

# Mobile Coverage Programme Discussion Paper

## Submission Cover Sheet

### Submission Information

This cover sheet should be attached to submissions made to the Department of Communications in relation to the Mobile Coverage Programme Discussion Paper.

#### Contact Details

<b>Name of respondent:</b>	██████████
<b>Name of organisation:</b>	Waratah-Wynyard Council
<b>Phone:</b>	██████████
<b>Email:</b>	████████████████████
<b>Website (if applicable):</b>	www.warwyn.tas.gov.au
<b>Date:</b>	28 02 2014

#### Confidentiality and privacy

All submissions and comments, or parts thereof, will be treated as non-confidential information unless specifically requested, and acceptable reasons should accompany each request. Email disclaimers will not be considered sufficient confidentiality requests.

Respondents lodging a submission should be aware that submissions (excluding any information agreed to be treated as confidential information) will be made publicly available, including on the Department of Communications' website. Submissions and comments will be subject to freedom of information provisions. Despite a submission being identified as confidential or sensitive, submissions may be disclosed where authorised or required by law, or for the purpose of parliamentary processes.

Do you want all or parts of the submission to be treated as confidential? No

*If yes, identify below which parts of the submission are to be treated as confidential (and provide a reason):*

If the submission contains personal information of any third party individual, indicate on this Submission Cover Sheet if that third party individual has not consented to the publication of his or her personal information:

#### Submission Instructions

Submissions are to be made by **5:00pm (AEST) Friday 28 February 2014**.

Where possible, submissions should be lodged electronically, preferably in Microsoft Word or other text-based formats via the email address [mobilecoverage@communications.gov.au](mailto:mobilecoverage@communications.gov.au)

Alternatively, submissions can be sent to the postal address below (to arrive by the due date):

The Manager  
Mobile Coverage Programme  
Department of Communications  
GPO Box 2154  
CANBERRA ACT 2615

All submissions lodged will be acknowledged by the Department of Communications by email (or by letter if no email is provided). Respondents lodging a submission who do not receive acknowledgement of their submission should contact the Department. Submissions which are not acknowledged by the Department as being received may not be considered. Respondents should be aware that emails greater than 10Mb may not be successfully delivered.

## Mobile Coverage Programme Discussion Paper

Q1.

Would an appropriate minimum quality standard be that base stations must provide high speed 4G LTE mobile broadband etc. ?

Technical question beyond our capacity to answer.

Q2.

What are the most appropriate indicators to specify minimum quality standards etc. ?

Technical question beyond our capacity to answer.

Q3.

Does delivery option 2 for the \$80 million Mobile Network Expansion component raise any additional issues that need to be considered?

The issues are not so much around the construction of the infrastructure but around the operating environment that will exist. Both options seek proposals from Mobile Network Operators, which creates a competitive conflict between the parties over access, and not just price. A single MNO (or consortium) creates a monopoly situation while multiple MNO's creates greater variation in commercial contractual arrangements that could add higher transactions costs and discourage access to service areas that are already considered commercially unviable. Cherry picking could occur, that could limit the number of operators accessible in different locations and force consumers.

Both options also raise the potential for duplication of infrastructure such as housings, power supplies and transmitters rather than a shared facility. Additionally, multiple providers may increase the potential for variability in standards and more complexity in future connection.

Q4.

Could option 3 (a Network Infrastructure Provider) be delivered in conjunction with options 1&2 to compete with MNO's ?

In theory an MNO consortium offering an option 1 package is effectively acting as a network provider, offering access within the consortium on mutually agreed terms, and to external parties through whatever third party access arrangements are developed.

It is likely an NIP would seek contractual commitments from one or more MNO's as part of their submission in order to minimize their commercial risk. The degree to which this actually occurs might be measure of the level of competitive pressure in the market. A vertically integrated MNO might seek to advance its market position by using its monopoly power as an infrastructure provider to make access to the network difficult. Without contractually obligated service providers an NIP could be at a commercial disadvantage, and therefore face higher risks and costs than an MNO.

