Keynote: CommsDay Regional & Policy Forum

Leading or lagging: The real cost of spectrum for regional Australia

Australian Mobile Telecommunications Association

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***Please note that the spoken version of this presentation may slightly vary from the written document provided.*

Introduction

Good afternoon, and thank you to Grahame and the CommsDay team for convening this forum. I also would like to acknowledge the traditional custodians of the lands on which we are gathered today and pay my respects to elders past and present.

I would also like to acknowledge our Communications Minister, the Honourable Anika Wells.

So much has happened in the past year since we were last here together.

2025 reinforced the need for industry to ensure that our mobile networks are sufficiently resilient to respond to Triple Zero calls in a timely and effective manner. Australians quite rightly must be able to rely on the Triple Zero service and industry must and will work collectively to restore trust with consumers. Mobile network operators recognise it is vital to continue to invest to improve network resilience, boost capacity and enhance the customer experience.

AI is also rapidly becoming a part of daily life - changing how we are delivering healthcare, infrastructure and information. And productivity over the last 12 months has been an increasing focus of the government, with a stated desire to develop, improve and support the businesses which will create a smarter, connected Australia.

It is within this context that mobile telecommunications services are no longer seen as a ‘nice to have’ - they are as necessary as power, gas and water.

And as such, we need to be firmly focused on the one policy choice which could impact regional connectivity in Australia for the next decade and beyond.

That decision is of course, **how we price the renewal of mobile spectrum licences.**

Spectrum licensing is the number one issue we currently face in terms of impacting network investment – or the lack of it, especially in our regional areas.

Now, I know there will be people in the room here who, if they had the chance, would probably say: Louise that's all very nice to talk about spectrum but this is the CommsDay regional and policy forum.

"Shouldn't we be talking about Colin in the regions, who still needs to stand really still in his front room if he wants to get a signal? And shouldn't we be working out how to help Nina who avoids driving on certain roads near her house at night because she's in a country blackspot and worries what would happen if she had an accident?"

To those people I would say if we want to help Colin and Nina, and improve mobile services for all people outside our cities, we have two key policy levers: Spectrum and Infrastructure (i.e. the towers that transmit the signal). And while infrastructure is clearly important, today I want to focus on spectrum. AMTA believes we have a rapidly closing window right now to set a price for spectrum which will encourage investment, especially in regional areas, keep mobile phone plan costs stable and encourage productivity. The alternative is to increase spectrum pricing which may result in an initial boost to the Treasury, but at an expense which hurts us all.

That is why this moment is so important.

For regional and remote Australia, the spectrum pricing decision currently under consideration by the ACMA will directly influence:

- where investment occurs;
- how quickly networks are upgraded; and
- how resilient services are in emergencies,

and whether future technologies reach the regions earlier — or later.
The spectrum pricing decision is actually a debate on how we can add the most value to Australians by ensuring we have mobile services that are safe, fit for purpose, and largely affordable.

Today I will talk realistically about what does and doesn't add value under this current proposal and how we can adjust pricing to result in what we all want - better mobile telecommunications services, investment, and innovation to increase productivity and investment in regional infrastructure.

While **most people at this forum understand the complexity and the context here with spectrum, there may be some people who are not across what is happening so here is the 60 second summary**.

The ACMA is reviewing ESL, or Expiring Spectrum Licences, in Australia. These are the licences which are typically granted for a period of 15-20 years by the government. Eighty per cent of these licences are due to expire between 2028-32. The ACMA sensibly already made the decision to pursue renewal rather than auction in December last year, having stated that service continuity was a significant factor in its consideration.

This decision rightly recognises that Australia has a high mobile coverage rate of 99.6 per cent of its population, and in a mature three-player market, auctions are unlikely to improve efficiency.

But as part of its interim decision, the ACMA also announced it had re-priced spectrum, increasing the expected price by 40 per cent to approximately $7.3 billion, based on the lower range of the prices released by the ACMA in June last year. This pricing is currently under consultation and submissions on this pricing are due soon.

