I would like to make a submission to the Mobile Roaming Enquiry.

I live at Goolwa in regional South Australia. I am an ex employee of Telstra, though I now owe the company no particular allegiance. Like many Australians, I am also a Telstra shareholder. Whilst employed by Telstra I was heavily involved in provision of telecommunications services in regional and remote areas.

I have two main areas of concern about the proposal to require telecommunications providers to allow roaming across their networks.

The first is that I believe that it will stifle investment and innovation. Mobile networks now cover the overwhelming majority of the Australian population. For many years network expansion has seen diminishing return at increased cost. This is true for all network providers. It offers an increasing unattractive proposition in terms of shareholder return. The most important reason for providers to continue to expand networks is that it provides them with competitive advantage. Put simply, customers who spend any time in the newly covered area are more likely to put all of their mobile phone usage with a service provider who provides coverage there.

The introduction of regulated roaming removes this advantage and with it removes any incentive for service providers to continue to invest in network expansion. This will effectively result in the outcome that any further network expansion or improvement in areas of low population will need to be entirely funded by the Australian Government. As demand for mobile telecommunications grows, particularly mobile data, this will become onerous and expensive. This is very similar to the circumstances that occurred in the regulated fixed network a decade ago that resulted in the need for government to build the NBN at huge cost to the Australian tax payer. Inevitably this will be slowed by availability of tax payer funding and by lack of priority. Given the lessons from the NBN, it may not even occur at all.

In my view the very people who are intended to benefit from this change will end up being disadvantaged by it.

My second concern is as a Telstra shareholder. The proposed change would remove competitive advantage and destroy shareholder value for Telstra and Optus. It would give a free kick to Vodaphone without the need for further investment and deliver a windfall to their overseas shareholders.

I strongly oppose this proposed change. I believe that it would be to the long term detriment of regional and remote Australia.

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Lawrie Mortimer

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