Submission in relation to the Telstra/TPG application for merger authorisation in relation to arrangements for sharing active infrastructure and spectrum in regional Australia

14 June 2022

BAI Communications Pty Limited (**BAI**) welcomes the opportunity to provide a submission to the Australian Competition and Consumer Commission's (**ACCC**) consultation in relation to the application by Telstra Corporation Limited (**Telstra**) and TPG Telecom Limited (**TPG**) for merger authorisation in relation to their agreement to share active mobile network infrastructure and to pool low band spectrum in certain parts of regional Australia.

About BAI

Through its international group of companies, BAI is a world-leading neutral host provider of 5G and connected infrastructure, with a wealth of experience in designing, building and operating complex communications networks, with operations across Australia, Canada, Hong Kong, the United Kingdom, Europe and the United States.

In Australia BAI owns and operates an extensive broadcast transmission network, delivering terrestrial television and radio (including ABC and SBS television and radio services) to approximately 99 per cent of the Australian population. BAI is therefore deeply experienced in providing wireless services across Australia's vast geography to a dispersed population, and is well aware of the challenging investment economics involved in doing so.

The infrastructure that supports BAI's broadcast transmission network includes approximately 440 transmission towers which BAI owns or controls. BAI provides passive site-sharing services across this tower network to telecommunications operators including Telstra, TPG and Optus. Having acquired a carrier licence in 2020, and using models successfully deployed by our Group companies overseas, BAI is looking to expand this offering to include innovative and competitive active sharing services as a 'neutral host', potentially including both Multi-operator Radio Access Network (**MORAN**) and Multi-operator Core Network (**MOCN**) services.

BAI's view on the emerging active sharing ecosystem and its role in regional Australia

As noted in the 2021 Regional Telecommunications Review, recent years have seen both fixed and mobile networks in regional, remote and peri-urban fringe areas come under increasing pressure, with a significant increase in the ongoing need for data by both individuals and businesses. It is undisputed that the benefits to regional communities of improving connectivity are significant, and include better economic, social, health and education outcomes, yet these demands are not always being adequately met.
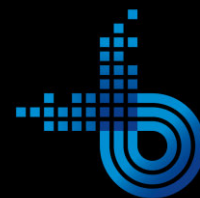
Mobile networks will clearly play an important role in addressing these connectivity dema
deployment of 5G technologies supporting emerging applications that require lower latency and higher
throughput, all while supporting a greater number of devices.

It is well known that the economics of deploying 5G in areas of low population density are challenging.
Exacerbating this challenge is the scarcity of spectrum, particularly low band spectrum which is vital for
regional deployments. However, the development of 'Open Radio Access Network' ('**Open RAN**')
solutions, which enable the same RAN equipment to be used by multiple network operators, provides
an opportunity to extend 5G in a cost-effective, energy-efficient and secure way. In BAI's view, with the
appropriate regulatory settings Open RAN can play a central role in addressing the investment and
spectrum challenges of deploying 5G in regional Australia. By freeing up capital investment, Open RAN
is also expected to accelerate technical innovation (for example by accelerating investment in next
generation mobile technologies). We see an imperative for Government and industry to collaborate to
bring this more efficient solution to previously non-economical locations.

In addition, Open RAN has a number of technical advantages which should alleviate concerns that may
otherwise arise with competing mobile network operators sharing infrastructure. For example:

- by allowing each mobile network operator to preserve a separate core network, Open RAN
  allows each operator to continue to innovate and differentiate their service offering; and

- Open RAN involves a greater separation of sensitive information than is involved where
  operators enter into arrangements for one operator to 'roam' onto the other's network.

'Neutral host' Open RAN models are optimal for efficiency and enhanced competition

BAI believes that neutral host services will be a central part of the Open RAN ecosystem. Unlike sharing
arrangements where the RAN equipment is owned by one mobile operator which is sharing with one
or more of its competitors, in a neutral host scenario the equipment is owned by a non-network
operator entity, such as BAI, who provides access to the equipment to mobile network operators on
commercial terms. Neutral host models can involve the mobile network operators each using their own
spectrum, using pooled/shared spectrum or using spectrum provided by the neutral host operator itself.

An advantage of neutral host models is that the neutral host is incentivised to ensure that the capacity
of the RAN equipment is utilised to the greatest possible extent, which will mean sharing with as many
network operators as are needed to fill all available capacity. For this reason, active sharing via a neutral
host model has the potential to be highly cost-effective. In addition, having no retail customer base of
its own, there is no risk of a neutral host being incentivised to favour any particular network operator.

BAI's views on the TPG / Telstra arrangements

BAI has limited views on the active sharing and spectrum pooling arrangements entered into between TPG and Telstra, but would ask the ACCC to consider the effect of the transaction on the potential for neutral host Open RAN solutions to be deployed.

In our view neutral host Open RAN and active sharing models are vital to improving the connectivity challenges in regional areas, and the ACCC should look to ensure that the competition and efficiency benefits of these models are not compromised. Indeed, future regulatory settings should be optimised to encourage neutral host Open RAN models, given their advantages for efficiency and competition, and ensure that any barriers to deploying these models are reduced or removed.

BAI would be very happy to provide any additional information that the ACCC may require. Should the ACCC wish to discuss this response please contact our General Counsel, Emma McCormack, at