31 January 2025

The Hon. Stephen Jones MP
Assistant Treasurer
House of Representatives
Parliament House
Canberra ACT 2600

Via: PreBudgetSubmissions@treasury.gov.au

Dear Assistant Treasurer,

The Australian Mobile Telecommunications Association (AMTA) welcomes the opportunity to outline the mobile industry's view regarding priorities for the Government's 2025-26 Budget.

AMTA is the peak industry body representing Australia's mobile telecommunications industry. AMTA members include the mobile network service providers, handset manufacturers, network equipment suppliers, retail outlets and other suppliers to the industry.

AMTA welcomes the Government's December 2024 announcement to address Australia's productivity challenges. The Government has tasked the Productivity Commission to focus on five pillars of inquiry, namely:

- Creating a more dynamic and resilient economy
- Building a skilled and adaptable workforce
- Harnessing data and digital technology
- Delivering quality care more efficiently
- Investing in cheaper, cleaner energy and the net zero transformation

While each of these pillars is relevant to our future prosperity, if Australia is to fully realise the potential economic and social benefits of the digital economy, it must harness the potential of the third key pillar: data and digital technology. Mobile technology is a key enabler for data and digital technologies, whether it be access to data and services in data centres, providing AI enabled applications, or simply enabling more work process automation.

AMTA has consistently advocated for Government do more to drive the adoption of mobile technologies in business and Government to improve productivity, lifting Australia's GDP. AMTA has also advocated for access to sufficient quality radio spectrum, and to remove barriers to mobile infrastructure deployment, to ensure that the mobile networks are readily available with sufficient capacity to provide better economic outcomes for Australians. We have outlined our recommendations on how to do so in this submission.

AMTA and the telecommunications industry will continue to work with government to address the challenges and take advantage of the opportunities of these policy priorities. We look forward to engaging with the Government on the issues outlined in our submission.

Yours sincerely

Louise Hyland
Chief Executive Officer
Australian Mobile Telecommunications Association Ltd

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Recommendations

The Australian Mobile Telecommunications Association (AMTA) recommends the Albanese Government:

Mobile technology as an enabler of productivity

1. Allocate Government funding for research and development initiatives focused on current and emerging mobile technologies. Encouraging innovation and collaboration between academia, industry, and government will contribute to the development of mobile solutions, digital applications and help address Australia's lagging productivity *(section 1ii).*

2. Develop and implement a whole of government National Mobile Tech Strategy, in coordination and collaboration with the mobile telecommunications sector, government departments and agencies to ensure Australia has a plan for the critical technologies of 5G and 6G (section *1iii*).

3. Build on the success of the 5G EME education campaigns by investing further to build public confidence in the safety of telecommunications networks, ahead of the arrival of 5G Advanced, Non-Terrestrial Networks (NTNs) and 6G later this decade. Address misinformation about electromagnetic energy (EME) which has caused concern in some parts of the community (section 1*iv*).

Mobile Telecommunications Infrastructure Deployment

4. Allocate funding to Improve the regulatory settings for the deployment of mobile telecommunications infrastructure by updating the 'Powers and Immunities' framework in Schedule 3 of the Telecommunications Act 1997 to accommodate the more efficient deployment of network infrastructure (section *2i*).

5. Drive State and Territory infrastructure planning reform to create harmonisation across Australia and allow for expedited approvals for telecommunications infrastructure (section *2ii*).

Spectrum Allocation

6. Ensure that spectrum is priced to maximise the long-term productivity benefit from its use. Spectrum pricing is a key determinant of the financial sustainability of the sector and access to sufficient quality spectrum is vital to advancing the quality and availability of mobile services (section *3i*).

7. Incorporate a strategic policy plan relating to access and allocation of spectrum in Australia, as part of the National Mobile Tech Strategy (section *3ii*).

Telecommunications and Natural Disasters

8. Continue to work with the mobile industry to ensure that appropriate messaging is used that informs people about the resilience of the telecommunications networks during natural disasters, and to provide equipment to keep communities connected during natural disasters (section *4i*).

