



AMTA

Australian Mobile
Telecommunications
Association

27 FEBRUARY 2026

Submission to the ACMA consultation

Expiring Spectrum Licences (stage 4) – Updated Preliminary Views on Pricing



AMTA - ESL updated preliminary views on pricing Submission

The Australian Mobile Telecommunications Association (AMTA) is the peak industry body of Australia's mobile telecommunications industry. Our purpose is to be the trusted voice of industry, promoting the adoption, monetisation and sustainability of mobile telecommunications technology for the benefit of all Australians.

AMTA members include the mobile network service providers, handset manufacturers, network equipment suppliers, retail outlets and other suppliers to the industry.

AMTA welcomes the opportunity to provide this submission in response to the consultation on ESL (stage 4) – updated preliminary views on pricing.



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1. Executive summary

Whilst AMTA supports the ACMA's decision to renew expiring spectrum licences (ESL) as opposed to undertaking auctions for the ESL, it is disappointed with ACMA's updated preliminary pricing views for the licences.

Industry response to the ACMA's stage 3 pricing consultation paper¹ was broadly supportive of the ACMA's international benchmarking. However, AMTA and each of the Mobile Network Operators (MNOs) (supported by their international experts) highlighted important errors and methodological issues that needed to be addressed to ensure the output from the benchmarks was robust and properly reflected international trends in spectrum values and pricing. This would have resulted in lower prices from those proposed in ACMA's stage 3 paper, which AMTA believes would promote greater public benefits.

The ACMA has noted that its updated preliminary views reflect the output from a peer review process, undertaken by DotEcon, that has enabled it to refine and simplify aspects of the methodology and strengthen its economic foundation. In almost all cases, the adjustments made by the ACMA, have resulted in an increase in the valuation of the spectrum and hence proposed prices. This directly contradicts feedback from industry and its expert consultants.

The overall impact of the ACMA's adjusted modelling is to increase the expected prices for ESL by up to 46 per cent to \$7.3 Billion. This is a significant increase which if applied would aim to raise an additional \$2.3 Billion in upfront tax revenues. The valuation and proposed new pricing are well above what industry considers to be in the public interest, reasonable and informed by a proper interpretation of relevant international modelling.

Spectrum is an essential national resource that significantly contributes to our country's productivity and economic and social wellbeing. As a scarce resource spectrum must be used efficiently to provide services, and pricing should focus on securing lasting benefits for the public rather than prioritising quick financial returns for the Treasury. It is not in our national interest to price spectrum in a way that disadvantages consumers and industry simultaneously and puts future productivity at risk.

Failure to properly meet the objectives of the Act

The ACMA's principal objective in setting ESL prices is to ensure that it maximises the long-term public interest from the use of the spectrum. The ACMA is also required to do this in a way that meets the Government's communications policy objectives, as set out in the Ministerial Policy Statement (MPS).

AMTA submits that the public interest is best served by setting prices at a level that whilst above their alternate use (such as for public sector mobile broadband use) is sufficient to promote maximum investment into the sector. Such an approach would benefit consumers

¹ The ACMA Expiring spectrum licences, stage 3 Preliminary views paper 4: Pricing for ESLs



and businesses by ensuring prices remain affordable, that they can continue to access new technologies and that Australia can fully realise the benefits of a digital transformation in the economy and public services. Such investment will also help to achieve the government's policy goals of promoting inclusion and social cohesion, by ensuring price affordability, promoting investment in underserved communities and regions and helping to close the gap.

AMTA does not consider ACMA's current proposed pricing meets the objective of the Act nor is it consistent with the MPS.

When faced with a choice in the modelling, the ACMA appears to have chosen the option that would result in higher prices. Given this, and the magnitude of the changes in pricing, it is difficult to avoid the conclusion that the ACMA's updated approach has been driven by a desire to generate higher tax revenue through higher spectrum charges.

The ACMA also fails to consider the very different environment MNOs face to those when the ESLs were issued. Since this time revenue growth has stalled or gone backwards, profitability has declined and for a sustained period industry returns have been below its cost of capital². Mobile services are now seen as essential as utilities such as water and electricity. Reflecting this, successive governments have increased regulatory compliance requirements on the sector. In a claimed world first, mobile services in Australia will shortly be brought into the universal service framework. This will mean that MNOs have legal obligations to supply basic mobile voice and text services and at the same time they will be required to expand outdoor coverage by over 5 million square kilometres by accessing LEOSat technology.

Taken together these factors should lead to both a moderation in spectrum prices and the consideration of other approaches to pricing. As indicated in the accompanying Pentland paper an "increasing number of regulators are modernising their renewal methods and putting network quality, competition and customer benefits at the centre of their plans, with fees, if any, a "balancing factor" in the overall scheme".

