

Terms of Reference

Background

On 6 October 2010, the Cabinet Standing Committee on the Budget (Budget Committee) made determinations on NSW Government Mobile Radio Services.

The Committee approved the application in 2010-11 of full cost-recovery principles for the future provision of NSW mobile radio services.

Furthermore, the Committee requested that the Independent Pricing and Regulatory Tribunal (IPART) review pricing for mobile radio services for user agencies from 2011-12 with terms of reference to be confirmed in consultation with IPART.

In general mobile radio services fall into three broad categories - mobile voice, mobile data and fixed data (SCADA - Supervisory Control and Data Acquisition - and paging) services.

The mobile voice networks are either shared or multi -agency (the NSW Government Radio Network) or single agency only.

The NSW Government radio network and the ACT Government radio network are effectively one integrated network with a shared network operations control centre. The ACT Government currently contributes to the capital and recurrent costs of operating the GRN based on the proportion of their use of the centre network infrastructure.

Terms of Reference

The review will:

1. Develop a pricing methodology (methodology) based on full cost recovery principles for application to users of shared mobile radio network infrastructure. The methodology would take into account the current and future operating and capital costs to maintain shared networks. It would be both simple and equitable to implement.
2. In developing the methodology, take into consideration applicable risk factors including:
 - ▼ The future cost impacts on in-scope NSW mobile radio users from reforms by the Commonwealth Government (Australian Communications and Media Authority) for the pricing and availability of radio spectrum.
 - ▼ The future cost impacts on government and non-government user agencies based on their different requirements for shared mobile radio network usage and coverage levels.
 - ▼ The application of competitive neutrality principles for public trading agencies that are users of the shared mobile radio network infrastructure.

- ▼ a phased introduction of the proposed state-wide service.
- 3. Provide advice on the cost impact of the proposed methodology on eligible users and government agencies from 2011-12. This will enable the Government to assess the implications of the new methodology for user agencies.
- 4. Examine the cost impact and implications of the proposed methodology on statutory contributions for mobile radio for
 - ▼ the insurance industry and
 - ▼ local government, noting that IPART's Local Government Cost Index already includes categories related to mobile radio such as operating leases, emergency service levies, and telecommunications services.
- 5. Based on the proposed methodology, recommend prices to commence on 1 July 2011.

Scope

Lead law enforcement, public safety and emergency service organisations (NSW Police Force, NSW Fire Brigades, Ambulance Service of NSW, the Rural Fire Service and the NSW State Emergency Service) have the most critical operational need and requirements for mobile radio services.

However, other essential service providers (such as transport, water and energy suppliers) rely on mobile radio services for their business operations and in times of emergency.

There are about ten entities which are not NSW Government entities (nor State Owned Corporations) who use the government mobile radio network. These entities such as CareFlight and the Department of Defence account for about 2 per cent of the total number of registered handset devices.

The ACT Emergency Services account for about 8% of the total number of registered handset devices. The way in which the ACT contributes to NSW capital and operating costs is in scope.

Mobile data services, other than the Mobile Data Radio Network, and SCADA systems are out of scope.

IPART is requested to consult with key stakeholders.

Timing and Resources

The review is to report to the Minister for Commerce in order that a pricing regime commences on 1 July 2011.

The Department of Services, Technology and Administration will provide senior officer level support to the review team.