



Date: 8 July 2022

Supplementary comments in response to the ACCC's consultation on allocation limits advice for spectrum licence allocation in the 3.4 GHz and 3.7 GHz bands

Telstra appreciates the opportunity to provide the ACCC with some supplementary comments in response to the submissions that have been published on the ACCC's web site¹ concerning its consultation on allocation limits advice for spectrum licence allocation in the 3.4 GHz and 3.7 GHz bands. In particular, we have a few comments on the nbn co and Optus submissions, as set out below.

Comment on nbn co submission

The nbn co submission states that if cross band limits are to be considered then they should be applied to all sub 6 GHz holdings on the basis that all these holdings are substitutable. Further, nbn co also states that "low-band (sub 1 GHz) spectrum is effective for delivering capacity over FW and mobile networks and can be used to deliver both coverage and capacity simultaneously".

This assertion is not accurate. To be substitutable, radio frequency bands need to offer similar levels of performance and opportunity for prospective licensees. While signals in lower frequency bands can travel further to deliver superior coverage, they also have less bandwidth available and therefore cannot deliver the same capacity as higher bands. This is especially true for the bands below 1 GHz which are best for delivering coverage in regional and rural areas but have very limited bandwidth. As explained in our submission, apart from 2.3 GHz, the lower frequency bands typically use frequency division duplex (FDD) technology which has quite different technical performance and characteristics to the time duplex division (TDD) technology used in the 3.4 GHz and 3.7 GHz bands. The widest carrier channel that can be deployed in these FDD bands is typically 20 MHz whereas 100 MHz TDD channels can be deployed in the 3.4 GHz and 3.7 GHz bands. This means the lower frequency bands are simply not capable of providing anywhere near the throughput and peak speed experience for customers that is possible using spectrum in the 3.4 GHz and 3.7 GHz bands. For these reasons it is also not correct to state that the spectrum in the lower frequency bands is substitutable with that in the 3.4 GHz and 3.7 GHz bands.

Comments on Optus submission

Optus expresses concerns (in paragraphs 21 and 63 of its submission) about Telstra's 5G first mover coverage advantage. In our view Optus had the same opportunity as Telstra to build and expand its 5G coverage but it appears that it chose not to do so. As Optus notes in paragraph 50 of its submission, "*It is true that most of Optus' site deployments have been in metropolitan areas, and this is largely due to the obvious fact that these areas have larger markets and are more economical to serve*". It could be argued that Optus was actually in a better position than Telstra to deploy 5G because it held (and still holds) more mid-band 5G spectrum in key metro areas.

Telstra should not be disadvantaged due to Optus' investment decisions, including the locations where it chooses to invest, or not invest, in 5G coverage. To do otherwise could result in tactical decision making by Optus distorting the investment incentives for Telstra and other operators

¹ <https://www.accc.gov.au/regulated-infrastructure/communications/mobile-services/spectrum-competition-limits/request-for-advice-34-ghz-and-37-ghz-spectrum-allocation>



Optus also states (in paragraph 70) that in some regional areas it has no mid-band spectrum. Our understanding is that there are no spectrum licensed areas (either metro or regional) where Optus does not own at least some spectrum in the 3.4 – 3.7 GHz range. Optus' smallest holding is in regional SA and regional NSW where the ACMA Register of Radiocommunications Licences shows it owning 30 MHz. This is enough spectrum in which to initially deploy 5G, noting that Telstra has already deployed 5G with only 20 MHz or 30 MHz bandwidth in some regional towns.

The Optus claim (in paragraph 103) about Telstra gaining control of all TPG's spectrum under the proposed MOCN sharing agreement is not correct. [Commercial in Confidence]

Finally, the Optus claim (in paragraph 108) that TPG is effectively withdrawing from regional Australia is also incorrect. In our view the effect of the MOCN sharing arrangement will be quite the opposite – it will enable TPG to be a larger and more effective competitor in regional Australia, along with offering a better experience for regional customers.
