

**From:** Robin Eckermann [REDACTED]  
**Sent:** Friday, October 14, 2022 12:00:58 AM (UTC+00:00) Monrovia, Reykjavik  
**To:** Merger Authorisations <[MergerAuthorisations@acc.gov.au](mailto:MergerAuthorisations@acc.gov.au)>  
**Subject:** Submission on Telstra/TPG Merger

Dear ACCC

I offer the following perspective as a contribution to your deliberations over the merger application between Telstra and TPG.

By way of background, I served on two of the more recent Regional Telecommunications Independent Review Committees in 2011/12 and 2014/15. The need for better mobile coverage was emphasised in both reviews, and the reason is very easy to understand. Urban residents have a rich array of connectivity options – in their homes, in their offices and with mobile coverage when they are out and about. Regional, rural and remote Australians may have network connectivity in their homes through the NBN or through the declining array of alternatives – but many of them spend much of their time away from these connectivity hot spots engaged in activities on which Australia's economic prosperity depends – such as agriculture, mining, forestry and the like. Communications can be critical to their safety, their business decisions, their productivity, their social well-being and much more – and this need is not satisfied by fixed broadband connections.

The challenge for the mobile network operators is that in the more sparsely populated areas, the amount of additional revenue-generating traffic to be captured does not support the same level of infrastructure investment that occurs in densely populated areas. It is an entirely rational business decision of the mobile network operators to limit the extent of their coverage where additional investment does not promise a commercial return.

Some marginal gains have been achieved through the various mobile blackspot programs – but this model is flawed. It draws on funding that costs *all* Australian taxpayers, but the beneficiaries are individual mobile network operators and their customers only. Furthermore, encouraging infrastructure-based competition in these areas is folly. If it doesn't make economic sense for one carrier to invest in additional coverage, it makes even less sense to encourage multiple carriers to make such investments. At best that goal will fail, and at worst, it will inflict a level of inefficiency into the sector that ultimately all mobile users must pay for.

The healthy competition between mobile network operators that prevails in the densely populated areas inspires pricing and packaging options that automatically flow to users wherever they are located. Regional, rural and remote Australians may only have one mobile network giving coverage in their area, but the pricing of services on that network will have been constrained by the need for the carrier to be competitive in the major markets where infrastructure-based competition flourishes.

The reality of the mobile market is that:

- infrastructure-based competition works well at the densely populated end of the spectrum, but fails dismally at the other end of the spectrum – but this is not well recognised in Government policy; and
- regional, rural and remote Australians are much more concerned about getting reasonable coverage than they are on having access to the broadest possible array of competitive choices.

Ubiquitous mobile coverage of Australia's vast landmass is not a sensible goal to pursue. However, there are significant social, economic and environmental benefits to be achieved by extending mobile coverage beyond the current network limits.

An efficient model for achieving this should *not* be based around the principle of infrastructure-based competition. Rather, it should be framed around options such as:

1. Mandated roaming at regulated prices where public funding is provided to subsidise a mobile network operator to extend the boundaries of their network.
2. Infrastructure sharing – not just of towers, but of the radio network and backhaul as well.
3. If necessary, appointing a wholesale-only natural monopoly operator to provide coverage in areas where no commercial operator will venture [**see footnote**].

In the context of the Telstra/TPG proposal, I urge you to discount any value you might otherwise ascribe to infrastructure-based competition as a consideration in assessing the proposed merger.

Naturally I am happy to expand on the thoughts in this email if they are of interest.

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**Regards ... Robin Eckermann AM**

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