But such a forward-thinking approach is not evident in the ACMA's proposal. Notwithstanding these economic challenges and the likely substantial costs of the new regulations, the ACMA proposes that the industry should pay \$7.3 Billion to renew existing spectrum that supports services that are seen as being critical by so many. The fact that these payments will be required in such a short timeframe only increases the potential negative impacts.

Since MNOs have a finite capital pool, the proposed level of pricing for ESL will require a reallocation of billions of dollars' worth of investment that would otherwise be made in new services, technology and coverage. In practical terms high spectrum prices may require the MNOs to make some difficult choices as to how they manage their future investments and business operations through this period.

² [Venture Insights - REPORT: State of the Australian Telecommunications Industry - Telco at a Crossroads](#)



The Pentland paper provides international context and explains the consequences of financial strain impacting mobile operators. With that in mind, it is not difficult to imagine that the potential consequences of the ACMA's ESL cost proposal, which can include:

- A reduction in funding for network investment which may slow down the extension of 5G coverage into regional areas, delay the upgrade to 5G standalone technology in Australia, and delay the transition to 6G;
- Higher retail prices if MNOs either pass on higher costs or there is further consolidation in the sector leading to less competition;
- Reduced ability for MNOs to invest to help support the government's communications and social policy outcomes, such as further regional investment, hardening of network resilience and closing the gap initiatives; and
- Failure to renew all licences, resulting in lower revenue for government, less competition and poorer service quality. It should not be assumed that at these price levels all ESLs will be renewed in full, which means that any revenue forecasts might be based on a false premise.

Recommended way forward

AMTA acknowledges that developing a reasonable and robust dataset of international benchmarks is complex and involves many assumptions and subjective decisions. As a principle, when faced with a choice the ACMA should not simply adopt the option that will result in upward price pressure, rather it should consider what outcome will promote the long-term public interest.

AMTA believes this outcome can be achieved through a small, but nevertheless critical, number of changes to the ACMA's modelling. The key changes include:

- **Reflect prices for spectrum awarded through a renewal process:** A conceptual flaw with the ACMA's benchmarking is that it only includes the results of spectrum awarded through auctions and not renewals. Given the task at hand is to set prices for renewal it would be logical and appropriate for the benchmarks to reflect prices set through renewal processes and not auctions. Not to include such datasets would almost certainly distort the outcome and ensure that prices are likely to be inflated.
- **CPI is not the correct indexation measure:** The ACMA has switched from indexation based on MSR to CPI on the basis that it is simpler to apply. AMTA contends that such a change is without merit and risks baking inflationary effects into future mobile prices. Inflation might have the advantage of simplicity, but it is a crude measure and has no correlation to spectrum pricing. Use of CPI would guarantee upward pressure on pricing, the impacts of which will be felt by all consumers. This would be counter to historic trends that has seen long-term decline in mobile prices, whilst general inflation has increased. Whilst MSR is more complex, it is economically sound, more accurate and likely to reflect actual market conditions more closely for the mobile sector than an inflation index.
- **Account for the downward trend in benchmark prices:** The ACMA modelling does not appear to properly reflect the clearly observable downward trend in international



spectrum prices. This can be achieved by addressing conceptual errors in the benchmark modelling and removing the clear price outliers. Details of these are set out in the Pentland report and the individual submissions of the MNOs.

As indicated in the Pentland report, renewing such a large amount of spectrum provides a once-in-a-generation opportunity for the Government to shape the future of mobile communications in Australia, to the benefit of users and the wider economy. AMTA submits that this will not be achieved by setting the high prices that ACMA has proposed.



2. Public interest test

The ACMA's principal objective in setting ESL prices is to ensure that it maximises the long-term public interest from the use of the spectrum. The ACMA is also required to do this in a way that meets the Government's communications policy objectives, as set out on the Ministerial Policy Statement (MPS).

AMTA does not consider that the ACMA has properly met this objective.

The ACMA has essentially calculated the average global auction price while using questionable ACMA-adjustments. AMTA does not believe that the ACMA's current modelling properly reflects the trends in international spectrum prices or market conditions in Australia, nor is it aligned with the long-term public interest derived from the use of the spectrum.

The valuation of the ESL to be renewed should be set based on having proper regard to the legislative and policy criteria that empowers the ACMA. Whilst international price benchmarks could be a valid starting point, such analysis should also be informed by assessing:

- A fair commercial price given the prevailing economic and financial conditions without unduly impacting future investment requirements in new technologies, better services and coverage;
- The importance of mobile services to the community and ensuring the continuity of supply of such services at affordable retail prices;
- The growing regulatory and policy expectation on the mobile sector, including the expectations outlined in the MPS: and
- The importance of the sector to the future social and economic aspirations of Australia.

AMTA submits that consideration of these factors would likely result in renewal prices closer to the cost of alternate use and sufficient to recoup ongoing administrative costs³. Such an outcome would truly promote the legislative and policy criteria.

