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## **Design options for Round 5A of the Mobile Black Spot Program**

Commpete—an industry alliance for competition in digital communications—welcomes the opportunity to make this submission to the Government’s consultation of design options for Round 5A of the Mobile Black Spot Program (the Program).

Commpete represents non-dominant telecommunication service providers. Our members provide fixed and mobile voice and data services across a range of customer segments, including residential, SME, corporate, and government. Our members reflect a variety of business models, with some acquiring access services from a range of wholesale suppliers and maintaining fixed line carrier interconnection arrangements in place with the major carriers, and some building their own mobile and fixed network infrastructure.

We make the following comments in response to questions 2 and 4.

### **Question 2**

**Are there any comments on the types of proposals that would be eligible for funding, including the required coverage outcomes?**

### **Question 4**

**What other design options could be considered that provide multi-provider outcomes?**

To date the Program has successfully expanded and improved mobile coverage in areas where commercial incentives to invest in network infrastructure may be weak. However, access to much of the co-funded infrastructure is denied to mobile virtual network operators (MVNOs). This unduly limits the service options available to people living, working and travelling in many areas that are served exclusively by base stations funded under the Program.

This situation should be addressed so that mobile network operators (MNOs) that have received public funding to expand their network coverage are required to make those expanded coverage areas available to their wholesale MVNO customers.

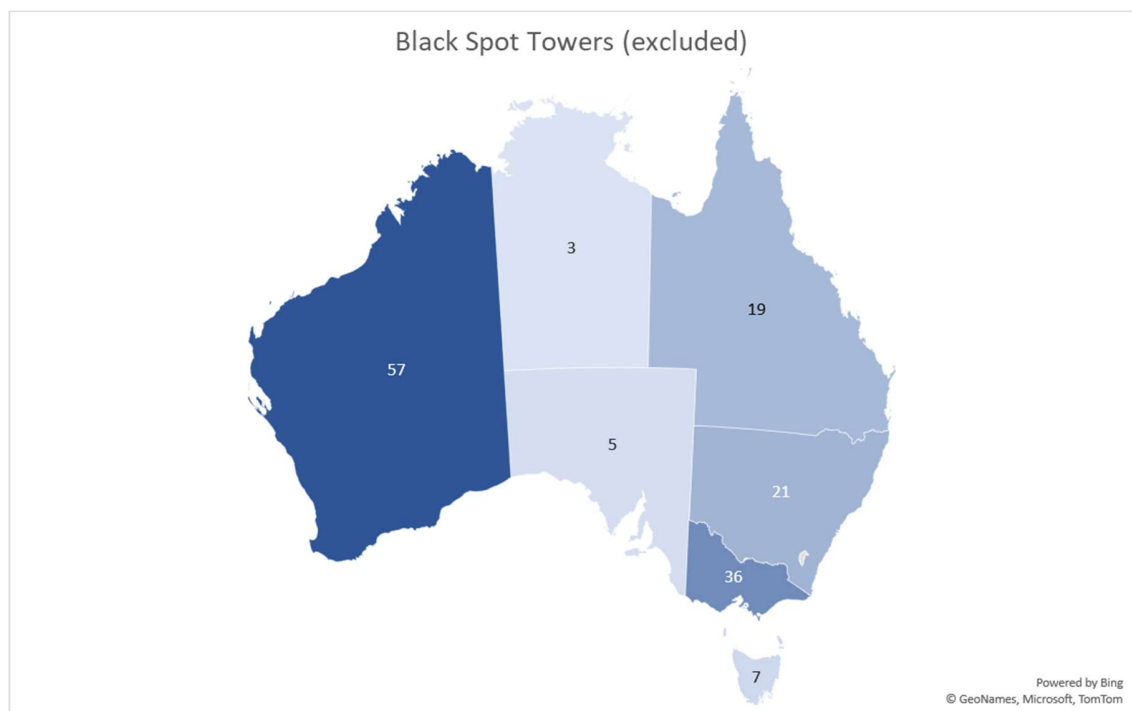
Open access to publicly funded telecommunications infrastructure promotes competition and helps to distribute the benefits of the subsidy more broadly. To that end we note the Program’s guidelines expect grantees to offer co-location access to other MNOs. However, the guidelines are silent about the grantee providing access to the expanded coverage areas to any wholesale

MVNO customers the MNO may host on its network. This gives the grantee undue discretion to foreclose access to publicly funded expansions of mobile coverage.

Thus, Telstra offers its wholesale MVNO customers access to co-funded coverage expansions only if the subsidised base station happens to be situated within Telstra’s existing wholesale coverage area.<sup>1</sup> Consequentially, MVNOs on Telstra’s wholesale 4G network are denied access to the expanded coverage made possible by some 148 mobile sites co-funded under the Program.<sup>2</sup> (Refer Figure 1.) At five of those sites access to Telstra’s 3G network is also denied, creating a new generation of black spots for Telstra’s wholesale customers and a series of sub-market monopolies for Telstra’s retail arm.

The upshot is that people living and working in the affected areas are better served in terms of access as a result of the Program but continue to be underserved in terms of choice. This seems a perverse outcome given the intent of the Program is to improve both coverage and competition.

**Figure 1: Number of mobile sites co-funded under the Program that are excluded from Telstra’s wholesale MVNO offers**



<sup>1</sup> See <https://web.archive.org/web/20200410211620/www.telstrawholesale.com.au/products/mobiles/mobile-blackspot-program.html>

<sup>2</sup> See list of sites at

[www.telstrawholesale.com.au/content/dam/tw/products/Mobiles/Documents/TW\\_Mobile\\_Blackspot\\_25-03-2019.pdf](http://www.telstrawholesale.com.au/content/dam/tw/products/Mobiles/Documents/TW_Mobile_Blackspot_25-03-2019.pdf)

See also map of listed sites at <https://tinyurl.com/ExcludedSites>



To prevent shared access to publicly funded coverage expansions being arbitrarily denied to MVNOs, grantees should as a condition of funding be required to include such coverage expansions in any wholesale MVNO offers that they maintain. That is, if a grantee chooses to offer a wholesale MVNO service then it should be obliged to include in its wholesale coverage and technology network footprints any and all sites that have been co-funded with public money.

Further, addressing this with retrospective effect would immediately introduce choice and competition into areas that have benefited from the installation of mobile infrastructure under the Program but still have only one service provider to choose from.

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