

**Submission to**

**DCITA**

**on**

**Mobile Connect Discussion Paper**

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## **1. Overview**

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### *Mobile Connect*

- 1.1 Mobile Connect is a \$29.5 million program to extend terrestrial mobile phone coverage and continue satellite handset subsidies for more remote areas.
- 1.2 Funding for the program is available until 30 June 2009.
- 1.3 The objective of the program is to:
  - extend terrestrial mobile phone coverage to smaller regional communities and along highways where there is a case for strategic location or where economic importance can be established and where services have ongoing viability; and
  - implement a strategic national approach that best meets the social and economic needs of regional Australia in relation to mobile phone coverage.

### *Optus' mobile network and future strategy*

- 1.4 Optus has over 4,143 base stations across Australia, covering over 600,000 square kilometres or 96% of the Australian population. Almost 30% or 1,150 of these base stations are in rural and regional areas.
- 1.5 Optus is aiming to provide 3G mobile network coverage to 55% of the Australian population by March 2007 with coverage to all Australian capital cities, excluding Darwin and Hobart.
- 1.6 Optus does not have any current plans to roll out 3G mobile infrastructure in regional and rural Australia.

## **2. Executive Summary**

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- 2.1 It is Optus' view that the Government would stimulate the most creative solutions from the Mobile Connect program by:
  - calling for 'Expressions of Interest' for the roll out of competitive 3G infrastructure; and
  - encouraging carriers to develop proposals in response to an 'Expression of Interest' that could combine funding from other elements of the Connect Australia funding packages.
- 2.2 Optus believes that the Government should allocate \$24.5 million of Mobile Connect Program funding to the deployment of competitive 3G mobile infrastructure where there is no current or planned access to 3G services; and allocate \$5 million to retain the Satellite Phone Handset Subsidy.
- 2.3 Based on the currently announced plans of the major telecommunications providers, in two years only 55 % of the Australian population will have access to competitive 3G services. This compares to 96% of the population that currently has access to competitive 2.5G mobile services.

- 2.4 Optus considers that this impending market change is justification for the Government to adopt the competitive rollout of 3G network infrastructure as its key policy objective for the mobile infrastructure component of the Mobile Connect program.
- 2.5 In addition to this overriding objective, Optus believes the program should adopt the following program goals:
- enforce contractual requirements on all Government funded sites to provide access to inter-carrier roaming for both 2G and 3G mobile services at reasonable commercial rates;
  - permit carriers to co-locate on mobile sites constructed with government funds at rates discounted to reflect the Government's contribution to the capital cost of the site;
  - direct carriers to refund past co-locate fees paid on Government funded sites;
  - providing Government contributions to the capital and operational costs of the deployment of new mobile sites;
  - exclude publicly announced plans for 3G coverage from accessing funds; and
  - specifically exclude Telstra's planned CDMA 3G upgrade from accessing funds.
- 2.6 Optus recommends that the Government give preference to joint carrier applications and to proposals involving funding contributions from the Australian, State and Territory Governments and carriers.
- 2.7 Optus also believes that inter-carrier and inter-networking roaming will be encouraged by:
- regulating pricing associated with domestic roaming air-time usage in areas where Telstra operate monopoly infrastructure; and
  - allocating funding to the construction of an 'Inter-Carrier Domestic Roaming Platform' that would provide for seamless and transparent voice and data use for all domestic carriers in Australia.
- 2.8 In terms of the satellite handset subsidy component of the program, Optus recommends that the Government adopt the following funding criteria for the Scheme's operation in the period 2005/06 – 2008/09:
- reduce the handset subsidy from the current rate of \$1,500 to \$1,000;
  - remove rural and regional eligibility criteria;
  - exclude portable devices from subsidy eligibility; and
  - include mobile 'hand held' devices and handsets with data applications as eligible for subsidy.