As a past Group Manager, Product Services for Telstra I offer the following input to your inquiry.

**Industry Context**

    The Australian telecommunications industry is approaching maturity with several key implications:

* there is little scope for further efficient network expansion
* the continuing poor coverage of rural and remoter regions confirms that the absence of a mobiles CSO (Community Service Obligation) was a policy failure
* handset saturation means that the public expects ubiquitous mobile access to emergency services i.e. from anywhere
* farmers are at a competitive disadvantage compared to those in countries where “smart farming” innovations are being deployed
* from a regulatory perspective, the mobiles market is now similar to the fixed market at the time competition was introduced in the early 90s
* competition is moving from networks to content e.g. the impending AT&T – Time Warner merger

    The significance of these to your inquiry include:

**Coverage**

        Policy and perspective changes are needed to further expand regional coverage.  MNOs still view mobile customers as though fixed i.e. the return on a new network investment is primarily from the new customers directly connected, rather than recognising network revenue, including from travellers.   For this reason many busy sections of regional tarred roads remain black-spots.  Moreover, the public value of improved emergency service access, smarter farming, faster and more reliable internet access, is untapped due to regulatory policy shortcomings.

        The recent policy initiative of selecting a single MNO to provide black-spot coverage via a tendering process, highlights the need for domestic mobile roaming.  As an example, the Snowy Mountains village of Dalgety is now covered by a new Vodaphone tower that provides service only to Vodaphone customers.   As the remainder of the Monaro region is monopolised by Telstra, Dalgety residents have Hobson’s choice.

        However further, more sophisticated policy settings are needed to extend coverage to its full economic limit – perhaps a form of CSO for mobiles?  Or inclusion of rural and remote areas within NBN’s ambit?

**Telstra’s Regional Monopoly**

        One test of whether Telstra enjoys a monopoly over much of regional Australia is “How does Telstra behave?”   In many coastal resorts Telstra continues to dimension its mobile network for the off-peak winter period.   Network performance during peak summer periods – while improving – is still dreadful.  In the absence of a competitive threat, Telstra has no reason to deploy portable mobile infrastructure.  Kids unable to maintain their Facebook connectivity don’t come back next year, with a devastating impact on resort town businesses.  Declaring domestic roaming would increase Telstra mobile revenue in resort towns, improving the viability of network investment.

        Telstra’s regional monopoly is further strengthened by its continuing in-house installation and maintenance staffing.   Ideally, declaring domestic roaming would be accompanied by the forced separation of the installation and maintenance function, allowing its utilisation by all MNOs.   Again, the NBN could provide the new home.

**Competition**

        If the quality of Telstra’s mobile networks is its primary competitive advantage, any apparent improvement in perceived network quality by Optus and Vodaphone customers roaming onto Telstra networks in regional areas only be significant for customers residing regionally – a relatively tiny proportion of total customers.  Moreover, any perceived network quality gain would be likely swamped by other marketing parameters such as pricing plans, bundling offers, customer service etc.  The regulatory framework for fixed networks required “roaming” i.e. reselling relatively early in the establishment of new carriers.   Declaration of domestic mobile roaming is long overdue by comparison.

Regards,

Michael Britt