Introduction

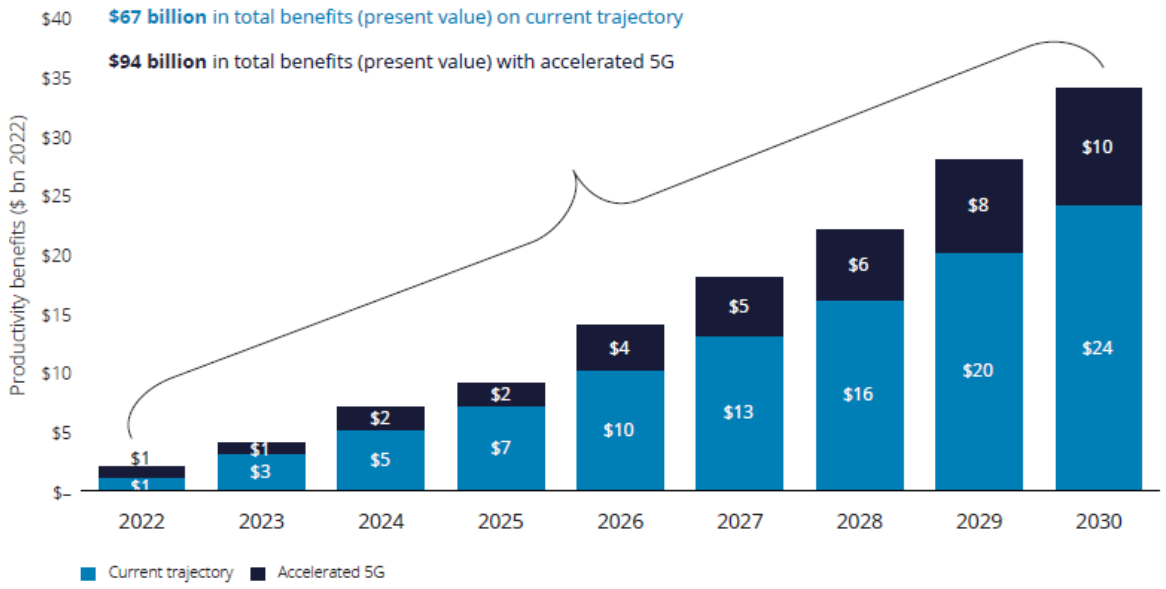
Digital connectivity is indispensable to the daily lives of Australians and serves as a cornerstone for Australia's future socio-economic prosperity. Mobile networks, recognised as the most efficient means of delivering ubiquitous high-bandwidth connectivity on the go, play a pivotal role in meeting consumer demands, driving technological innovation and uplifting productivity.

Mobile networks are essential providers of communication services, connecting Australians to emergency, education, health, and government services. Economic modelling from Deloitte estimates that 5G will increase Australia's productivity, resulting in an increase in GDP of $67 billion (in 2022 dollars) by 2030.[1] Future technology evolutions – e.g., 6G – are expected to bring further significant uplifts.

For the telecommunication sector generally, economic modelling by PwC suggests that digitalisation could equate to a $230 billion incremental contribution to GDP, encompassing a $10 billion connectivity growth opportunity for the telecommunications sector.[2]

Technology adoption is an intense race, and the earlier businesses can develop and see the potential 5G applications, the larger the productivity benefits. Australia can unlock this dividend by lifting business readiness and re-energising the policy regime for 5G.

Chart 1.1: The dividend from continued investment and greater use of 5G



Note: The figures in Chart 1.1 are in real 2022 dollars. They do not add to the total present value benefits because they are first discounted at a rate of 7% per year.
Source: Deloitte Access Economics (2021).