A lack of mobile phone coverage is the result of an economically unviable market segment, either insufficient consumers live in that area or visit that area and demand service. If the subsidy program does not eliminate that economic shortfall then there may still be little interest in take up or limited area that are of interest.

Offering all three options in an expression of interest process would test the market response.

Q5.

Should bidders be able to propose to incorporate the use of NBN base stations in their bids?

During the roll out of NBN wireless towers this Council has encouraged the co-location of services and sought cooperation from NBN in terms of tower design and consultation with mobile phone providers.

In terms of efficient use of infrastructure this should be encouraged, but commercial arrangements

between NBN and bidders might need to be subject to some regulation if agreement cannot be reached.

If there were to be regulation this should be applied consistently across all participants in whatever model is finally determined.

Q6.

Should a joint bid between a network provider and an MNO be permitted ? Should it be encouraged? Some form of joint bid may be the only way a network provider can offer a competitive proposal under option 3. Alternately, an MNO consortium under option1, particularly involving smaller MNOs may incorporate a network provider.

Q7.

Is it realistic to expect a specialist NIP to provide backhaul ?

Backhaul could be provided through a variety of mechanisms of which third party contracts is only one. Opportunities for consortiums, joint bids, integration with NBN are all options to address this mandatory requirement. NIP's should be expected to address this.

Q8.

Is option 3b (a wholesale mobile network) suitable for Australia's regional mobile market ?

Given that purely commercial pressures are insufficient for the major MNO's, with significant customer bases, to provide services in these areas already, it is unlikely multiple operators will seek access unless costs are kept to a minimum. The duplication of operators equipment will not achieve this objective. It is more likely where services are provided only single operators will service and consumer choices will be limited. This will favor the larger MNO's and, across the whole market, competition may be lessened. The concept of encouraging competition within the program for the delivery of infrastructure should not ignore the implications for competition across the whole mobile phone market.

Q9.

What are the appropriate specifications for a base station to accommodate at least two other MNO's ?  
Technical question beyond our capacity to answer.

Q10.

Will the proposed open access provisions be sufficient to encourage other MNO's to use the base station ?

The base station design provisions appear adequate, in particular, if the provision to ensure that all new stations are designed to support at least two further MNO's is included. Whether they should be built to this standard without an upfront MNO commitment is questionable, and potentially adds to the cost unnecessarily. An ability to build later on may be a more cost effective approach. Future co-location may be more important than the arrangements to coordinate co-location during the design and construction period. Initial take up of co-location may be low.

The more important issue is the pricing arrangements, either for access to the base station or for access to wholesale services or for access to backhaul capacity. Previous experience with third party access in the telecommunications industry, and other monopoly service providers, does not give confidence that suitable commercial arrangements can be agreed. The dispute resolution process, while it is a pretty standard economic regulatory approach, is costly and time consuming and in itself discourages parties from seeking a resolution, particularly where the market in question is uneconomic in the first place. Pricing certainty and maximizing asset utilisation may be best achieved through a regulatory pricing approach, and which may require a community service obligation, as a legislative requirement on suppliers or funded by government.

Q11.

Should MNO's be required to pre-commit/co-invest in base station they wish to share ?

No. A pre-commitment requirement is not consistent with new entrants to the market wanting to access infrastructure nor to existing participants adapting to changing circumstances, so it can't work long term. Usage pricing should be based on consistent principles for all users whether owners or not. Return on investment for parties that invest in the infrastructure should be built into the pricing model as a 'Return on Investment'.

Q12.

What is the estimated additional cost of requiring all new base stations to meet the open access requirements ?

Technical and financial question beyond our capacity to answer.

Q13.

Should the open access provision be applicable to base station under the \$20 program, or should there be some exclusions ?

Over investment in infrastructure should be avoided in all parts of the program, while design may accommodate up to three operators infrastructure should only be built for those that have committed to use. Rather than spare capacity, upgrades as required, while potentially more costly on an individual site, may be more cost effective over the whole network.

The exception here would be if option 3 is pursued, where the decisions on capacity should be made on a case by case basis, on accumulated user demand rather than individual operator numbers.

