

4th August 2022

Mr Grahame O'Leary
Director
Regional Mobile Infrastructure Inquiry
Mobiles, Transmission and Consumer Branch
Australian Competition and Consumer Commission
(02) 9230 3832
grahame.oleary@accc.gov.au
cc rmii@accc.gov.au

Dear Mr O'Leary

Submission to ACCC Regional Mobile Infrastructure Inquiry

OneWiFi & Infrastructure (OneWiFi), as a Neutral Host provider, strongly supports telecommunication infrastructure and network sharing, which represent the most **efficient use of capital** on an equitable basis for all industry participants, to provide expanded regional mobile coverage **at the lowest cost**. OneWiFi believes the new mobile coverage should be based on shared network principles, notably active network sharing and Neutral Hosting, to further improve capital efficiency and deliver telecommunication services to consumers on an equitable basis.

The future of mobile network deployments, and Federal and State Government blackspot investment initiatives, should better leverage shared network principles, specifically active network sharing under a Neutral Host model. The Neutral Host model will deliver competitive mobile and connectivity services on an equitable basis to the Australian consumer, by aligning the interest and incentives of all relevant stakeholders.

OneWiFi & Infrastructure has already been engaged by the Department of Regional New South Wales (DRNSW) as the Multi-Operator-Radio-Access-Network (MORAN) work stream lead (MNIP – Mobile Network infrastructure Provider) on the NSW Mobile Active Sharing Program. OneWiFi was selected as the lead to deliver an active network sharing model for regional and remote areas of NSW, to better address mobile blackspots, and close the digital divide. We are also working with other State agencies, Local Government, Mobile Network Operators, industry associations, and the property sector on various active Neutral Hosting and infrastructure harmonisation initiatives.

Please see below for our response to some of the questions from the consultation paper. We would be pleased to provide clarification where necessary on any of the responses to the discussion paper.

Yours faithfully,

A solid black rectangular box used to redact the signature of the sender.

Mevan Jayatilleke
Managing Director
ONEWIFI & INFRASTRUCTURE

1. What are the typical costs incurred in providing telecommunications towers and associated infrastructure? Can you quantify these costs by providing examples?

The typical telecommunication tower cost includes:

- Design
- RF Planning
- Site Acquisition
- Environmental Planning
- Passive Infrastructure + Civils
- Power Provisioning (including backup to primary supply)
- RAN (Radio + Baseband)
- Antenna
- Services Integration
- Transmission (Backhaul) Provisioning
- Service Commissioning
- Site Acceptance
- Ground lease
- Maintenance

A tower in regional Australia can cost between \$1 million to \$3 million to fully design, build and commission. Depending on the remoteness of the site and proximity to power and backhaul infrastructure, the power and backhaul could account for up to 50% of the cost. The actual lattice or monopole structure build may be between 20-25% of the total cost. The active network components (i.e. RAN) can make up approximately 30% of costs.

2. What costs are involved (for example, in setting up and maintaining) business practices and systems needed to support the provision of access to towers and associated infrastructure?

We estimate the direct cost to maintain the tower is between 5-7% of the capital cost per annum.

3. What costs are involved in accessing land required for the establishment and operation of telecommunications tower infrastructure? Do these fees differ depending on the owner of the land (for example, public v private ownership)?

Yes, they do, including accessing easements to get to the land.

4. What are the typical commercial arrangements for access to towers and associated infrastructure? Commercial and engineering constraints

Typically, the access seeker and tower company enter into a long term rental arrangement. Pricing is based on equipment size, type, and height. Engineering constraints are around access road, windload/space, structural integrity, access to power, transmission build out etc.

5. What role do specialist entities such as land aggregators, both commercial and government, play in acquiring access to land or the sites of towers?

They can play an important role in reducing overall site acquisition and ground lease cost but typically commercial entities, also seek commercial returns for doing so and hence the benefits can be marginal, for locations are already non-commercial. However, government can play value adding role in this capacity to improve the economics.

6. Are there any other considerations that contribute to/determine these commercial and other fee arrangements for access to towers and other infrastructure?

Commercialisation opportunities primarily based on number of customers potentially occupying the site. Pricing reflects commercial viability.

7. What other matters do providers of towers and associated infrastructure consider in deciding to provide towers and/or provide access to towers?

In some cases adjacent market opportunities such as smart city applications and community projects.

8. Are current commercial arrangements for access to mobile towers and associated infrastructure effective? If not, why and what could be done to improve their effectiveness?

Commercial arrangements are typically on a case-by-case basis, with some owners having established standard leasing agreements and rate cards. There is lack of a national asset database to locate and seek further information on tower assets.

9. Are current regulatory arrangements for access effective? If not, why and what could be done to improve their effectiveness?

No comment

10. Has the recent divestiture of tower infrastructure by MNOs impacted on the effectiveness of current commercial and regulatory arrangements? Please provide details and examples.

