**Australian Competition and Consumer Commission (ACCC) –**

**Domestic mobile roaming declaration inquiry**

**Submission by the**

**Northern Territory Government**

**November 2016**

**Summary**

Given the increases in mobile phone functionality and usage since the previous ACCC inquiry into mobile roaming (2005), an inquiry into the need for a domestic mobile roaming declaration is appropriate.

With regard to telecommunications, the primary aim for the Northern Territory Government is to ensure reliable, contemporary and affordable services are available to all Territorians, including mobile services. Telecommunications infrastructure remains the singular limiting factor across much of the Northern Territory (NT), including many remote communities and the most important matter to address in establishing comparable services that will reduce remote disadvantage.

In the NT the introduction of a mobile roaming declaration would be anticipated to have significant detrimental consequences, particularly in risking much-needed telecommunications infrastructure investment in remote areas of the Territory.

Accordingly, the Northern Territory Government does not support introducing a domestic mobile roaming declaration.

**Northern Territory Context**

The NT has a substantial land mass that is sparsely populated and subject to harsh weather conditions, making reliable telecommunications essential to the more than 45 000 people (approximately 20 per cent of the NT population) who live, work and raise their families in remote locations. In addition to Indigenous communities, there are many pastoral and tourism enterprises operating in some of the most remote regions of Australia.

As stated in the ACCC Discussion Paper (section 3.1.5), Telstra’s mobile network covers a considerably larger area than its competitors, such that for over one million square kilometres Telstra is the only operator with mobile coverage. While only 0.8 per cent of the Australian population live in areas where Telstra is the only operator with coverage, this includes much of the NT. In the remote areas of the NT, almost all telecommunications infrastructure, where it exists, is owned by Telstra.

The Northern Territory Government is committed to improving telecommunications across the Territory to achieve comparable service standards to major centres and deliver benefits to residents. Mobile service connectivity for remote communities is vital to business development, education, prosperity and community and individual wellbeing.

The key to providing mobile services in the NT is to establish and expand the required infrastructure (mobile towers and network transmission). The extent of mobile network coverage across the NT leaves nearly 10 per cent of the population without access to mobile phone services necessitating that the government’s efforts are directed to infrastructure investment as the foundation for future services.

Since 2008, the Northern Territory Government has directly contributed to four successful remote telecommunications infrastructure investment programs in partnership with Telstra to extend the reach of mobile phone and fixed broadband services to 22 remote communities across the NT. The current co-investment agreement with Telstra, which is a three-year, $30 million program, will extend this footprint to provide mobile phone and fixed line broadband coverage to at least a further 11 remote communities.

While infrastructure investment programs have been with Telstra due to its network coverage, the Northern Territory Government would give serious consideration to any proposal that would expand telecommunications services in remote locations.

**Northern Territory Government position**

The Northern Territory Government supports the Australian Government’s Mobile Black Spot Programme (MBSP) which is currently being rolled out to improve mobile phone coverage in regional and remote areas across Australia. Of the 499 mobile black spots approved under round 1 of MBSP, 429 are to be built by Telstra, including all five sites in the NT. The extent of Telstra’s telecommunications infrastructure reach in remote Australia is clearly a determining factor in the MBSP assessment process and will be a critical consideration in this inquiry.

The vast distances, inhospitable terrain and climate, and small population base that exist in the NT actively discourage the provision of costly telecommunications infrastructure.

These factors mitigate against the introduction of effective competition in the telecommunications sector in the NT outside of the major population centres. As pointed out in the discussion paper, the low population density (and therefore low utilisation and minimal potential commercial return) and high costs of extending a mobile network in remote areas mean that there is not a strong incentive for operators to build infrastructure in isolated locations. This has necessitated successive Northern Territory and Australian governments making direct financial contributions and partnering with Telstra to deliver the infrastructure that is essential to improving telecommunications, closing the gap of disadvantage and enabling residents to access contemporary services that the rest of the nation takes for granted.

The reluctance of mobile network operators to provide services in the NT outside the major population centres is understandable from a commercial perspective. Of the 29 remote communities in the NT with a population[[1]](#footnote-1) of more than 150 but less than 750, that have mobile phone infrastructure, most received this infrastructure as a direct result of previous national funding projects (eg Networking the Nation) or local joint funding projects (eg Arnhem Land Optic Fibre project and Telstra/NT Government Project 13).

