



## Record of oral submission to the ACCC

Matter name:	Telstra/TPG proposed spectrum sharing		
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Other parties:	Australian Communications Consumer Action Network <ul style="list-style-type: none"><li>• Andrew Williams (CEO)</li><li>• Meredith Lea (Policy Manager)</li><li>• Megan Ward (Economic Advisor)</li></ul>		
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The ACCC met with the Australian Communications Consumer Action Network (**ACCAN**) to discuss its written submission in relation to the Telstra/TPG merger authorisation application. The following issues were discussed.

### Barriers to switching for customers in telecommunications

1. ACCAN's concern with the proposed transaction is in relation to consumer choice. If consumers are not able to easily compare like for like services, they are unlikely to switch.
2. There is added complexity for consumers in regional areas, with coverage issues and barriers to switching, and coverage maps not being easily comparable.
3. ACCAN recently conducted an omnibus nationally representative survey that asked consumers whether it should be easier to find information on phone and internet plans. Around 80% thought that it should be easier to find information, and that it should be easier to compare this information across providers.
4. People in regional areas have a distrust of coverage maps because their on-the-ground experience of coverage differs from the maps.
5. In rural and remote areas, people have often been with one provider for a long time which is a barrier to switching, and senior Australians in particular would be reluctant to switch. Having to switch bundled services, such as fixed broadband, can also be a barrier to changing providers.

6. In regional areas, this uncertainty regarding coverage contributes to customers being with Telstra. If consumers live in rural areas but travel, they would opt for Telstra because of the fear of losing coverage.

### **Impact of TPG entering regional areas**

7. Without all the information, it's difficult for ACCAN to land on a position on the proposed transaction between the positives of TPG entering and the barriers consumers face when switching to TPG in regional areas.
8. ACCAN does have a concern regarding the proposed spectrum allocation, noting the spectrum limits previously set by the ACCC.
9. While having TPG serve regional areas would be beneficial, the feedback received by ACCAN from regional groups is that this doesn't solve the issue of coverage in really remote areas of Australia.
10. ACCAN has also received feedback from First Nations consumer members. ACCAN cited an example of a consumer who lives in Brisbane and goes out to Country to see people regularly. In Brisbane they may have many options of providers, but they have to have connectivity in terms of coverage so they can go to Country.
11. ACCAN considers there are still a significant number of consumers who are not covered by this proposal. Metro customers who travel are probably less likely to change over.
12. ACCAN considers that the proposed transaction could benefit those in peri-urban or semi-rural areas, who will get more choice than they currently do, but many consumers probably won't have an incentive to change (other than on price).
13. TPG has assured ACCAN that it doesn't charge different prices in different areas.
14. The likelihood of consumers switching to TPG under the deal also depends on how informed consumers are. For example, ACCAN receives many consumer enquiries about coverage and coverage maps. The current maps are predictive in nature and don't necessarily reflect reality. If they could reflect reality, it would probably provide more confidence to consumers to switch.
15. As a result of this uncertainty, ACCAN considers that the short-term default would be for consumers to stay with Telstra. If the deal were approved, it would take time to take full effect because of that uncertainty, although there may be an initial flurry of switching.
16. ACCAN has heard anecdotally that some consumers in regional Australia are frustrated with Telstra but others would be circumspect.
17. Another concern ACCAN has with the proposed transaction is that TPG currently serves metro consumers very well. There is a portion of consumers who do not consider coverage in regional areas as a factor in their decision making. How will this group of consumers be impacted by the proposal? Would there be an increase in prices?
18. ACCAN said that it has received reassurances from TPG that it won't increase prices. ACCAN would support an outcome where regional customers can get greater coverage for the same price. However, if the result of the proposed transaction would be TPG pricing becoming more similar to Optus or Telstra, that would mean less choice for consumers.
19. ACCAN have quarterly discussions with each of the mobile network operators, and have discussions in these forums, as well as part of the Regional Rural and Remote Communications Coalition (**RRRCC**).

### **Experience of rural Telstra customers**

20. In terms of ACCAN's anecdotal experience, Telstra's pricing is high, and customers are not satisfied with the quality of the service. For example, in the Southern Highlands (NSW), upgrades to towers for 5G has changed 4G coverage, which means people are not getting coverage where they used to receive service. These issues have come in RRRCC feedback, and some case studies were used in ACCAN's submission to the ACCC's Regional Mobile Infrastructure Inquiry.

### **Impact on neutral hosts**

21. ACCAN's submission notes the possible impact of the proposed deal on neutral hosts, and states that there is a potential for the deal to make it harder for neutral hosts to enter the market.
22. Neutral hosts are not as close to entering as ACCAN would want them to be. The NSW State Government is funding trials but ACCAN assumes they are a couple of years off at least.
23. ACCAN considers a key benefit from neutral hosts is choice for regional customers. The Mobile Black Spots Program is getting to areas where it is difficult to have coverage, and having a neutral host overcomes some of that. ACCAN noted the comparison to the situation in New Zealand, which seems to be getting coverage and choice in areas where it would otherwise be without it.
24. ACCAN are not opposed to a sharing agreement, and would not be concerned with a MOCN, but do have a concern with the need for spectrum to be part of it.

### **Impact of proposed spectrum sharing**

25. ACCAN can see the benefit of Telstra increasing its spectrum holding, as ACCAN hears from consumers that are currently concerned about congestion from Telstra, and this has ramped up in the last year or so, with consumers also noticing a decrease in service quality.
26. In remote Indigenous communities, the shift to online has led to a lot of congestion. ACCAN would want spectrum to be used efficiently.
27. ACCAN does not want Telstra to monopolise spectrum or hold spectrum and not use it, and then exclude it from the broader market.

### **Non-discrimination and fixed wireless**

28. ACCAN is also concerned that non-discrimination provisions in the deal may hinder TPG's ability to compete with Telstra. ACCAN is also concerned that it appears Telstra is guarding itself from competitive pressure from TPG.