However, the mobile sector has experienced long-term declines in returns on invested capital (RoIC). This is highlighted by the fact that mobile sector capital expenditure has remained constant at around $5.4bn each year for the years 2019-2023, despite

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1 *5G Unleashed: Realising the potential of the next generation of mobile technology.* Australian Mobile Telecommunications 2022. Deloitte Access Economics. https://amta.org.au/5g-unleashed-deloitte-access-economics/#:~:text=The%20report's%20economic%20modelling%20estimates,uplift%20in%20economic%20benefit%20over

2 2022 Australian Telecommunications, Media & Technology Outlook https://www.pwc.com.au/industry/telecommunications/assets/2022-australian-tmt-outlook.pdf

operating profits decreasing by 24% over the same period.[3] With long term declines in revenue, industry RoIC is now below the cost of capital creating the real prospect of a "digital investment gap".[4] Improving access, affordability, reliability and redundancy of telecommunications (in particular regional/remote), requires a financially sustainable mobile sector.

That is why we call upon the Albanese Government to recognise the role of mobile telecommunications as a critical enabler of the digital economy, and a key driver of productivity for Australia. Discussions around the essential nature of mobile services should also include consideration on how revenue can grow to support the increasing expectations and regulatory burden imposed on an industry recognised as essential to Australia.

In order to foster a sustainable telecommunications industry that supports Australia's digital future, the sector requires regulatory certainty for future capital investment through:

- Timely and efficient access to sufficient radio spectrum; and
- Removal of red tape inhibiting the streamlined deployment of national infrastructure for current and emerging technologies.

[3] JPMorgan Australian Telecommunications Analyst note, 4 Oct 2023.

[4] Venture Insights State of the Australian Telecommunications Industry, 13 June 2023.

1. Mobile technology as a key enabler of productivity

i. Mobile technologies as a key enabler of productivity

Australia has faced persistent challenges in boosting productivity levels in recent years, which impacts our national economic growth. Venture Insights notes that the telecommunications industry is the backbone of the digital economy and the platform for future growth of digital applications that drive productivity improvements across the Australian economy.

AMTA welcomes the Government's recognition of these challenges, through tasking the Productivity Commission with inquiries focused on five key pillars.[5] Mobile technologies are either directly, or indirectly, enablers across most of these productivity pillars. It is imperative that the Government, consumers and businesses embrace transformative technologies like 5G, and in the future, 6G to uplift our global economic competitiveness.

5G has already revolutionised industries that have adopted the technology, enhancing connectivity, and optimising operations, to increase productivity and performance across various sectors. 5G enhances decision-making, reduces downtime, and fosters a more agile and competitive business environment. By harnessing the transformative power of current and emerging mobile technologies, Australia can address productivity challenges and foster economic growth and global competitiveness in the longer term.

By the end of this decade, future mobile technologies including 5G-Advanced, Non-Terrestrial Networks (NTNs) and 6G will be arriving, and Australia should start preparing to leverage these technologies to further improve productivity and performance as they arrive.

ii. Offer incentives to specific industries to drive digital adoption for businesses

Australia was one of the first countries to adopt 5G, which demonstrated the key role the mobile sector plays in technological advancements and the nation's digital economy. While our early rollout has translated into global leadership in 5G adoption, take-up and usage of the technology has subsequently plateaued, resulting in Australia slipping from fifth place globally in 2020 and 2021 to twentieth place in 2023.[6]

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5 Terms of Reference for five inquiries by the Productivity Commission, 13 Dec 2024.

6 According to GSMA Intelligence reports, Australia was ranked fifth of 113 countries in 2020 and 2021 for percentage of the population with 5G capable devices (6.54% and 18.51% penetration respectively) but slipped to eleventh place in 2022 (29.48% penetration) and twentieth place in 2023 (37.84% penetration).

5G is now available to 89% of the Australian population with 54% of Telstra's mobile traffic now on 5G.[7] Telstra also aims to roll out 5G to cover 95% of the Australian population by FY25.[8]

5G's low latency, high bandwidth, and reliability can revolutionise critical infrastructure, enabling real-time data analysis and decision-making. To encourage greater adoption, Government needs to better highlight the benefits and applications of digital adoption (including 5G and emerging technologies) across various industries. 5G is not merely about faster internet; it's a transformative force for sectors like security, energy, transportation, manufacturing, utilities, healthcare, and more.

