



16 June 2017

Mr Rod Sims
Chairman, ACCC
Email: mobileroaminginquiry@acc.gov.au

Re. draft decision to not declare a domestic mobile roaming service

Dear Mr Sims,

I write in response to your draft decision on the Domestic mobile roaming declaration inquiry. We welcome the focus on the issues of coverage in regional, rural and remote areas referenced in your draft decision, and we note the recognition that there is often little choice of effective network operator for consumers, like our members, who also value geographic coverage.

In this respect, the ACCC's choice of defining 'the market' is critical in how it addresses the question of competition and coverage. It is not surprising that VHA argued that the market should be more narrowly defined to regional areas, whilst in the draft decision, you judge that competition in metropolitan and regional areas can be considered in isolation. As ACCAN has argued, regional consumers benefit to some degree from competitive pressure on prices in large metropolitan markets, due to nationally consistent pricing. However, for regional consumers, many cheaper plans are not available due to a lack of coverage. In our view, the extent to which Telstra's coverage claim continues to hold weight absolutely depends on how much it is likely to push out its coverage footprint in the future.

We note that in your draft decision you state that you are interested in "views on whether there are regulatory or policy measures that may improve competition and have identified measures that could improve transparency for consumers and improve the current regulation of inputs essential to delivering quality mobile networks."

We note that you have specifically asked for more information on:

- 1) Increasing transparency about network quality, expansions and improvements;
- 2) Measures to reduce the costs of deploying and improving mobile networks; and
- 3) Consideration of competition issues in the radiocommunications regulatory framework.

In this respect, we refer you to our submission, which noted that we sought a forensic examination from the ACCC in relation to the competing coverage claims of the Mobile Network Operators (MNOs).

Increasing Transparency:

In relation to the first, we note you state that you "have found that coverage claims made by operators do not always reflect actual experience or the quality of the coverage offered". We agree and would add that in the experience of our members, every service upgrade (3G to 4G etc.) appears to lead to a shrinking of coverage footprint. If the ACCC views the upgrade from 3G to 4G networks as a positive indicator of competition, then coverage maps should reflect the reality on the ground. As each of the MNOs have upgraded their network to reduce the gap with their competitors' networks (page 30), this is not always experienced so positively in regional areas because 4G coverage often covers a smaller geographic area.

Our members are also particularly focused on unpicking the competing claims of the MNOs in relation to both the actual coverage they plan to roll out, and a more granular breakdown of how and what they invest in extending their networks. We have asked both VHA and Telstra for these figures, but we tend to receive 'headline' figures, rather than even a state-by-state breakdown.

Further, if the ACCC's position rests partially on the fact that competition in metropolitan areas impacts the services available to consumers in regional areas due to the nationally consistent nature of mobile retail offers (page 19),

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then it is critical that there is greater transparency in the future about what kind of service provision MNOs are actually offering.

This is particularly relevant when we consider that this is unlikely to be the last time that the ACCC will be assessing this issue. As you outline, the ACCC has examined this issue twice before (in 1998 and 2004, see page 8), and there is every reason to expect that the issue will be examined again in the future. You further note, drawing on commercial-in-confidence data, that even though Telstra is spending more money on its network, the growth of their coverage is slowing down, *i.e.* most of the investment now is in improving network quality rather than extending geographic coverage.

We strongly suggest that MNOs be required to provide detailed and granular information to the ACCC in regard to planned and achieved improvements in all sectors of the market (*e.g.* particularly broken down for regional, rural and remote areas, 3G, 4G or 5G etc.). This will ensure the ACCC has the ability to accurately assess the changing competition implications in the future.

Measures to reduce the costs of deploying and improving mobile networks

We note you have also drawn attention to fact that the Mobile Black Spots Program (MBSP) has relied on identifying coverage 'black spots' by information nominated by communities, rather than on operators' coverage maps. This is true, and Round Three of MBSP will be no different – it has already been announced that only those black spots promised by candidates during the 2016 Federal Election will be funded. Further, we note that there is no allocation in the budget for a Round Four.

We draw your attention to our original submission and the recommendations there to address the issues with the current MBSP. The key competition issue is that if public funding is provided under the MBSP for towers that are not co-shared and coverage that is not wholesaled by the relevant MNO, the government is effectively providing public funding for the extension of monopoly networks. There needs to be much stronger requirements on MNOs to engage before a tower is built. The ACCC should play a part in vetting the process for future government investment in mobile coverage.

Without ongoing government investment, there is likely to be no real expansion of the mobile footprint in regional Australia. The key issue for regional, rural and remote communities is how to achieve better quality connectivity, supported by an ever expanding coverage map. By this we mean a focus on at least 3G coverage over all agricultural producing areas. Understanding the limits of the MNOs' business models to continue to co-invest in towers in the MBSP would provide a powerful dataset to unpick the competition issues. We also support your suggestion of a 'use-it-or-lose-it' option, similarly, we would support incorporating other towers into the access regime.

Consideration of competition issues in the radiocommunications regulatory framework

Further, we would support any changes to the spectrum market which would result in a better competition outcome for our members.

Should you want to discuss any of these issues further, please do not hesitate to contact the committee via Isabella McDougall, Policy Advisor, on 02 9478 1066 or mcdougalli@nswfarmers.org.au.

Kind regards,

A handwritten signature in black ink, appearing to read 'Sonia O'Keefe'.

Sonia O'Keefe
Chair, Rural Affairs Committee

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