



David Littleproud MP

Federal Member for Maranoa

Media Statement

November 14, 2016

Maranoa MP is calling time on Telstra's protection racket

Maranoa MP David Littleproud has been left stunned by Telstra CEO Andrew Penn's recent comments at the Local Government Association of Queensland's (LGAQ) Annual Conference, in which the Telstra CEO branded the ACCC's national mobile roaming Inquiry as a "competitive threat".

"In Mr Penn's address he praised competition, stating it '*drives investment, investment grows the network, and the result is Australians are able to use their phones to do more things, in more places, than ever before*', but bizarrely when it comes to increasing competition through national mobile roaming, Telstra's all doom and gloom.

In Mr Penn's own words Telstra's investment is "heavily skewed towards regional and remote Australia" - and it is this investment that increases Telstra's competitive advantage, making it even more unlikely that the telco giant will allow other mobile network carriers to access their infrastructure on commercial terms to offer choice to consumers.

But, Mr Littleproud questions the Telstra chief's comments that Telstra's investment is "heavily skewed" towards regional Australia, given that Mr Penn has also said that 15% of Telstra's mobile investment over the last 10 years has been injected into servicing two percent of the population.

Using Mr Penn's figures, in this year alone, regional Australia ought to have seen an investment of \$195 million, or between 195 or 390 towers from Telstra's \$1.3 billion dollar investment in its mobile network. Between 2006 and 2013 Telstra spent \$5.5 billion on its mobile network,¹ \$1.1 billion in 2014, and \$1.3 billion in 2016. Based on Mr Penn's statement, over the last 10 years regional Australia has been the beneficiary of a \$1.185 billion investment, or between 1185 and 3792 towers.

"For Mr Penn to boast that a hefty chunk of Telstra's capital expenditure over the last 10 years has gone to regional Australia's mobile network, is either disingenuous or Mr Penn just can't add up, because I can't see it on the ground here in Maranoa.

¹ <https://www.telstra.com.au/content/dam/tcom/about-us/investors/pdf%20A/2014-Annual-Report.pdf>, page 10.

“Let’s not forget that Telstra’s investment in regional Australia is not made out of the goodness of their hearts – Telstra’s 17.2 million^[1] mobile service customers pay higher premiums for the benefit of Telstra’s coverage.

Mr Littleproud believes we have to also look at the percentage of Telstra’s premium pricing profits converting into towers and other capital expenditure to determine whether Telstra’s investment is in fact “heavily skewed” towards regional Australia.

“I’ve always said that telcos deserve a fair return for any infrastructure investment they’ve made in rural Australia when it comes to roaming, but I’ve asked Telstra a number of times to tell me what their investment is in rural Australia and what a fair return would look like, and to date I’ve seen nothing.

“I implore Mr Penn to sit down with me and discuss the extent of Telstra’s investment in regional and rural Australia - because if I am wrong on this and Telstra’s investment is at risk through a national roaming order, then I will be the first to say so”

“Mobile coverage is more than communication - out here it’s about economic growth through improving business efficiencies and increasing business opportunities, particularly in our agricultural, small business and tourism sectors – but beyond that it is about safety and peace of mind.”

For the third time in 18 years, national mobile roaming is firmly on the ACCC’s radar.

“This should be the third and final strike because the ACCC has been down this road before – first in 1998 and then again in 2005. Previously the ACCC believed that the telcos would commercially negotiate roaming between themselves, but Mr Penn’s statements suggest this won’t happen so I am calling time on Telstra’s protection racket,” he said.

FACT BOX:

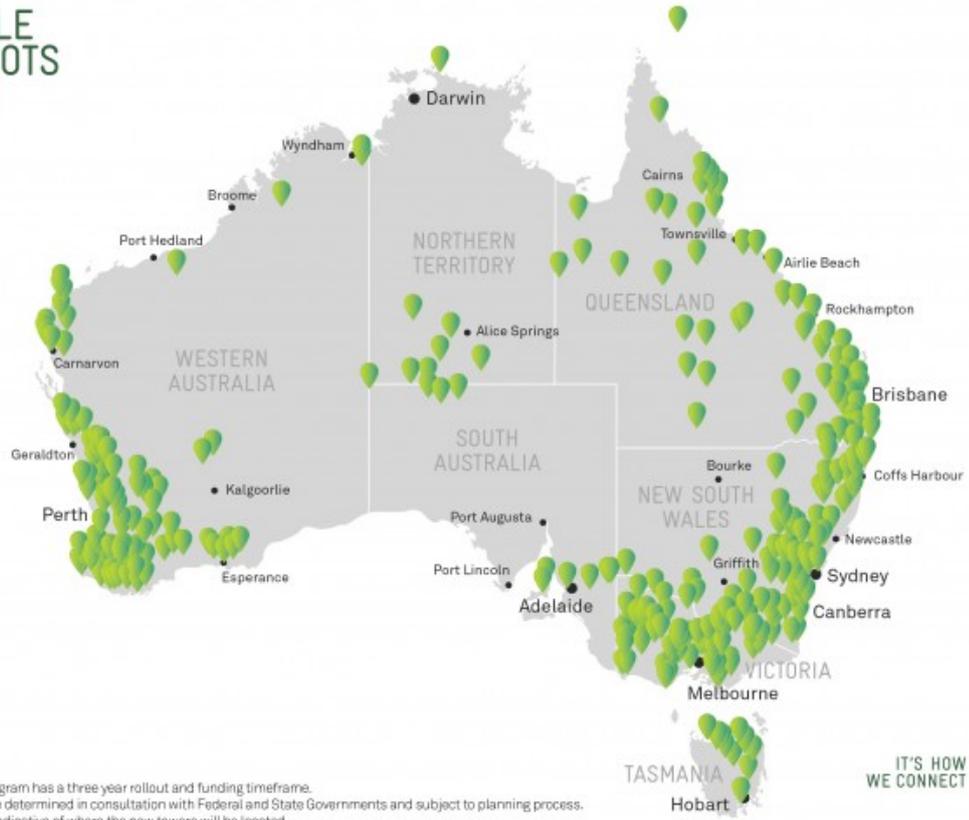
- Access to a roaming service would enable mobile service providers to provide coverage for their customers in areas where they don’t have their own network by ‘sharing’ telecommunications infrastructure.
- The ACCC has commenced its third inquiry into whether or not to declare a wholesale domestic mobile roaming service.
- Access the ACCC’s discussion paper on national roaming here: <http://acc.gov.au/regulated-infrastructure/communications/mobile-services/domestic-mobile-roaming-declaration-inquiry-2016/discussion-paper>
- Submissions can be uploaded on the ACCC’s Consultation Hub before 25 November 2016 at: <https://consultation.acc.gov.au/regulated-infrastructure/domestic-mobile-roaming-service-declaration-inquir>

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[1] <https://www.telstra.com.au/content/dam/tcom/about-us/investors/pdf-e/2016-Annual-Report.pdf>

THE MOBILE BLACK SPOTS PROGRAM



2

THE MOBILE BLACK SPOTS PROGRAM



3

² <https://exchange.telstra.com.au/2015/06/25/telstras-429-new-mobile-towers-state-level-guides-black-spot-mobile-programme/>

³ <https://exchange.telstra.com.au/2015/06/25/telstras-429-new-mobile-towers-state-level-guides-black-spot-mobile-programme/>