The recent reduced ownership holdings in tower infrastructure by the MNOs should in theory improve accessibility to tower assets. The mandate for the towercos with infrastructure/pension fund owners should look to generate greater returns by opening up the assets to other revenue streams. However, the MNOs have not fully divested their interest in the tower companies, and raise two key considerations:

1. The willingness of a competing MNO with ownership holders of their own tower co to co-locate on the asset of a tower cos associated with a direct competing MNO
2. The governance structure of the tower co in ensuring the MNO does not undermine access for competitors

11. What costs do providers of towers and associated infrastructure incur in providing active and/or passive mobile infrastructure? Can you quantify these costs?

We believe the active network components (i.e. RAN) can make up approximately 20-30% of total passive and active network provisioning costs in regional Australia. Hence by offering a Neutral Host service based on active sharing, the public sector and MNOs can save up to 30% in upfront cost vs. passive sharing only.

The sharing of RAN and backhaul transmission also represent **significant ongoing cost savings**. The savings are amplified in regional Australia due to the expensive access to high capacity backhaul.

12. How does the cost of providing new, or upgrading existing, mobile tower (both active and passive) infrastructure impact the decision to invest in infrastructure that can be used to supply mobile telecommunications and other radiocommunications services?

The proposed Telstra/TPG MOCN deal will represent a significant threat to traditional tower companies' business model. The proposed deal will reduce equipment footprint across Australia and remove duplicate co-location and tower leases. The emergence of Active Neutral Hosting will also threaten the revenue stream of towercos, as up to 3 sets of RAN and transmission is being consolidated into a single setup to service multiple MNOs. However, these towercos will seek to recover the loss of revenue through increase yield from the Neutral Host (NH) providers. From a regulatory and competition perspective NH is the best outcome for all industry participants – minimise economic 'deadweight' losses.

13. How does the cost of access to mobile towers impact the decision to provide access to mobile telecommunications and other radiocommunications services?

Access to existing infrastructure at **competitive rates offers** prospective financial and logistical benefits (reduces project execution risk including development planning): there are many cost and risk offsets by using existing infrastructure compared with using a greenfield approach and the cost of access to existing infrastructure needs to be balanced against those offsets on a case-by-case basis.

In the event where there is an existing tower and associated infrastructure in place, there is a higher likelihood of delivering mobile coverage due to reduction in capital requirements and time to market of service enablement. However, this only possible if these rates are competitive and not monopoly rates.

14. Are there additional costs specific to rural, regional, remote or peri-urban areas?

Depending on the remoteness of the site and proximity to power and backhaul infrastructure, the power and backhaul could account for up to 50% of the cost. More remote locations can incur additional costs for access, power and transmission.

The Neutral Host model economics and environmental benefits is not only limited to regional and remote Australia, but also apply to urban, suburban, peri-urban and in-building environments, where there are other considerations beyond pure cost, such as visual aesthetics, infrastructure harmonisation, smart city developments, productivity, end-user choice, and reduction in carbon footprint.

15. What are the implications of MNOs divesting their tower assets on the current commercial and other fee arrangements for access to towers? How have these changed as a result of the divestment of tower assets by MNOs? Do you expect these to further change in the future and why?

The recent reduced ownership holdings in tower infrastructure by the MNOs should in theory improve accessibility to tower assets. The mandate for the towercos with infrastructure/pension fund owners should look to generate greater returns by opening up the assets to other revenue streams. However, the MNOs have not fully divested their interest in the tower companies, and raise two key considerations:

1. The willingness of a competing MNO with ownership holders of their own tower co to co-locate on the asset of a tower cos associated with a direct competing MNO
2. The governance structure of the tower co in ensuring the MNO does not undermine access for competitors

Therefore, with divestiture, towercos don't operate independently or in the best of themselves or the market.

As highlighted previously, the Telstra/TPG MOCN deal, and the emergence of Active Neutral Hosting will negatively impact the business model of towercos and moreover bespoke competition in regional Australia.

16. How has the recent divestment of tower infrastructure by MNOs impacted:

(i) the scope of access offered

(ii) the terms and conditions of access, and

(iii) the commercial and other fee arrangements for access.

No comment

17. How does the cost of providing mobile towers and associated infrastructure affect the provision of greater mobile coverage?

Through Active Neutral Host, the reduced capital cost and ongoing cost-to-serve should help to achieve greater mobile coverage from the same amount of public funding and private investments. The Neutral Host service will also onboard multiple MNOs in the coverage zone, at incremental cost, to provide **consumer choice and enable price competition.**

18. What kinds of measures would promote improved mobile coverage?

Federal and state grant funding going beyond passive sharing, to facilitate active neutral hosting. This can maximise the \$ per sqkm coverage metric to promote improved mobile coverage in regional Australia and hence bridge the digital divide, while providing increased **consumer choice and facilitate price competition.**

19. To what extent will the matters raised in the consultation paper impact, or be impacted by, the extension of 5G coverage?

No comment

20. How are consumers impacted by a lack of mobile coverage? What are the impacts for indigenous people in regional and remote areas?

These are well documented and understood in other bodies of work.

21. In what areas could mobile coverage be improved?

There is a severe lack of coverage along key transport and rail corridors. Apart from a productivity consideration, there are also safety issues when travelling in regional Australia.