the continued building of the infrastructure should not be discouraged.

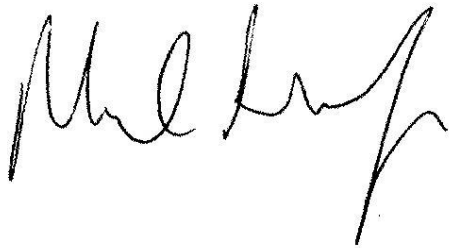
Similarly, the contentions that a roaming declaration will create disincentives for the providers to invest in their technology are legitimate. For example, under a declaration Telstra would have little incentive to improve its roaming capacities if it was bearing the costs of development while Optus and VHA were able to claim the benefits without the outlay. The same would go for Optus and for VHA roaming services. The exclusive use of a new technology or methodology is a driving incentive for their creation and without the promise of exclusivity there would not be the push to commit the resources to expand their roaming services or improve their quality. Such a limitation on technology or infrastructure development would only apply to the roaming service. Other areas such as quality of service, pricing, and the nature of plans available would remain competitive and drive further innovation in those areas.

Any change to the current system of regulation for roaming must be to the advantage of regional consumers either through an improved availability of access to mobile services or through an improvement in the technology of the service provided. No changes should be made that will prevent, limit, or reduce the proliferation or improvement of mobile services for regional Australians.

It appears clear from the Federal Government's planned \$400m rural communication investment as part of the privatisation of Telstra in 1998, that a key intention was for telecommunication services in rural and regional Australia to occur in the pursuit of a strong and reliable service for those in rural and regional communities before allowing for the pursuit of financial gain for the providers. Regardless of future action the Commission may take regarding a roaming declaration, this objective of ensuring the best

telecommunication outcomes for Australians in rural and regional communities must remain at the forefront.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Martin Aldridge', written in a cursive style.

HON MARTIN ALDRIDGE MLC
Member for the Agricultural Region