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**MINISTER FOR COMMUNICATIONS  
MINISTER FOR THE ARTS  
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Mr Rod Sims  
Chairman  
Australian Competition and Consumer Commission  
GPO Box 3131  
CANBERRA ACT 2601

## **ACCC inquiry into domestic mobile roaming**

Dear Mr Sims

I write to you regarding the inquiry by the Australian Competition and Consumer Commission (ACCC) into whether to regulate domestic mobile roaming.

As the independent competition regulator, it is appropriate for the ACCC to exercise its regulatory functions, including inquiries into declaration, as it sees fit. I note that the ACCC has made clear that it does not have a firm view on whether declaration of mobile roaming services would be in the long term interests of the consumer and that the inquiry will allow proper consideration of the arguments for and against declaration.

However, I am concerned that there is a real risk that any declaration will lead to an erosion of long term benefits for all consumers including those that may benefit in the short term from any declaration decision. This may also risk increasing consumer expectations that the Government will invest to make up for shortfalls in private sector investment where previously these did not occur.

Mobile communications technologies are a key platform for the current and emerging digital economy. It is vital we provide the right environment for investment in this infrastructure.

Australia's policy and regulatory framework for telecommunications gives preference to the competitive provision of services through private sector infrastructure investment. The access declaration regime set out in Part XIC of the *Competition and Consumer Act 2010* is an adjunct to this default environment of competition and private investment. Telecommunications infrastructure-based competition is supported by a range of complementary regulatory measures including access to spectrum, sites, towers, land and buildings, and backhaul.

Australia's mobile infrastructure today is largely the product of significant private sector investment within this framework. Mobile carriers make their own commercial judgements about their level of investment, both in terms of the extent and depth of coverage and the deployment of new technologies. This has delivered improved coverage, service quality and reductions in prices for mobile services as noted by successive ACCC reports.

The Government understands that the declaration of mobile services can appear attractive to areas which are only served by one or two of the mobile networks. It may also appear attractive for customers in metropolitan areas whose coverage, on a retail basis, may be extended. However, a decision to declare mobile roaming services could also discourage future private sector investment in network extension and technology upgrades to existing networks.

The Government recognises that there are challenges in providing mobile services in less populated areas. In this context, the Government is committed to the rollout of National Broadband Network to all Australian households and businesses, and is partnering with mobile service providers to expand network coverage in underserved areas.

The Government's Mobile Black Spot Program (MBSP) has attracted substantial co-investment from all mobile network operators. Under Round 1, the Commonwealth Government's \$100 million investment attracted \$275 million in co-investment from mobile network operators, state governments and third parties to fund 499 new mobile base stations. Under round 2, the Commonwealth's \$60 million commitment has attracted \$155.7 million in-co-investment to build a further 266 base stations. In May this year, the Government announced an additional \$60 million towards Round 3. Together with carrier and state government co-investment, Rounds 1 and 2 of the Government's program will see almost \$600 million invested in regional mobile networks, delivering handheld coverage to 86,300 square kilometres of Australia's landmass.

The highly successful program has enabled Australian taxpayer funding to be leveraged to expand the regional mobile services footprint in areas where it may otherwise be uneconomic to do so. As the program is predicated on co-investment, any decision which reduces the private sector's willingness to invest in the expansion of mobile networks will impact on the efficacy of the MBSP.

Assessing the benefits of roaming is complicated because regional coverage is an important factor in attracting customers and revenue in metropolitan areas and those revenues cross-subsidise the mobile footprint in other areas to varying degrees. As the ACCC has noted in its discussion paper, how roaming would be priced is a difficult issue, but one that would be key to its effectiveness in improving outcomes for consumers, and maintaining investment incentives for carriers. In such circumstances, the preference should be to let commercial processes prevail.

Whilst Part XIC has been designed to mitigate against inefficient and uneconomic duplication of telecommunications services, declaration under Part XIC is itself subject to significant regulatory risks. I therefore ask that any finding in favour of declaration be based on an overwhelming case for declaration and not simply on the balance of probabilities. This is important given the significant impact such a decision would have on future private sector investment, industry and other stakeholders.

Yours sincerely



Mitch Fifield  
Minister for Communications

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