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**Submission to ACCC Domestic Mobile Roaming Declaration Inquiry**

Thank you for the opportunity to provide a submission on this important issue for our members.

While there has been plenty of discussion in recent years about the dominance of the banks, the major supermarkets and the big retailers, Australia’s telecommunications sector is arguably the worst example of a major failure in competition laws and policy, particularly in regional Australia.

It is well accepted that Australians pay a high premium for telecommunications services - a situation that doesn’t exist in other western countries such as the USA, Canada, the UK and New Zealand. Telstra’s dominance in regional areas means consumers and businesses suffer from a lack of choice which is costing families an extra $3.1 billion a year[[1]](#footnote-1).

Despite paying high prices to Telstra, the reality is that many small business owners in regional areas suffer every day from poor mobile coverage and this inhibits their ability to compete effectively. It means they cannot be properly connected to their customers and vendors and it reduces their ability to innovate and to invest in technologies which can make doing business easier.

Some argue that this situation is justifiable because Australia is a big country with a small population. According to this argument, our population is too dispersed for mobile competition to exist in all areas and therefore people living in rural and remote areas should be satisfied with just one mobile provider. This is a false argument and the tolerance of this monopoly situation is hurting not just regional communities but all Australians.

Telstra has historically been the only wholesale supplier of services and has effectively been protected from competition via taxpayer subsidies and favourable policy decisions. While the NBN will help address this situation for broadband services and offer a choice of RSPs for many small businesses in regional areas, the situation in the mobile market will remain the without policy reform and considered regulatory intervention.

COSBOA believes a potential solution to the high cost and poor quality of regional mobile services, and the lack of competition, is domestic roaming. We understand that domestic roaming means consumers and small businesses can use their mobile wherever there is coverage, regardless of which provider they are with. Provided the owner of the mobile tower being accessed is paid a fair rate of return by the other mobile providers whenever its customers roam on its network, this solution makes a lot of sense.

The owner of the mobile tower is subsidised for the cost of maintaining its network through these wholesale payments and consumers and small businesses in regional areas receive the benefits of choice. It’s not surprising that other countries with large land areas and/or low population densities including the USA and Canada, Spain, France, South Africa and New Zealand already have this arrangement in place.

COSBOA understands that Telstra won’t allow other mobile operators to access its network under a roaming arrangement, but this wasn’t always the case. In 2004, Telstra signed with Hutchison to use its 3G network. Telstra’s CEO at the time, now NBN chair, Dr Ziggy Switkowski, said that the nation’s and industry’s best interests would be served by this type of arrangement: “This agreement recognises that the interests of the industry and the nation are best addressed through this type of infrastructure sharing arrangement.”

Telstra’s Group Managing Director of Wholesale at the time also acknowledged that these types of domestic roaming agreements would: “strengthen competition where competition is most important - in consumer services,” and ensure “our customers enjoy mobile services, despite the relatively small size of our market.”

Such competition friendly points made by Telstra’s former executive team are different from recent calls made by its current executive team including the current Telstra Chairman who has urged shareholders to rally against the ACCC’s inquiry: “If the ACCC decides to declare mobile roaming, it would absolutely be at the expense of you, the Telstra shareholders.”

The ACCC shouldn’t and doesn’t represent Telstra’s shareholders, it represents all consumers and proper competition. A declaration of mobile roaming would deliver benefits for all Australian mobile consumers and many farmers, regional MPs, parliamentary committees and others have been calling for an examination of this issue for some time.

Acting on the interests of shareholders and its bottom line, Telstra is threatening to reduce its investment in regional mobile services should it be required by the ACCC to receive payment from other mobile operators to use its network. What is unclear however is the extent to which Telstra is currently investing in expanding regional mobile coverage without the support of government and third parties through schemes such as the Mobile Black Spot Program.

In the absence of commercially agreed domestic roaming arrangements between Telstra and other operators in regional areas, COSBOA supports the regulation of these arrangement by the ACCC for the benefit of small businesses and of competition.

Peter Strong,

CEO

Council of Small Business of Australia

1. Australia’s Telecommunications Market Structure, Centre for International Economics, 2015 [↑](#footnote-ref-1)