Now the statutory objective for spectrum pricing is to maximise the **long-term public interest.**

In regional Australia, AMTA considers that this public interest is best served by sustained, and sustainable, investment, reliable coverage, resilient networks during disasters and timely access to new technologies rather than simply maximising upfront fiscal returns.

Any short-term revenue gains must be weighed against long-term productivity and connectivity outcomes.

This is particularly relevant at a time when fixed infrastructure is increasingly being replaced by mobile connectivity. ACMA has this year reported only 12 per cent of households now have a landline, down from 54 per cent in 2017.
We have also seen working from home capability boost populations in regional centres.
And regional data demand continues to grow strongly, with significant volumes of mobile data now consumed outside metropolitan Australia.

While AMTA welcomes the certainty that renewal — rather than auction — provides, we firmly contend the price for that spectrum needs to be urgently reconsidered to what is a fair value.

Apart from being inconsistent with the global devaluing of spectrum over recent years, 40 per cent is not a marginal adjustment and well beyond what can be reasonably absorbed by mobile network operators.

Last week, Telstra CEO Vicki Brady articulated this tension very clearly.

She stated that the proposed price for Telstra's renewals is around **$1.3 billion above fair value**, and that renewal costs will need to come directly from capital expenditure budgets.

She described the constant balancing act between:

- investing in network quality and coverage; and
- managing the implications for customer pricing.

Mobile operators work within finite capital envelopes. That's just the reality of running a sensible business. We all understand if you are running a cafe and the price of eggs goes up, you have to change for other ingredients, or increase prices. The same is true for our mobile network operators.

If the price of spectrum is raised to the level suggested by ACMA, that price must be recouped elsewhere - and tough choices will need to be made by network operators in order to remain fiscally responsible.

One of the central concerns with the current pricing approach is how it was calculated. The updated pricing is reliant on auction-based international benchmarks.

This is problematic as those auction prices reflect competitive bidding for new spectrum, often influenced by scarcity, market entry dynamics or speculative valuations.

Renewals serve a different purpose. They exist to:

- maintain service continuity;
- support investment planning; and
- avoid unnecessary disruption to consumers.

In short, it's not comparing apples with apples. Using auction benchmarks to price renewals risks overstating value and embedding auction distortions into a process that is designed to avoid them.
It's like setting the price of a house for sale based on the successful auctions of other homes in your neighbourhood, and conveniently ignoring the amount of properties which have been passed in, or sold off market for much lower prices.
For regional networks, that matters — because inflated spectrum costs do not translate into better service outcomes.

They translate into tighter capital constraints.

And it matters **where capital is applied when costs rise.**

The shift by the ACMA from an MSR-based indexation (essentially an index based on mobile service revenue) to CPI also has regional implications.

Mobile prices have historically moved independently of CPI as telecommunications has been one of the few sectors where real prices have declined over time. Compared to house prices, groceries and other services, the price of telecommunications services has decreased in real terms by about 24 per cent from 2012 to 2024, despite delivering ten times the data today than it was a decade ago.

Embedding CPI into spectrum pricing risks baking inflationary pressure into a sector that has otherwise helped moderate cost-of-living pressures — particularly important in regional communities where incomes can be lower and alternatives fewer.

So, what are the consequences of these decisions?

History has taught us that the impacts of lower levels of investment capability are never evenly distributed.

From banking to the postal service, it is rural and regional towns which are disproportionately affected when there is less to invest or the books need to be balanced.

We are already grappling with how to improve capability for Colin, Nina and their communities with a larger investment amount available.

Even then, MNOs must partner with the government to effectively address blackspots in areas where the business case doesn't stack up. Network operators already invest between $6-7Bn each year in our nation's infrastructure. And that investment has evolved, to focus on capacity, software upgrades, automation and regional resilience rather than large scale new tower builds. This shift simply reflects a maturing 5G network and not a reduction in overall investment commitment. Each network operator has forward plans for regional coverage, energy-efficient transformation, and resilience programs. Indeed, our market remains one of the highest per capita network investment environments globally.
In metropolitan markets, there are usually multiple levers available to manage demand and performance. This might include densification, small cells, fibre backhaul or site re-use.

If networks are congested or outages occur, we have more resilience to respond and keep people connected.

