

12 May 2017

[Aerostats All Australia \(AAA\) Mobile Coverage](#) response to the ACCC's mobile roaming declaration inquiry draft decision

AAA supports ACCC's draft decision not to declare mobile roaming; Declaration of a wholesale mobile roaming service is not in the long-term interests of end-users (LTIE) and would in fact be to the significant detriment to both consumers and any constructive rational competition.

Declaring mobile roaming would amount to expropriation of Telstra's property and ACCC gifting Telstra's revenue to foreign operators if done without proper compensation resulting in major losses to millions of Australian retirees invested in Telstra shares whether directly or via superannuation.

We highlight the perils to ongoing investment in rural and regional Australia of any such:

- 1) The current round 2 of the Mobile Blackspot Program has co-investment with Telstra: 148 base stations, Optus: 114 base stations, and VHA: 4 base stations;
- 2) The [Australian Financial Review](#) dated 29 January 2014 reports: "*SingTel-Optus and Vodafone Hutchison Australia were forced to alter the structure of a major infrastructure deal designed to topple Telstra's dominance of the market after Vodafone failed to meet its obligations.*"

The above puts into perspective VHA's drive for ACCC to declare mobile roaming. Suffice to say that any such would amount to ACCC gifting Telstra's revenue to Vodafone and [CK Hutchison Holdings](#) the equal 50% co-owners of VHA.

Similarly, AAA expresses grave concern about TPG being allocated spectrum to become Australia's fourth mobile network operator without any conditions attached for investment in regional and rural Australia. This is in sharp contrast to the [conditions TPG accepted to become Singapore's fourth mobile carrier](#):

"TPG will be required to use the allocated spectrum to provide nationwide street-level coverage for 4G within 18 months from the start of the new spectrum rights; road tunnels and in-building service coverage within 30 months from the start of the new spectrum rights; and coverage for MRT underground stations and lines within 54 months from the start of the new spectrum rights."

Declaring mobile roaming would lead to 'cheap and nasty race to the bottom' competition to the great detriment of Australian mobile users many of whom would end up having third world service.

[AAA](#) wants to highlight the common misconception that regional areas have cost barriers to competition relegating regional Australia to effective duopoly by the two major incumbents with significant investment in regional Australia infrastructure.

[AAA](#) provides coverage at less than one tenth of the cost of deploying via mobile towers. [AAA](#) enables coverage matching Optus for less than \$50m and matching Telstra's coverage for less than \$100m. Obviously, matching the capacity of Optus and Telstra would cost billions of dollars.

ACCC's original discussion paper refers 11 times to mobile towers without even once mentioning game changer aerial solutions – aerostats in the case of [AAA](#) – that provide coverage at a tiny fraction of the cost to deploy via mobile towers.

We highlight the danger of declaring mobile roaming leading to the 'race to the bottom' with inferior operators cherry picking the few regional areas worth investing in mobile infrastructure and roaming elsewhere on Telstra and Optus. This will lead to:

- 1) Collapse in investment in regional Australia telecommunications infrastructure if cherry picking is not prohibited;
- 2) Inferior 'cheap and nasty' mobile services with very low Quality of Service unless QoS is also regulated and there are significant complexities regulating QoS.

ACCC declaring mobile roaming would be to the significant detriment of regional Australia and would remove any incentive to invest in low-cost high coverage aerial solutions such as [AAA](#).

The focus should now shift to the 70% of the Australian land mass with no mobile coverage with some of the most disadvantaged people in Australia to open-up our vast country to development.

It is in these areas with no mobile coverage where government funding and associated regulation should be targeted. Business case for [AAA](#) in remote Australia with no mobile coverage would benefit from shared service by all parties co-funding [AAA](#) with government support; we see the revised TUSO as a possible vehicle for government funding for Telstra to build and operate [AAA](#) to enable parties co-funding to use [AAA](#).

[AAA](#)'s view is that declaring mobile roaming would be to the detriment of the long-term interests of end-users (LTIE) in regional Australia, would bring about 'worst of the worst' behaviors of cherry picking in regional Australia telecommunications investment, a race to the bottom for Quality of Service and certainly a death blow to providing [AAA](#) mobile coverage in remote Australia.

Yours sincerely

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