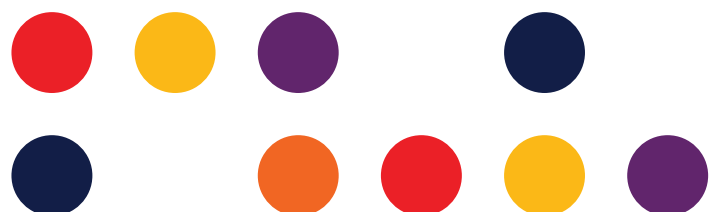




Shutdown of the 3G mobile network

TPG Telecom response to the Rural and Regional Affairs and Transport References Committee

May 2024





Submission

TPG Telecom welcomes the opportunity to provide this submission to the Rural and Regional Affairs and Transport References Committee regarding the closure of 3G mobile networks.

The retirement of older network technologies like 3G is part of an important industry-wide move to provide customers with better speed and greater functionality with today's modern smartphones and devices.

14-month notice period for customers

TPG Telecom publicly announced the closure of the 3G network in September 2022. This provided our customers 14 months to prepare for the move to faster 4G and 5G mobile services.

We began the scheduled closure of the 3G network on 15 December 2023. This process was successfully completed on 30 January 2024 with the closure of 3G sites in NSW and ACT.

Extensive customer communications

In the 14 months before closure, TPG Telecom implemented an extensive communications plan to engage with customers across all brands. As part of this engagement campaign, we sent over 3 million 3G closure customer communications. The majority of messages were sent by e-mail and SMS, with direct calls made to some customers. This was supplemented with media and in-store communications campaigns.

Between June 2023 and the January closure date, reminder communications were sent every 45 days if the customer had not changed to a compatible handset.

The 3G network closure resulted in minimal disruption to customers, with very low levels of customer complaints.

Affordable replacement handsets for our customers

TPG Telecom's priority throughout the closure period was to ensure customers had a 4G or 5G compatible device to stay connected to our network.

Prior to network closure, TPG Telecom introduced specific discounted 4G compatible handset offers to customers, including subsidised handsets and other offers on more cost-effective handset ranges.

We also provided direct subsidies for vulnerable customers affected by the 3G shutdown, to assist their upgrade to a 4G compatible device.



Extensive investment in network infrastructure

TPG Telecom invested heavily in our networks in the lead up to the 3G network closure. We also optimised our co-located 4G network to minimise the coverage impact when the 3G layer was shut down.

We have also maintained a 3G roaming agreement with Optus in regional areas. Currently, this agreement covers the area from approximately 80 to 97.1 per cent of the Australian population. The 3G roaming coverage area will shortly increase to 98.5 per cent of the population.

As a result of our network investments and 3G roaming arrangements with Optus, the closure of our 3G network has not decreased perceivable network coverage for most customers.

This has been confirmed by independent research finding the closure of the 3G network did not lead to a material increase in time spent with “no signal” for our customers. To the contrary, the research found a material uplift in network speeds after the 3G network closure and an increase in time spent connected to 5G.¹

As outlined below, TPG Telecom’s network coverage and breadth is expected to further improve for many customers, as part of our recently announced regional network sharing arrangement with Optus (subject to regulatory approval).

Upgrading older devices requiring a 3G network to make an emergency call

Our efforts are now focussed on identifying and communicating with a subset of customers with older 4G capable handsets requiring a 3G network to place a triple zero call.

TPG Telecom has been working with other industry participants since last year to ensure all affected devices are identified. These efforts have intensified in the lead up to the closure of the 3G networks throughout 2024.

Customers with handsets known to be affected by this issue are receiving fortnightly direct SMS advising of the need to take immediate action to upgrade their handsets.

A joint industry website managed by AMTA, has been launched (3gclosure.com.au) containing information for customers about the 4G handset issue and broader 3G closure issues relevant to Telstra and Optus customers.

The industry webpage will shortly include a simple lookup tool for consumers to quickly check the status of their device.

¹ <https://www.opensignal.com/2024/04/02/vodafone-users-spend-more-time-on-5g-as-it-shuts-down-3g-across-australia>



Regional network sharing brings competition to the regions

In April 2024, TPG Telecom and Optus announced a landmark agreement to share 4G and 5G radio access networks in regional Australia. Subject to regulatory approval, the agreement will bring a step change in competition and choice for consumers in regional Australia.

Under the arrangement TPG Telecom and Optus will combine their regional mobile networks and spectrum assets to deliver improved mobile services for rural and regional Australia.

Customers will gain access to 2,444 regional sites, increasing our coverage from around 400,000 to 1,000,000 square kilometres, reaching 98.4 per cent of the population. This will cover thousands of regional communities, towns, and holiday locations and major highways.

Access to the shared network in regional areas will be seamless. This means all our customers will automatically have access to the expanded coverage and see their service provider's name displayed on their phone across all our brands including Vodafone, TPG, iiNet, Lebara and felix.

Bringing forward investment in 5G

Customers and communities will also benefit from a commitment to accelerate 5G investment in the regions. Optus has committed to upgrading 1,500 regional mobile network sites to 5G by 2028 and 2,444 by the end of 2030.

TPG Telecom's customers will gain immediate access to these upgrades as soon as they are completed, on the same basis as Optus customers.

Independent control of network resiliency

The regional sharing agreement uses a 'multi-operator core network' (MOCN) structure.

Under the MOCN arrangement, our retail and wholesale customers will use Optus' Radio Access Network (RAN) for 4G and 5G services in regional areas. Customers will continue to use the TPG Telecom RAN in metro and outer urban areas.

Optus will licence some of our spectrum, and a number of our TPG Telecom mobile sites may be transferred to Optus to enhance capacity, speed and service quality for TPG Telecom and Optus customers in regional areas.

Importantly, we will continue to operate our core network. This will allow us to maintain network control, enabling differentiation of service for customers, and independent control of security and resiliency.



Building for the future

TPG Telecom takes its responsibility for improving mobile coverage across Australia seriously and will continue to explore cost effective approaches to expanding our services to bring much needed competition to regional areas.

Infrastructure sharing allows us to bring coverage benefits to customers at a fraction of the cost of duplicating infrastructure. This will allow us to reduce operating costs, save on upgrade costs and make better use of network assets and deliver huge customer benefits.

We are committed to offering real choice and competition to regional Australia. We look forward to providing further information as required at any hearings the committee may choose to hold.