

Regional Telecommunications Review 2021

Commpete welcomes the opportunity to make this submission to the Regional Telecommunications Review 2021 (the **Review**).

1. Introduction to Commpete

- 1.1 Commpete is an alliance of some of Australia's non-dominant telecommunications service providers. Our members build, operate and provide, 4G, 5G, fixed wireless networks, retailing and wholesale fibre and mobile voice and data services across a range of customer segments, including residential / consumers, SME, corporate, and government, in our cities as well as rural, regional and remote regions across Australia.
- 1.2 Our members' operations span a variety of business models, with some acquiring access services from a range of wholesale suppliers and maintaining fixed line carrier interconnection arrangements in place with the major carriers, and some building their own mobile and fixed network infrastructure.
- 1.3 Dating back to early 2000's, our predecessor organisation, the Competitive Carriers Coalition, strongly advocated for a wholesale only, open access national broadband network to resolve structural issues that were impeding competition in Australia.
- 1.4 For over 20 years, Commpete and its members have advocated for telecommunications regulatory policy and legislative reforms that have increased competition and encouraged both challenger and incumbent telecommunication service providers to deliver more to their customers, including in regional Australia.
- 1.5 Today, Commpete remains firmly supportive of policy that supports a pro-competitive industry structure and technology neutral regulation.
- 1.6 We live in an era in which basic connectivity is an essential utility. Connectivity should be ensured for all Australians. Increasingly, access to stable and reliable broadband connectivity is required to access daily essential services including banking, education and health services. Further, connectivity will also unlock innovation opportunities for our primary producers. If supported by affordable, fit-for-purpose access services, we are confident our members can contribute significantly to delivering better experiences and purpose built connectivity to regional, rural and remote customers which in turn will bring wide-reaching economic benefits.
- 1.7 We recognise that regional Australia still faces significant limitations on choice of telecommunications service providers. However, in that challenge we also see strong opportunities for our members who are working to reach new customers, to have better access to retail markets in regional, rural and remote Australia.
- 1.8 In our view, success in the future of regulation in our sector should be measured by the extent to which it supports the ability of all telecommunications market participants to deliver **value, flexibility and choice** for consumers and businesses, including regional and remote constituents.

2. Executive Summary

- 2.1 Commpete's members see great opportunities for challengers to be enablers for regional Australia and to deliver better choice through presence of competitive providers. In Section 3 of our submission, we spotlight some of our members' key successes in delivering better connectivity and access to services in regional, rural and remote Australia.
- 2.2 To keep delivering success stories like these into the future, Commpete considers that the key priority areas for policy reform are:
- 2.2.1 **improved wholesale access options** including through simplified nbn pricing and simplifying how we do business with nbn Co, and also through improving the ability for mobile virtual network operators (MVNOs) to access the full mobile network coverage areas in which the mobile network operators have facilities;
 - 2.2.2 **refinements to existing Government funding initiatives.** Commpete strongly supports government channelling funding to focussing on the provision of telecommunication services in regional Australia. There is an opportunity to refine these programs, including the Mobile Blackspots Program, and better coordinate the different government initiatives at the state/territory and commonwealth levels and an opportunity to monitor which funding models in fact deliver better outcomes over time continually refine and optimise funding models;
 - 2.2.3 **increased support for neutral host infrastructure models** (particularly in wireless); and
 - 2.2.4 **reforms to spectrum allocation** conditions with a view to better incentivising broader, open access coverage for high cost to serve areas and to better promote innovation including to support ag-tech innovation.

- 3. Challengers play a key role in improving value, flexibility and choice for regional Australia**
- 3.1 The role nbn Co has played in improving wholesale access to fibre backhaul and the solutions that our members have been able to deliver using nbn Co's Enterprise Ethernet fibre access product are perfect examples of how improved market settings at the wholesale level can deliver significant benefits to regional Australia.
- 3.2 In the early days of national broadband network regulatory policy, our members agitated aggressively for a proposal to offer interconnection points of presence to a national broadband network in 5 capital cities for enterprise fibre to lower one of the barriers to challengers to become access seekers. This model requires retail service providers to only acquire inter-capital transmission in order to link up NBN interconnection points with interstate and international peering points, and then very targeted connectivity to specified regional locations. This change in approach significantly lowered one of the barriers to challengers being able to reach customers in regional Australia with fixed network high speed technologies, which had been historically high fibre backhaul pricing.
- 3.3 A further significant development from our members' perspective, was nbn Co's launch of its business NBN Enterprise Ethernet fibre access product. This product offering meant that NBN retail service providers could have NBN fibre connections built to large enterprise customers wherever they were located nationally. This significantly increased the ability for small business in regional areas to access business grade fibre similar to the metro-base peers at more affordable prices.