These issues are examined in greater detail below together with a recommended way forward.

MNOs face a more challenging economic environment

When the ESL were first allocated the mobile sector was different to the one it is today.

Mobile broadband was at an early stage of development. The roll-out of 4G had only recently commenced and penetration of 4G services was modest at around 10 percent of services in operation⁴. Whilst the market had started to move away from usage-based pricing with the introduction of monthly plans and data allowances, pricing remained voice-

³ Refer to section 3.1 of Pentland paper. Government seems to be saying... in effect, **the economic benefit realised by the current licensees is more than the "opportunity cost" to any other prospective licence holders.**

⁴ ACMA Communications report 2012-13



centric with sizeable inclusions for voice calls and texts. Data inclusions were modest with significant break fees once data caps were exceeded⁵.

Revenue growth and ROIC were healthy. Whilst penetration of mobile services was high, the Australian mobile telecommunications market experienced significant revenue growth between 2008 and 2013, with the widespread adoption of smartphones and increased usage of data services. Mobile service revenue grew by over \$5 Billion or 54 per cent between 2005 and 2012⁶. In 2012-13 Telstra reported a 7.2% Compound Annual Growth Rate (CAGR) in mobile revenue with 1.3 million services added⁷. Telstra also reported a Return on Invested Capital (ROIC) of 14.9%, down from 17.9% in the prior year due to its significant investment in 4G roll-out in the year⁸.

Notwithstanding that the NBN roll-out had commenced, Telstra and Optus continued to operate their own fixed networks generating profitable returns for their respective businesses. Each of the three MNOs operated fully integrated mobile businesses, owning and operating their own networks. Furthermore, each of the MNOs built distribution networks of storefronts and non-operator owned distribution points, creating jobs and contributing to the local community in more ways than simply providing a mobile service.

However, since the ESLs were first awarded the market has evolved and demonstrates some important differences to the conditions that prevailed in 2013.

Mobile is now primarily a broadband driven service, with the economics dominated by data capacity and speed. Fixed monthly plans have largely replaced usage-based charges, with plans based on data allowances and often including unlimited calls and text messages. Data allowances are largely based on gigabits of usage rather than megabits of usage in 2013. Many of the break fees or overage charges, which previously generated significant revenues but were unpopular with consumers, have been removed from monthly plans. Whilst all MNOs offer fixed line services these are supplied over the NBN with limited profitability generated for their overall businesses.

Industry revenue growth has slowed considerably, and in the period 2019 to 2024 mobile revenues declined 0.8% (CAGR)⁹. The table below from the ACMA¹⁰, demonstrates how the high growth from the early 2000s has tailed off considerably, with annual revenues barely changing since 2012.

⁵ Data caps typically ranged from 200MB to 1 to 2 GB, with break fees applying once data limits were reached. Example, [Optus \\$25 "My SIM" plan](#) include 200MB of data and 300 call minutes. Additional data was charged at \$10 per 100MB.

⁶ The ACMA [Preliminary views paper 4 - Pricing for ESLs.pdf](#)

⁷ Telstra [2013-fin-results-analyst-brief.pdf](#)

⁸ Telstra [2013-fin-results-analyst-brief.pdf](#). Note Optus ROIC not disclosed in Singtel accounts, but Singtel ROIC was reported at 11.8%.

⁹ Marketline Industry Profile – Telecommunication Services in Australia June 2025

¹⁰ The ACMA [Preliminary views paper 4 - Pricing for ESLs.pdf](#)



Figure 14: Mobile service revenue inputs to MSR/MHz/pop index



Note: FY24 and FY25 figures are forecasts based on 5% annual growth in MSR.

Mobile data usage has increased exponentially. Mobile data consumption grew by tenfold over the past 10 years from approximately 1.4 GB per month¹¹ in 2010 to 14.5 GB per month¹² in 2025. However, over this same period revenue per user remained flat in absolute terms^{13 14}.

Data usage is expected to continue to grow with the increased consumption of digital services on mobile devices and the further development of 5G and AI based technologies.

Mobile data services are far more capital intensive than voice-based services, requiring significant investment in backhaul capacity and spectrum assets to support high data usage. Much of the growth is driven by consumers accessing over the top services, such as video streaming services. Provisioning capacity to meet this demand drives costs for MNOs¹⁵. Since charges fall solely on end-users through fixed monthly plans and MNOs have no ability to recover costs through charges to over-the-top providers, they are unable to easily monetise increases in capacity costs.

With increased costs and lower profitability, the industry has seen a significant drop-off in its ROIC to low single digits. The combined industry ROIC is below its cost of capital¹⁶.