AMTA encourages the government to offer incentives to specific industries such as healthcare, manufacturing, transportation, and education to adopt digital and mobile solutions that can drive sector-specific innovation and use.

This could be achieved through research and development initiatives focused on current and emerging mobile technologies, to encourage innovation and collaboration between academia, industry, and government. This will contribute to the development of mobile solutions and applications in Australia.

iii. Implement a whole of government approach through a National Mobile Tech Strategy

AMTA welcomed Minister Husic's acknowledgment (in 2022) of 5G and 6G as critical technologies, but we are yet to see policy development beyond the initial announcement. Australia lacks a national policy or strategy for the utilisation of 5G or 6G and without a well-defined plan, the potential of these critical enabling technologies will not be realised.

The collective objectives of the Government's *Future Made in Australia* agenda, *National Reconstruction Fund*, *Employment White Paper* and the *National Science Statement* are to harness economy-wide digitalisation to drive economic growth and productivity improvements; and create new high-skilled jobs. However, the success of these strategies is dependent upon Australia having the best possible mobile enabling connectivity, namely advanced 5G at scale[9].

On an international front, the European Union, and the Governments of Japan, Singapore, Malaysia and the United Kingdom, have all set targets for the national deployment of advanced 5G.

We encourage the Albanese Government to develop and implement a whole-of-government National Mobile Tech Strategy. The National Mobile Tech Strategy would involve coordination and collaboration across different government departments and agencies, working together to maximise the benefits of 5G and other technologies, as

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7 Telstra Annual Report 2024, page 4. Available at https://www.telstra.com.au/content/dam/tcom/about-us/investors/pdf-g/telstra-annual-report-2024-interactive.pdf

8 Telstra Exchange, 9 January 2025. Available at https://www.telstra.com.au/exchange/telstra-to-bring-spacex-s-starlink-satellite-to-mobile-technology

9 European Commission, 2022, Europe's 5G strategy in the Digital Decade; Spread of 5G report – Giving More People a Sense of 5G's uniqueness [translated from Japanese]; Digital Nasional, 2024, 5G for All: Accelerating a Digital Future for Malaysia; Minister J Teo, 2023, Speech at the launch of the Digital Connectivity Blueprint; UK Government, 2023, UK Wireless Infrastructure Strategy.

well as planning for 6G. The Strategy should require consideration of 5G and future generations of mobile technology in delivering Government services.

There is an opportunity for the mobile telecommunications sector to work more closely with the Government to ensure we have co-ordinated policy across government which leverages the benefits of 5G and plans for future mobile technologies.

iv. Invest in electromagnetic energy education and communications

In 2019, the former government allocated $9 million over four years to build public confidence in the safety of telecommunications networks, including 5G mobile networks, and to address misinformation about electromagnetic energy (EME) emissions which has caused concern in some parts of the community.

The 2019 program has been very successful, engendering confidence within the community about the safety of 5G technology. With 5G Advanced and 6G technologies arriving later this decade, there is a need for further ongoing independent (from industry) and authoritative information about the safety of mobile technologies, as these new technologies are likely to trigger EME enquiries from communities.

AMTA is seeking a CPI equivalent financial commitment from the Government to continue to invest in EME research and educational programs as the technology evolves towards 6G.

2. Mobile Telecommunications Infrastructure Deployment

i. Allocate funding to make and implement necessary changes to the Telecommunications Act to increase productivity and RoIC

Australia is facing a gap in digital investment due to long term declines in RoIC and the high levels of investment required. Industry sustainability is impacted by policy decisions and regulation, including the complexity of navigating inconsistent development approval processes (across 8 States/Territories and 537 Councils) which are cumbersome and inefficient. A nationally consistent approach to regulating approval is critical to the future viability of the industry.