Since 2010, no remote NT community has received mobile telecommunications capability other than with government assistance in joint infrastructure projects with Telstra. At present, no further telecommunications infrastructure in remote areas is planned beyond the MBSP (Australian Government) and the Telstra/NT Government Co-investment Program.

In the Northern Territory Government’s submission to the 2015 Regional Telecommunications Independent Review, it was highlighted that the lack of basic telecommunications infrastructure is a major issue faced by many remote communities in the NT.

The Northern Territory Government recognises that reliable and affordable telecommunications services provide significant social and economic benefits. This is a basic tenet of the United Nations resolution on *The promotion, protection and enjoyment of human rights on the Internet*, which states on page 2:

“…the spread of information and communications technology and global interconnectedness has great potential to accelerate human progress, to bridge the digital divide and to develop knowledge societies”.[[2]](#footnote-2)

Remote communities and businesses in the NT will gain the most from delivery of reliable high-speed telecommunications services at a cost equivalent to urban customers. It is therefore desirable that mobile phone technology be available to all NT residents, regardless of location, and be maintained to a level that creates no disadvantage wherever access is required.

**Consideration of potential mobile roaming declaration**

It is difficult to conclude that infrastructure expansion in this smallest of markets would be promoted or benefited if a mobile roaming service were to be declared. The socialisation of the mobile network through the declaration of a roaming service in this market would not necessarily lead to greater competition and value to consumers. Given the combination of the narrow margins that exist in the industry and very small population base, there would be little opportunity for a new operator to enter the market and make a viable return.

The disincentive to the existing infrastructure provider Telstra to continue expansion in a region (alone or in a joint project) if such infrastructure could be made available to its competitors would be high and would jeopardise further investment. Any thin commercial margins that may exist would be potentially eroded. Other operators would similarly have no incentive to build infrastructure in the long-term.

The Northern Territory Government believes, if the ACCC declares domestic mobile roaming in remote areas of the NT, any short term benefits for the end user would be minimal. It is difficult to see another operator actively entering such a small market to provide benefits that competition may bring. Longer term, this will work against other operators establishing infrastructure for low returns.

The existing infrastructure owner will likely be disinclined to expand its infrastructure footprint if roaming is to be declared in areas where it is investing heavily. This is potentially extremely deleterious to the NT and, accordingly, this proposition is opposed.

**Other matters for ACCC consideration**

As noted in the discussion paper, the ACCC made a final access determination for the domestic transmission capacity service in 2015 which set price and non-price terms for access to the regulated transmission services, many of which are provided over routes in regional Australia. The consequence of this was average prices for long distance, high capacity services in regional areas fell by approximately 78 per cent in comparison with prices in 2012.

One consideration for the ACCC now may be to expand this declared service for transmission to encourage mobile network operators to invest in infrastructure to areas not serviced by an operator or to enter into commercial arrangements with the incumbent infrastructure operator in areas only serviced by one.

**Summary of Northern Territory Government’s position on mobile roaming**

* In remote areas of the NT with a low population base, there is little benefit to be gained and potentially much to be lost by the declaration of mobile roaming. There remains a substantial need for telecommunications infrastructure investment which would be jeopardised.
* The arrangement where successive governments have partnered with Telstra, the only mobile network operator with telecommunications infrastructure in the remote areas of the NT, to improve coverage via co-investment programs, has proven to be the most effective way of delivering the infrastructure, and therefore the mobile services, to remote communities and businesses.
* Mobile network operators have the option of utilising existing Telstra mobile phone towers to install their own equipment in remote areas but, to date, have not chosen to do so.
* Expansion of the declared domestic transmission capacity service to encourage mobile network operators to invest in infrastructure on existing mobile towers could be encouraged.

1. *Australian Bureau of Statistics 2011 Census* [↑](#footnote-ref-1)
2. *Promotion and protection of all human rights, civil, political, economic, social and cultural rights, including the right to development*, 27 June 2016, Human Rights Council of the United Nations General Assembly, https://www.article19.org/data/files/Internet\_Statement\_Adopted.pdf [↑](#footnote-ref-2)