Case Study – NBN Enterprise Ethernet helps rural businesses and schools

1. Macquarie Telecom – Regional Australia Bank

Macquarie Telecom's deal with its large banking customer, the Regional Australia Bank is evidence of how NBN's Enterprise Ethernet offering gives competitive carriers the wholesale access technology that has allowed them to compete with Telstra for larger businesses. The larger carriers were quick to respond to re-price their own enterprise-grade fibre offerings as a market response to NBN's product, and prices in some cases have fallen by around 30% as a result.

2. Macquarie Telecom – Spudshed

It is not just large enterprise customers like banks that have benefited, Spudshed is a Western Australian, family operated primary producer (potato farmers) for whom Macquarie Telecom was able to deliver software defined wide area network solution using a mix of fibre, NBN and 4G links to ensure that there is diversity of coverage, so that one will kick in if coverage on the other links goes down. Prior to the implementation of this solution, Spudshed's traditional, fragmented WAN network was a productivity killer due to the slow speeds and unreliable data connection which often put their supply chain at risk.

3. TasmaNet - Catholic Education Tasmania

TasmaNet, has helped Catholic Education Tasmania (**CET**) overcome slow and unreliable Internet in remote areas with the rollout of NBN business Enterprise Ethernet across the State.

TasmaNet's high-speed Internet service over dedicated fibre can deliver speeds of nearly 1 Gigabit per second for both uploads and downloads, even to remote schools, with 36 of 38 CET schools as of June 2020 reaping the benefits of a level playing field for students and teachers at CET schools.

TasmaNet's NBN Enterprise Ethernet solution has improved CET's ability to centrally manage schools' connections across its complex, multi-site network in regional Tasmania - and the organisation is now able to roll out updated enterprise, cloud-based systems for student information and finance, with the same benefits available for every school. Previously, many of CET's regional or remote schools were unable to use the same type of tools and education systems that our metropolitan schools were able to use due to inconsistent internet connections and services available.

NBN Enterprise Ethernet solution has helped CET create the digitally advanced learning environments that underpin a modern, content-rich STEM education, and increase opportunities across its schools. Its students can now access online learning services and applications that weren't an option before and its teachers have also benefited from increased opportunities for their professional learning.

St Brigid's Catholic School in Wynyard Tasmania, principal Ben McCulloch says: "Before, teachers would have to use their personal mobile hotspot at times to connect online. For professional learning, we can now link up through video conferencing instead of driving up to four hours back and forth each way."

4. Further improvements to wholesale access options remains a priority

Wholesale access improvements – nbn Co

- 4.1 To build on these success stories above, we support Infrastructure Australia's finding that a sustainable investment model is required in order to continue to realise coverage aims for growing communities in regional Australia.
- 4.2 Commpete believes that redesigning the NBN regulatory pricing model is part of this puzzle. We are working closely with the ACCC to provide our members' input into what we believe will be a more sustainable and pro-competitive NBN pricing model.
- 4.3 We are also advocating for nbn Co to redesign its WBA and its service delivery operations so that NBN becomes simpler to do business with, resolves disputes quicker and more efficiently and overall delivers RSP-friendly wholesale offerings that are fit for purpose. These measures are also key to unlocking the full benefits at the retail level of the investment that has already been made in a national broadband network.

- 4.4 In relation to NBN fixed wireless towers, our members note that there are barriers to colocation of infrastructure on NBN fixed wireless towers. We would support NBN's continual assessment of its network planning to replace fixed wireless infrastructure with fibre technology wherever it is viable to do so.
- 4.5 Commpete also appreciates that how nbn Co provides services and conducts builds in regional areas can have an impact on the micro economic level. Even down to the construction subcontractors used in a specific area. We would encourage nbn Co to continually consider its position as a large monopolist and the impact that its business operations can have on local suppliers to continually assess whether it is in fact supporting regional and rural operators throughout the nbn Co supply chain.