¹¹ Australian Bureau of Statistics 8153.0 Internet Activity June 2015 and December 2025

¹² WhistleOut - [Australians are still paying for more mobile data than they need](#) Jan 2026

¹³ Telstra [2015 full year results and operations review](#)

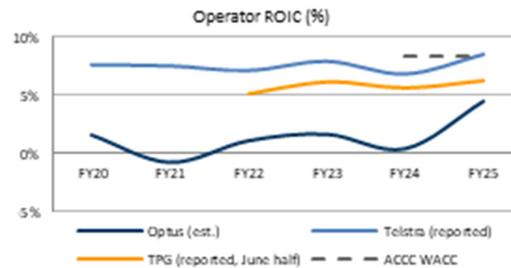
¹⁴ Telstra [Half year 2025 results](#)

¹⁵ GSMA estimates that the costs of 5G are **30-60% higher on a stand-alone basis**, or **20-35% higher when installed as an overlay** (based on a 2019 GSMA study versus 4G).

¹⁶ [Venture Insights - REPORT: State of the Australian Telecommunications Industry - Telco at a Crossroads](#)



MNO ROIC and cost of capital



MNOs continue to examine ways to create greater efficiencies in their operations to reduce costs and unlock capital. Examples include the sale of their tower businesses to third party infrastructure providers and the agreement of network sharing arrangements that have been contemplated by all three MNOs and subsequently crystallised between Optus and TPG.

The high costs and low ROIC has seen a slowdown in the pace of investment in the sector. Some six years into the 5G roll-out a little over a half of all Telstra (55%) and Optus (53%) sites have been upgraded to 5G technology. By contrast, after six years the 4G roll-out had largely been completed with over 80 to 90 per cent of sites 4G enabled¹⁷.

High spectrum costs will not assist MNOs in completing their 5G rollouts and will likely hamper Australia's transition to 6G, especially as 6G is likely to require additional spectrum to be acquired in the upper 6GHz band during the renewal period. Given current industry economics and the prices for ESL the business case for 6G appears to be challenging. This would reverse Australia's historic position as an early adopter of new technologies and risk Australia not fully benefiting from the productivity benefits of the new generation of mobile technology.

In short, the commercial environment MNOs face is more challenging than it was when these licences were last issued. Industry is not generating the returns that would enable them to renew spectrum at anywhere near the prices that were paid when the licences were first auctioned. It is incumbent on the ACMA to consider these issues when setting ESL prices, in particular MNOs capacity to pay. Whilst the ACMA indicates that it has *"sought advice on the capacity of licensees to pay for spectrum licence renewals to gain a greater sense of the broader implications of ESL pricing outcomes and whether they align with our policy objectives"*, this advice has not been made public. Nor does it appear that any of the MNOs have been consulted on this matter.

¹⁷ ACCC Mobile Infrastructure reports 2025 and 2021



Changing community and regulatory expectations

These challenging economic circumstances are heightened by changes in the public's use and expectations of mobile services over this period.

Mobile phones are now the primary means of communication for many people, with a substantial reduction on the number of Australians using fixed lines for voice services¹⁸. Increasingly mobile services are seen as essential services.

In announcing the new Universal Outdoor Mobile Obligation (UOMO) Bill, Minister Wells noted that, "Reliable mobile services are a vital part of our lives now to ensure public safety, boost our economies and provide communities with connection and access to essential services".

The Telecommunications Industry Ombudsman, Cynthia Gebert has also noted that, "The last few years catapulted Australia forward in terms of how we use our mobile phone services, and what we need them to do. In today's world, mobile phone services are essential not only for daily life – such as banking, shopping, accessing health and government services, and connecting socially – but also for safety during an emergency like a bushfire or flood"¹⁹.

This changed perception about the criticality of mobile services has been reflected by changes in the way the sector is now regulated.

Australia is leading the world with plans to bring mobile services into the universal service framework, at least for basic mobile voice and text services. The Uomo will not only create a legal obligation on MNOs to provide voice and text-based services, it also requires them to add more than 5 million square kms of basic outdoor mobile text and voice coverage across Australia. The MNOs are expected to use a combination of their existing services and emerging direct to device (D2D) technology, provided through Low Earth Orbit Satellites (LEOSats), to expand baseline outdoor mobile coverage.

Government has also announced plans to set new standards and benchmarks for mobile service delivery, quality of service, the timeliness of addressing faults and to ensure affordability of prices. MNOs are in advanced discussions with the government to implement temporary roaming services that will help to ensure customers can remain connected when disasters strike local communities.

Mobile carriers have also been expected to contribute to achieving key government social policy goals, with recent regulations around financial hardship, scams, and domestic, family and sexual violence. And since 2018, mobile networks have also been classified as critical infrastructure which requires MNOs to meet strict security obligations to help protect national, economic, and social stability.