An update to the *Telecommunications Act 1997 ('The Act')* 'Powers and Immunities' framework, underpinned by Schedule 3 of the Act, is required to accommodate the more efficient, timely and effective deployment of network infrastructure that is 'low-impact'.

Wholesale changes to the Act should provide greater recognition of the essential nature of the infrastructure and the need for national consistency. Amendments should be made to address urgent issues such as councils continually refusing development applications for a new telecommunications facility when there is a clearly a net community benefit, e.g., when it is to service an area prone to bushfires and natural disasters.

With the build-out of 5G networks to meet the increasing demand for seamless connectivity, there is a need for a more flexible and adaptive national regulatory framework. By making the necessary changes to the Act, we can help ensure that the deployment of new telecommunications infrastructure is more efficient, without compromising essential environmental and safety considerations. These changes should seek to streamline approval for new mobile infrastructure to be deployed:

- with Australian Government funding (e.g. Mobile Black Spot Program (MBSP) or the Peri-urban Mobile Program (PUMP); or
- where development approval is refused by a local council, but deployment should proceed as the site meets a 'public interest', such as an area being prone to bushfires and natural disasters; or
- in the early stages of a designated new development, in consultation with States and Territories.

Such reform would contribute to productivity, provide equitable access to network services, and target areas prone to natural disasters.

ii. Drive State and Territory planning reform to create planning harmonisation across Australia

In tandem with proposed changes to the Act, there is a pressing need for infrastructure planning reform at the State and Territory levels consistent with the

national principles to support streamlined telecommunications planning arrangements, as found within the Final Report of the Mobile Telecommunications Working Group.[10] Agreement reached in the Working Group has provided a significant opportunity to achieve this reform.

Current planning regulations often create roadblocks for the efficient deployment of telecommunications infrastructure, hindering our ability to meet the growing connectivity demands of our population. Reforming these regulations to facilitate the streamlined installation of telecommunications infrastructure that does not always require Council development approval (but still protects heritage and the environment) is essential to productivity and our nation's digital future. Such reform, which has been introduced in New South Wales and the Northern Territory, would not only benefit the telecommunications industry but also encourage investment, innovation, and economic growth.

[10] https://www.infrastructure.gov.au/sites/default/files/documents/national-principles-to-support-streamlined-telecommunications-planning-arrangements.pdf

3. Spectrum Allocation

i. Ensure that spectrum is priced to maximise the long-term productivity benefit from its use.

Spectrum costs impact future investment, industry sustainability and consumer pricing.

Mobile network operators face an ever-increasing demand to invest in and upgrade their networks to keep pace with the growing connectivity needs of consumers and businesses. Long-term declines in RoIC are indicative of a reduced capacity to invest in infrastructure to deliver services to the end user. This does not bode well for an industry that enables the operation of the digital economy and provides the services that all Australians rely on daily. Continued investment is required to meet ever increasing mobile data demands. This cost (including the cost of capital for the initial and ongoing investment) must be recovered over the life of the licence/s for a sustainable industry. In the absence of a retail price increase lever, MNOs have limited options to fund capital expenditure.

Spectrum pricing remains a key lever available to Government to help support industry sustainability and the long-term investment needed to avoid a "digital investment gap" in critical digital infrastructure.

A key opportunity to consider the impact of spectrum pricing is the Australian Communication and Media Authority's (ACMA's) current expiring spectrum licences (ESL) process[11]. AMTA encourages the government to give careful consideration to the impact of spectrum pricing on the sustainability of the mobile sector and ensure that spectrum is priced with a view to maximising the long-term productivity benefits from its use. Reducing the cost of spectrum would enable greater network investment, resulting in wider public benefit. Government expectations on revenue from spectrum licences should be balanced against alternate uses of industry capital investment to improve network capability and capacity.