Access to towers/coverage areas by MVNOs

- 4.6 In our view it is fair for Australians to expect more choice and better competition, particularly in cases where the underlying infrastructure has been built and paid for with taxpayer funds.
- 4.7 Commpete has in the past urged the Federal and State/Territory Governments to ensure all subsidised sites (for example those funded through Mobile Black Spot Program, but also through other programs) are made available to MVNO's, who resell services provided by the underlying mobile network operator but on terms that often do not permit the MVNO to access and similarly resell services to the full retail coverage map that is equivalent to the MNO's own retail mobile coverage footprint.
- 4.8 Commpete has identified 148 sites that have received public funds under the Mobile Black Spot Program which are not accessible to the MVNO's on those host networks. In reality, this means that the MVNO's are not opening up their full mobile network footprint to all potential competitors in an area.
- 4.9 For regional Australians this means that there is less choice of alternative providers because mobile service just is not available from other providers in the area.
- 4.10 While we accept that these funding programs have meant that people living and working in the affected areas now have mobile coverage and have access to a service in locations where previously there may have been none, the very same people continue to be underserved in terms of choice of providers.
- 4.11 We would support a review of designs of publicly funded programs that assessed whether they are designed to improve and promote not just better coverage but also better competition.

Conditions for Round 6 of the Mobile Black Spot Program (Program)

- 4.12 There is an opportunity to overhaul conditions attached to the award of mobile blackspot funding in round 6 of the Program. Such overhaul may include revisiting and reviewing assessment and eligibility criteria and increase reporting of outcomes and improve accountability to ensure such funding is effectively being used on telecommunication infrastructure and services in regional and remote areas.
- 4.13 Large mobile network operators are being awarded funding under the Program to upgrade existing infrastructure from 3G to 4G in cases where a 3G to 4G migration was already part of the MNO's business as usual strategy. In other words, the funding is not necessarily stimulating investment by those operators that would not otherwise have occurred. In those circumstances there is no competitive gain and no greater outcome for regional communities flowing from the investment of Government funding.
- 4.14 There may be an opportunity for the Regional Telecommunications Independent Review Committee to independently review and annually report on the various different funding programs targeted at regional Australia and their implementation (separate from those undertaken by providers and all levels of Government) to provide an impartial assessment and report on the success of and efficacy of such programs and to provide recommendations that would improve such programs going forward.
- 4.15 For example, in New Zealand, the rollout of mobile black spot funding and rural broadband initiatives are supported by the quarterly quantitative reporting by Crown Infrastructure Partners (an entity exclusively set up to oversee the implementation of such programs). The transparency and frequency of the reports drive the recipients of such grants and investments to be accountable by ensuring that the grants and investment are achieving the desired outcome.

Support for neutral host infrastructure models (particularly in wireless)

- 4.16 In our view, emerging neutral host infrastructure models are promising. The potential to allow multiple operators to utilise the same infrastructure should increase the rate of return on investment if utilisation can be maximised. This supports the efficient use of infrastructure and we encourage Government to further expand of the trials of neutral host initiated under mobile blackspots round 5A so this model is more broadly adopted Australian-wide. We believe all major mobile providers should support these models commercially to maximise effectiveness of the program and should be compelled to ensure backhaul transmission to these locations are not unduly or commercially constrained.
- 4.17 We are pleased that challenger organisations in conjunction with Government have spearheaded this initiative. This innovative model is a step change and has the opportunity to fundamentally tackle shortfalls in historical deployment design. Commpete believes the willingness for Government to facilitate these new models marks a significant milestone and should be further encouraged in underserved rural, regional and remote areas.
- 4.18 Access to towers for neutral host wireless infrastructure is an area to watch. The operational expense of locating equipment on towers is a major consideration for any wireless internet service provider (WISP).

- 4.19 Commpete generally supports structural separation and Telstra's partial divestment of its telecommunications tower assets. However, we are keen to ensure management of the tower asset portfolio continues in a manner which does not discriminate against wireless internet service providers (**WISPs**) seeking shared tower access.
- 4.20 There is some concern that those who have purchased the towers, now banking on a return may price potential WISPs out of the market when planning to deploy networks in a cost effective manner.

Spectrum allocation

- 4.21 We believe the most significant barrier to acquiring spectrum is the lack of availability of reasonably priced spectrum coupled with the smaller addressable markets to recoup spectrum investment from in regional areas.
- 4.22 We support spectrum allocation reform in ways that would better incentivise (or even require) regional coverage solutions.
- 4.23 This could be in the form of:
 - 4.23.1 making available spectrum in regional areas for use for neutral host or multiple use technologies;
 - 4.23.2 use it or lose it obligations; and/or
 - 4.23.3 different payment mechanisms for regional network investors are not required to buy well before they have the chance to realise any viable return on investment. Instead that the acquisition costs of spectrum can be "smoothed" over the life of the licence.

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