¹⁸ The ACMA indicates that use of landline phones continued to decline 12% in 2025 vs 15% in 2024 [How we communicate Feb 2026](#)

¹⁹ [Investigating complaints about essential mobile services report released | The Telecommunications Industry Ombudsman](#)



In summary, there has been a substantial uplift in the regulatory burdens and expectations on the sector. But this has also resulted in an increase in the cost burden on the sector. A recent analyst report by Market Line noted that the market value of the Australian telecommunication services market had declined by (CAGR) 2.0% between 2019 and 2024. It attributed some of this decline to the increased regulatory pressure on companies to lower prices and improve service quality²⁰.

Over the future term of any renewed spectrum licences, it is likely that community expectations will remain high and there is little prospect that regulatory burdens will be reduced. Indeed, the MPS provides guidance on important communications policy outcomes that the ACMA is expected to consider in renewing the ESL. This includes promoting investment in new coverage and better services for regional and remote areas and ensuring telecommunications can contribute to the National Agreement on Closing the Gap.

Moderated spectrum pricing has the potential to underpin Australia's digital transformation and social and economic development

Whilst mobile services are essential to many consumers and communities, they also play an increasingly vital role in the modern digital economy. All businesses, from sole traders to large government enterprises, rely on mobile services to connect to their customers, staff and to help run their operations.

The advent of 5G, which is primarily a business grade technology, is widening the benefits that mobile technology can unlock for businesses. The ability to leverage very high speed, low latency, and massive machine connectivity is enabling business to drive automation and efficiency in their operations.

Industries as diverse as agriculture, mining, logistics, healthcare, defence and government services rely on radio frequencies to operate safely, efficiently, and in real time. New technologies like AI, smart farming, and remote healthcare need faster wireless connections to work well and efficiently. Mobile underpins these current and future economic growth engines. A 2022 report by Deloitte Access Economics indicated that Australia has been a leader in 5G adoption, and it estimated that 5G would increase Australia's Gross Domestic Product (GDP) by \$67 billion in 2022 dollars by 2030²¹.

- This has not happened by accident, it is the result of significant investments by the mobile operators in infrastructure, technology and people across this vast continent. As a result of this investment, Australia is well placed to benefit from the advent of innovative technologies. Research by global analyst firm OpenSignal, which measures 4G/5G availability, download speeds, and consistent service quality, has

²⁰ Marketline Industry Profile – Telecommunication Services in Australia June 2025

²¹ Deloitte Access Economics [5G Unleashed: Realising the potential of the next generation of mobile technology Australian Mobile Telecommunications Association 2022](#)



ranked Australia's mobile networks 8th in the world for network excellence²². The MPS specifically requires the ACMA to consider existing investment by licensees and the opportunities to support innovation in the Australian communications market.

The pricing of the ESL will have a significant impact on whether Australia can retain or indeed improve on this position and deliver the mobile infrastructure that a modern digital economy requires. Since MNOs' capital budgets are constrained, the capital needed to renew spectrum licences will limit the funds mobile network operators can invest in new infrastructure, technologies, and services. It is important that ACMA strikes the right balance to ensure spectrum pricing support the investments needed to help deliver Australia's digital future.

Setting prices too high risks Australia lagging the world

There are significant risks from setting spectrum renewal prices too high. High spectrum renewal prices may require MNOs to make some difficult decisions about how they allocate their capital and meeting their operating costs through this period. Some or all of the following impacts are possible:

- **A reduction in investment:** Higher spectrum costs reduce the available funds for network investment which could further slowdown the extension of 5G coverage, and the upgrade to 5G Standalone technology in Australia. The risk is even greater for the transition to 6G. The 6G investment cycle is likely to commence when several of the ESL licences are due to be renewed. If MNOs must fund high renewal costs in this period, then it is likely to result in delays to their investment in 6G technology. This in turn will risk Australia falling behind its global peers for the first time on a major technology upgrade. It will also mean that Australia may not fully realise the benefits of latest generation of mobile technology.
- **Increase in prices for consumer and businesses.** Higher spectrum prices could result in higher retail prices as operators pass on higher costs in their retail plans. This will likely undermine the government's objective to ensure prices remain affordable and to promote digital inclusion.
- **Less ability to meet government's broader communications and social policy outcomes,** such as further regional investment, hardening of network resilience and closing the gap initiatives.
- **Less tax revenue for government.** The risk created by higher spectrum prices may also apply to government, since revenues cannot be guaranteed. Some spectrum licences may not be renewed if prices reach particular levels. Such an outcome would be highly counterproductive as it would result in lower revenue for government, less competition and poorer service quality. Equally, if MNO profitability is more constrained through higher costs, then this will result in lower corporate tax revenues.