Q14.

What are the most appropriate models/benchmarks for establishing access and backhaul pricing, to reflect the value of public funding ?

A regulatory pricing approach should be taken to establish the efficient cost of service, adjusted (discounted) for the public funding component. Pricing should then be established based on achieving the service standard objectives of the government. If pricing is based solely on cost, and as a result, the utilization of the infrastructure is very low then the government has not achieved its objective of providing mobile phone coverage to users and has effectively wasted its own investment. If these areas were commercially viable in the first place (i.e could meet the cost of servicing, including a return on investment, then the services would already be provided.

Q15.

Do the proposed assessment criteria achieve the right balance to deliver the best value for money ?

The choice of delivery model (ie. option 1,2 or 3) is probably more important than the criteria around who and which proposals will be successful. The baseline service standard implicit in the criteria is a minimum of one supplier for a 10 year period.

Q16.

Should the proposed criteria be weighted ?

The criteria should be weighted to reflect the government objectives from the program. There are strong relationships between some of the criteria, and therefore some repetition. Value for money, measures both cost and benefits, perhaps some weighting of the relative importance of the new coverage areas, in terms of benefits, would complement the quantitative measures of area, number of premises and length of highway. In terms of access for the greatest number of consumers then the number of MNO's committed and the size of their customer base in the area and nationally may be relevant.

Q17.

Is there a more effective way of assessing seasonal demand than proposed in 3 (c) ?

It would be expected that most of the proposals funded in this category would be more remote, and on tourism visitor routes. Visitor numbers in regions or traffic counts on these routes might provide some additional clarity, rather than focusing just on destinations. As mentioned previously assessment or weighting of some of these remote areas on the basis of strategic importance to tourism and economic development may also assist.

In our own area in the North West of Tasmania there are large parts of the Tarkine Wilderness and West Coast with poor or no mobile services and increasing numbers of visitors travelling through and camping

Q18.

To what extent would the use of the NBN fixed wireless network result in improved mobile coverage in regional Australia?

As previously stated, Waratah Wynyard Council has been working with NBN Co to maximize the potential for co-location of services already. We have NBN towers specifically design to accommodate co-location of mobile services. The NBN is the most significant government infrastructure investment and it would be an ineffective use not only of that infrastructure, but of the NBN Co corporate capability and citizenship if it was not tasked to seek opportunity to maximize utilization of its infrastructure with mobile phone services, digital television and backhaul capacity.

Q19.

How best can a greater role for NBN Co improve competition and choice for consumers ?

As a minimum, NBN Co should be directed to seek maximum utilization of its infrastructure to support telecommunications across Australia as part of its corporate objectives. It may also be appropriate for NBN Co to support provision of services in regional areas and potentially where appropriate, and within guidelines) to meet some community service obligations.

There are also opportunities for NBN Co to undertake a Network Infrastructure Provider role and bid for funding under the programme either individually or in a joint bid or consortium (eg tower infrastructure or backhaul capacity) with other parties.

Q20.

In addition to base station location, design and backhaul access, what other considerations would NBN Co need to take into account ?

See above

Q21.

How can early engagement between NBN Co and MNO's be facilitated in the design of base stations ?

Should Australian Mobile Telecommunications Association be involved ?

In relation to this programme the government could initiate discussions with NBN Co about taking an active role in seeking commercial partnerships to become involved in utilizing existing infrastructure and developing new sites consistent with the wireless network rollout. Provision of Mobile phone infrastructure may provide opportunities for NBN Co to cost efficiently extend the wireless network by it co-locating with phone services in some strategic rural/remote areas.

Longer term NBN Co could explore the application of Voice Over Internet/video conferencing and other emerging applications as an alternative to mobile phone coverage in these areas.

Q22.

How can the Mobile Coverage Programme best complement any role that NBN fixed wireless network plays ?

Participation in the programme can provide a stimulus for NBN Co to investigate long term business development opportunities and establish partnerships with key players in the telecommunications industry.

Such long term partnerships can open up opportunities for long term strategic planning about future needs and technology development to guide future infrastructure investment decisions.