In regional and remote Australia, our options are already far more constrained. Resilience depends heavily on redundancy, backup power and coverage overlap, and the business case for new investment is often finely balanced.

Every additional dollar committed to spectrum renewal competes directly with:

- regional capacity upgrades;
- additional backup power and hardening;
- extending 5G further beyond population coverage;
- upgrading backhaul to support higher data volumes; and
- preparing networks for future technologies.

In regional and rural areas, these trade-offs are particularly stark, as operators cannot always “build around” constraints.

Often, the choice is binary: invest here, or invest elsewhere.

What has been absolutely baffling to me, is that some consumer advocacy groups have not just supported this higher price but continue calling for spectrum prices to be increased even more. They seem to suggest that we should hike them as much as possible, as though mobile network operators have an endless pool of money just waiting to be spent.

But what those groups have lost in the debate is that revenue from spectrum renewal will flow into consolidated revenue which is just as likely to end up funding nuclear submarines as network improvements.

Now is the time we need to encourage more investment, not less, to expand capacity, enhance infrastructure and continue to provide access to new technologies.

We want to deliver the best value possible for Australians. AMTA contends that the best value that can be provided right now is to encourage infrastructure investment to strengthen resilience and deliver better quality services - not risk tough choices between reducing investment in certain areas or face increased prices for mobile services. That is, in effect, nothing more than a stealth tax and consumers will pay the price.

Coleago modelling from last year demonstrates that the long-term productivity benefits from maintaining investment and stable phone plan prices will encourage far more innovation and deliver a stronger return to Treasury over the long run.

And if we view this through a regional lens, the importance of strong, healthy and capable mobile networks becomes even clearer.

Agriculture, mining, logistics, healthcare and regional manufacturing are increasingly dependent on reliable, high-capacity mobile connectivity. Our first Future of Mobile report last year showed how mobile telecommunications were transforming these industries to be more productive than ever before - whether it's instantaneous data measuring the exact amount of fertilisers needed in a farmer's soil, or people suffering a stroke being given lifesaving treatment within minutes of being diagnosed through a virtual telehealth service.

Future opportunities — including AI-enabled services and regional data infrastructure — will be concentrated where connectivity is strong and resilient. And building this capability, this resilience, is especially important right now as we look at the changes which are currently unfolding globally.
As we see monumental shifts in the international rules-based order upon which our free markets and liberal democracy has relied for decades, middle powers like Australia may need to become more self-sustaining, resilient and efficient.

It's part of the reason why the productivity conversation is so important. We are blessed in this country with abundant natural resources, including the critical minerals so essential to our digital future. We have stable democratic institutions, fertile lands and a highly skilled workforce. We can punch above our weight and we must.

Spectrum pricing decisions today will influence whether opportunities flow to the regions early — or whether they lag.

Let me be clear - this is not an argument against the government receiving value from spectrum, which we know is a scarce resource to be used efficiently.

And it is not an argument against obligations where they are well-designed and properly funded.

It is an argument against treating spectrum renewal as a fiscal extraction exercise, disconnected from investment realities.

A healthy, competitive mobile sector is the foundation for:

- affordable prices;
- continued regional investment; and
- a globally competitive nation.

That has been demonstrated repeatedly over the past three decades.

For regional Australia, spectrum pricing is not an academic exercise.

It will shape:

- where networks are upgraded;
- how resilient services are during crises; and
- how quickly new technologies reach communities that depend on them.

So, the ACMA has an important decision to make and we urge the Authority to reconsider its pricing model, to bring spectrum pricing in line with a fair value, which reflects renewal prices and the desire to encourage flexible investment.

If we get it wrong, it means that next year, and the year after that, Colin and Nina are still battling the same old problems.

We need the price of spectrum to be reasonable so that we are maximising investment in boosting capacity and future-proofing our networks. We need to continue to ensure we have a healthy, competitive, and financially sustainable industry so that Australians can access high-value, affordable mobile plans for the long term.

And if we do that, the returns in productivity, efficiency, resilience and growth will more than outpace any short-sighted upfront hike in spectrum costs.

That is the outcome we should all be working towards. Thank you.