²² [Telcos delivering more coverage and greater competition for Australians - Australian Telecommunications Alliance](#)



Lower prices support investment and maximise the public interest

In contrast, there are few if any risks from setting prices too low given there is no evidence of any new entry and limited alternate uses. Setting lower prices would promote the long-term public interest as it would promote maximum investment into the sector. This would benefit consumers and businesses by ensuring prices remain affordable, that they can access new technologies and that Australia remains a technology leader and can fully benefit from the digital transformation in the economy and public services.

Lower spectrum prices would free up constrained capital to enable the MNOs to complete their investments on 5G networks and services and place them in a more optimal position to make the transition to 6G. Such investments would also help to support further digital transformation of the economy enabling the faster adoption of innovative technologies, such as AI.

Lower spectrum costs can also be expected to contribute to achieving the government's social goals of promoting greater social inclusion and cohesion, by ensuring price affordability and promoting greater investment in underserved communities.

Some have argued that renewing ESL at moderated prices would be against the public interest as it would reduce competition, limit investment in infrastructure, result in higher prices for consumers and undermine public funding for communications infrastructure. Such arguments are contrary to basic economic theory, ignore commercial reality and are simply wrong.

MNOs run commercial businesses that must generate sustainable returns by investing in services that customers demand and that are affordable. They have consistently done this. Australia has benefited from high levels of investment in mobile networks over three decades, and MNOs have maintained this investment despite declines in revenue growth, reduced profitability and falling returns over the past decade. Consumers have benefited from this investment through access to the latest technologies and real reductions in prices. Levying higher taxes on MNOs to help fund investment in communications infrastructure by government would represent an illogical, highly inefficient and unproductive form of taxation.

ACMA should align prices with the long-term public interest

Given the important role the mobile sector plays in the lives of Australians, its criticality to the economic wellbeing of the nation, the vital role it plays in keeping our communities connected in times of emergency and its contribution to national security there is a strong case for the ACMA to set ESL prices based on the long-term public interest value of spectrum.

Economic theory would suggest that this could be achieved by setting a renewal valuation and prices just above the cost of alternate use and sufficient to recoup ongoing



administrative costs. Such pricing would also better reflect the prevailing economic conditions, MNOs' ability to pay for renewals, and the importance of mobile service continuity and continued investment to the community.

The Pentland paper notes that “an increasing number of regulators are modernising their methods and putting network quality, competition and customer benefits at the centre of their plans, with fees, if any, a “balancing factor” in the overall scheme”. The paper provides several examples where regulators have either waived fees or set much reduced level.

The Pentland paper also notes that renewing such a large amount of spectrum provides a once-in-a-generation opportunity for the Government to shape the future of mobile communications in Australia, to the benefit of users and the wider economy. AMTA submits that this will not be achieved by setting the high prices that ACMA has proposed.

As a constructive way forward, AMTA recommends ACMA's benchmark modelling should be adjusted to better reflect current and likely future trends in international benchmarks and mobile service revenue and profitability. This is likely to result in pricing that better reflects the long-term public interest and better aligns to best practice developments in regulatory approaches to spectrum renewal pricing.

This can be achieved by making a small number of changes to the benchmarks, which are outlined in the following sections. This would likely result in prices below those supported by the ACMA in its April pricing paper.

Setting prices on this basis would help underpin the economic sustainability of the sector and ensure that MNOs can continue to invest for the future, keeping pace with technological developments and placing them in a strong position to meet community expectations. It would recognise that with higher costs and lower profitability the amount MNOs (as the current market participants) can afford to pay is far less than a decade ago.

Lower pricing would also be commensurate with the Government's decision to establish a UOMO and related service obligations for the delivery of mobile services. In announcing the UOMO, the government claimed that “we are modernising Australia's communications infrastructure to ensure all Australians have access to essential telecommunications services when they need it”. Moderating ESL prices would be an appropriate way for government to help industry deliver on this commitment.



3. ACMA's benchmarking approach

AMTA notes that the ACMA has made a number of changes to the benchmarking approach in updating its preliminary view on pricing on the advice of its economic consultant, DotEcon. ACMA notes that it has expanded the benchmarks to include additional spectrum awards, to add annual licence fees where necessary and possible, and to address any data inconsistencies or errors.

Whilst changes to the benchmark modelling were necessary and supported by industry, AMTA notes that the ACMA has failed to adopt key adjustments that were recommended by industry in response to the April 2025 pricing paper.

In almost all cases, the adjustments made by ACMA, have resulted in an increase in the valuation of the spectrum and hence proposed prices. The overall impact of the ACMA's adjusted modelling is to increase the expected prices for ESL by 46 per cent to \$7.3 Billion. This outcome is directly at odds with the feedback from industry, which was supported by a range of international expert consultants.

Given the significance of this decision to the future of the sector, it is incumbent on ACMA to ensure that the benchmarks are as accurate and representative as possible. AMTA believes that the current benchmarks do not properly reflect international trends in spectrum prices and as a result materially overstates the value of the ESL spectrum.