In addition to billions of dollars of annual investment in infrastructure and equipment, spectrum licence fees are a significant fixed cost for mobile operators. Few, if any industry sectors pay such sizeable upfront licence fees with no link to future revenue, cost savings or profits generated from those licences. A high premium for spectrum renewal will draw considerably from the available mobile network capital funds and impact the capital available for network augmentation and expansion.

Meanwhile, the industry continues to deliver significant benefits to consumers. According to ABS CPI data, the Telecommunications equipment and services category is the only major cost category to have reduced in real terms over the past decade[12].

[11] https://www.acma.gov.au/expiring-spectrum-licences

[12] ABS, 6401.0 Consumer Price Index, Australia, Table 9. CPI: Group, Sub-group and Expenditure Class, Index Numbers by Capital City.

Table 1: Consumer Price Index, Australia, Table 9, December 2023

	Telecommunication equipment and services	Insurance & Financial Services	Transport	Medical, Dental and Hospital Services	Gas and other Household Fuels	Electricity	Water and Sewerage	Housing	Food and non-alcoholic beverages	Utilities
Dec-2011	100	100	100	100	100	100	100	100	100	100.0
Dec-2023	76	135	132	180	195	154	128	148	130	155.6

Urgent Government support is needed to preserve the level of benefits consumers expect, and which the industry currently delivers.

In other markets regulators and governments are recognising the need for a financially sustainable mobile industry. The Spanish Government, in June 2024, decided to extend spectrum licences by a further 10 years[13] in recognition of the long-term public benefits that can be realised by freeing up capital investment for crucial digital infrastructure.

ii. Adopt a strategic policy plan related to access and allocation of spectrum

The Government should incorporate a strategic policy plan relating to the access and allocation of spectrum in Australia as part of the adoption of a National Mobile Tech Strategy.

Effective spectrum management is a key determinant of the telecommunications sector's sustainability and a key contributor to productivity and the digital economy. Access to sufficient quality and quantity of spectrum is a vital element in providing mobile services to customers, and yet continued access to this spectrum remains uncertain.

As noted above, the current ACMA ESL process relates to those licences due to expire between 2028 and 2032. These licences were previously granted for periods of up to 20 years. This impacts approximately 80% of the low- and mid-band spectrum in use by the mobile networks in providing mobile services.

Changes to arrangements that govern ESLs threaten to undermine the investment environment that has delivered considerable public benefit and the continuity of supply of services essential to Australians' daily lives.

Acquiring access to new mobile spectrum will be essential for continuing Australia's leadership in adopting new, spectrally efficient, mobile technologies and meeting consumers' insatiable demand for mobile data services.

[13] Spanish Government announcement of licence extension: https://5gobservatory.eu/spain-extends-mobile-operator-spectrum-licences-by-10-years/.

4. Telecommunications and Natural Disasters

i. Government needs to invest more to prepare for, and respond to, natural disasters

We continue to see compounding natural disasters impacting communities across Australia. AMTA and the industry understand the critical importance of connectivity during these times. Mobile network providers work closely with Government agencies, emergency services and other essential services to ensure that they can reconnect these vital networks as soon as it is safe to do so.

AMTA and the telecommunications industry welcomed the Albanese Government's $50 million Telecommunications Disaster Resilience Innovation (TDRI) program, in addition to other programs, to support and accelerate the development and deployment of new, innovative technologies and solutions to address known communications issues during natural disasters.

While no network can ever be 100 per cent disaster proof, the telecommunications industry also continues to directly invest in equipment to respond quickly to natural disasters, including the provision of back-up equipment, such as Cells on Wheels and Mobile Exchanges on Wheels.

There are rising community expectations about the ability of mobile networks to remain operational during these times. The mobile industry will continue to work with the Government to ensure that appropriate messaging is used that informs people about the reliance of the telecommunications networks on the availability of power.

The telecommunications industry will also continue to engage with the Minister for Communications and the Minister for Emergency Management to keep the government informed on what industry is doing to prepare for natural disasters.