AMTA recommends that a small, but critical, number of changes are required to the modelling to ensure that prices are reasonable, properly informed by international trends in spectrum pricing and set to promote the long-term public interest. These changes are discussed below.

Failure to include prices for renewal

Perhaps the most obvious omission on the ACMA's part is the fact that benchmarks continue to be based on auction results alone and exclude prices for spectrum renewal. It is irrational to design a benchmarking process to set a price for a widget while excluding data points for the pricing of the said widget.

This appears to be a significant flaw in the ACMA's methodology and is likely to result in an overvaluation of spectrum. It is especially curious given ACMA has accepted a clear delineation exists between auctions and renewals when it notes that *"In the current Australian market, auctions are less likely than renewal to deliver the right mix of service continuity, competition, and technology investment and innovation that benefit Australian consumers."*

As noted by Coleago Consulting in its report for Optus' stage 3 submission, "renewal prices are often lower than auction prices - for example, they are less influenced by the market



conditions which can lead to mis-estimations of spectrum value and over-bidding as in many of the European 3G auctions in the early 2000s”²³. Coleago concludes that there is a “good argument for including renewal prices in the benchmarking of spectrum values”. AMTA would go further and suggest that when setting prices for renewal of spectrum, the benchmarks should exclude prices paid in auctions and be entirely reflective of prices that have been subject to a renewal process.

The Pentland paper also concludes that “with such different purposes, competitive auction prices are not a relevant comparator for administrative renewals”.

Other adjustments

A number of other adjustments are outlined in detail in the Pentland paper and the stage 3 preliminary pricing consultation submissions of Telstra, Optus and TPG. These include:

- The fact that awards from markets that should appear to be high outliers are included and given a stronger weighting, while lower outliers appear to be excluded. The clearest example is the inclusion and overweighting of the results from auction in the USA, despite the very different competitive dynamics in that market versus Australia and the superior scale economics enjoyed by US operators. Notwithstanding it's obvious unsuitability as a comparator market to Australia, the US pricing is given the highest weighting in the benchmark calculations.
- Addressing the selective use of historical spectrum pricing trends as outlined in Appendix 3 of the Pentland paper.

23 Optus (incl. consultant report)_Redacted.pdf



4. Change from Inflation to MSR indexation

In its updated modelling ACMA has switched from indexation based on Mobile Service Revenue (MSR) to applying a simple Consumer Price Index (CPI) measure. The ACMA indicates that this was made on the recommendation of its consultant, DotEcon, on the basis that CPI indexation is a simple, transparent and well understood measure.

This change in approach not only represents a 180-degree turn by the ACMA, it also results in a material increase in the valuation of spectrum and therefore pricing compared to the use of MSR. Whereas an MSR can rise or fall in line with the market conditions, CPI almost always results in a rising valuation over time.

It is possible that the ACMA's focus on simplicity may well reflect feedback on its proposed MSR index received from MNOs and others in the April 2025 consultation paper, that highlighted some issues with the ACMA's approach. Whilst there was general support for the use of MSR a number of submissions recommended refinements to the ACMA's approach. This included:

- The appropriateness of applying a single measure across all spectrum bands;
- The need to reflect the imbalance in the market MSR between the dominant and smallest MNOs in spectrum valuation; and
- That the ACMA had chosen to flatline future MSR, when it is likely that actual MSR will continue to decline as a consequence of future planned spectrum allocations.

AMTA acknowledges that addressing some of these issues would add to the overall complexity of adopting an MSR index. However, addressing these would result in a far more accurate and appropriate valuation for setting ESL prices. This is specifically pertinent given the importance of spectrum renewal to the sector and the impact that pricing can have on future investment decisions and end-user prices. It is incumbent on the ACMA to adopt an approach that is economically sound and likely to reflect the real value of spectrum licences over time, regardless of complexity.

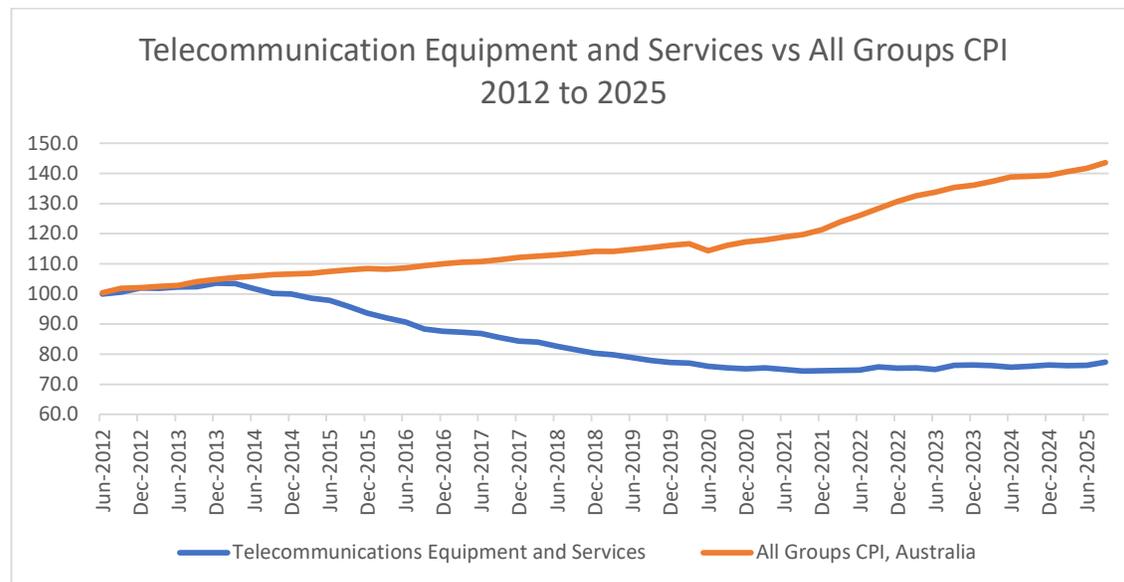
Inflation index is the wrong measure

Inflation index is a crude measure and has no correlation to spectrum pricing. A representative inflation-based metric would be the long-term real price changes for Telecommunications costs that is reported by the ABS. AMTA notes this figure is readily available and has all the simplicity advantages of broader CPI while being relevant to the telecommunications market in Australia.



The ACMA itself has conceded that there is no direct correlation between spectrum charges and the general CPI²⁴. AMTA notes that none of the very many submissions to the April pricing paper indicated support for the use of CPI.

AMTA notes that historically mobile prices have been fully decoupled from the general CPI measure. Whilst CPI has consistently risen over time, mobile prices have declined. The table below shows that since 2012 whilst general CPI has increased by around 40%, telecommunication equipment and services index has fallen by over 20%²⁵.



Application of CPI would not reflect the fact that spectrum valuations have been declining over time, significant technology changes have occurred, reductions in revenue per MHZ/pop and more challenging economic conditions faced by MNOs.

An important consideration of the use of the CPI index is its impact on consumers. The increase in spectrum prices that flows from the use of this index will almost certainly be reflected in higher consumer prices, which in turn will add to inflationary pressure across the economy. This cannot be in the best interests of consumers or the broader economy.

MSR is a better proxy measure

The use of an MSR index in spectrum valuation is likely to provide a more accurate, albeit complex, valuation. It is likely to better reflect changes in technology, demand and other markets impacts that are specific to the mobile sector that would not be reflected in a broader inflation measure.

²⁴ The ACMA [ESL stage 4 updated preliminary views on pricing.pdf](#) - ACMA notes that spectrum is not directly purchased by consumers...

²⁵ ABS Consumer Price Index data 6401.0



Since MSR is specifically aligned to the trends in the sector over time, it also better reflects changes in industry’s ability to pay for spectrum. In its stage 3 Preliminary Views paper, ACMA acknowledged that the declining MSR reflects the fact that whilst spectrum supply has increased, this has not “commensurately flowed through to MSR”. In other words, the MNOs have not been able to increase revenue proportionate to the increase in spectrum supply, which means that their ability to fund spectrum from revenue has declined.

In contrast to the CPI, AMTA notes that the historic MSR trend is broadly consistent with the historic trends in pricing for telecommunications equipment and service prices which presents a downward trajectory. As noted in a number of submissions to the April pricing paper, MNOs expect that a downward MSR slope is likely to be maintained into the future as further allocations of spectrum are expected to offset any increases in revenue in the period through to 2030²⁶.

Again, this is at odds with CPI which will almost certainly rise into the future and may be higher than previously expected given the RBA’s recent statement on higher than expected inflation figures for the December Quarter²⁷.

Since the MSR is forecast to continue a downward trajectory, it can also be anticipated that it will contribute to downward pressure on mobile prices in so far as it supports lower overall spectrum costs.

Recommendation

AMTA recommends that the ACMA reinstate the MSR indexation as it is a more accurate and appropriate measure to apply for this purpose than inflation.

AMTA further recommends that the MSR should not be flatlined, rather it should reflect future mobile service revenue and the likely additional award of spectrum over the next five years as identified in the ACMA’s 2025 FYSO work plan. The plan identifies several new allocations under consideration in the next 5 years to 2030, including spectrum in the 600 MHz, 1.5 GHz and 6 GHz, bands.

²⁶ Refer Figure 4.6 in Analysys Mason report: Evolution of the MSR/MHz/pop index, comparing the ACMA and Analysys Mason cases. [TPG \(incl. consultant report\).pdf](#)

²⁷ [Overview | Statement on Monetary Policy – February 2026 | RBA](#)

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