

Presentation to Telsoc

# Unlocking the next wave of network evolution:

## Investing in Australia's mobile future.

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. Firstly, I 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, as well as any First Nations People who are with us today.

It's a pleasure to see you all. I would also like to thank TelSoc for the invitation. For more than 142 years, TelSoc has kept industry members informed of new developments in network infrastructure, products and services, regulatory changes, end user experience and policy issues, and provided significant thought leadership for our industry.

Today, I'll be speaking about how Australia needs to unlock the next wave of network evolution through investments and the regulatory and policy settings we should be prioritising.

## **Context**

This matters particularly now, because amid global uncertainty, the Australian telecommunications sector is undergoing one of the most rapid periods of change that I have witnessed in more than two decades.

On top of a turbulent 12 months where Triple Zero dominated media headlines and then parliamentary debate, trust in telecommunications providers is low.

Many of you present here today will know that the regulator, the ACMA, is expected to imminently announce its decision on the pricing of spectrum which is subject to Expiring Spectrum Licences (or ESL) in Australia. This will have deep and long-lasting consequences for Australians.

And just two days ago, we had the Federal Budget announced by the Treasurer, Dr. Jim Chalmers, which outlined a specific commitment to modernising the Telecommunications Act 1997 to make approvals for infrastructure deployment more efficient.

I discussed this with Department officials yesterday and while details are emerging, there is an undeniable, real and growing need to modernise and standardise regulatory and planning frameworks.

### **Global trends**

So, with this context in mind, what can be done to make Australia a digital leader, and not a lagger?

First, we can look at global trends.

I was fortunate to attend the Mobile World Congress earlier this year in Barcelona. The clear and consistent message from operators, vendors and policymakers alike did not waver and it was this: the next wave of network evolution will require more investment, not less.

Completing the transition to 5G standalone, preparing for new spectrum bands, integrating non-terrestrial networks, and supporting the infrastructure demands of AI will require sustained, predictable capital investment over long horizons.

Mobile network operators around the world 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 around the globe – changing how we are delivering healthcare, infrastructure, and information through myriad platforms.

Agriculture, mining, logistics, healthcare and manufacturing are increasingly dependent on reliable, high-capacity mobile connectivity and AI efficiencies.

Our first Future of Mobile report last year showed how mobile telecommunications was transforming these industries to be more productive than ever before – whether its 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 our 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 decision**

This does present a challenge however, if the ACMA decides to increase spectrum prices as foreshadowed in its December outcomes, this would represent more than a 40% uplift on the baseline indicative pricing published by the ACMA last June. Spectrum and infrastructure are the two key drivers that fundamentally influence the affordability, resilience and reach of mobile telecommunications in Australia.

Firstly, in relation to ESL we understand that the ACMA is considering a move to bring the timing of payments for the renewal of spectrum licences closer to the point of licence renewal – reducing the requirement for upfront payments from more than a year in advance to possibly two months.

If this is enacted, it would be a practical improvement. This would reflect a better understanding of capital timing and reduce unnecessary distortions in how network operators manage liquidity and financing.

It would be, in many respects, a sensible evolution in the mechanics of the framework.

However, that improvement sits alongside a pricing outcome that remains materially elevated and that will be something that has a profound impact on all network operators.

We have been strongly advocating from the start of the watchdog's consultation that spectrum should remain affordable. This is the best possible way to keep mobile plan costs stable, and infrastructure investments strong.

If the decision is made to significantly increase the price of spectrum, as has been foreshadowed, that will put more pressure than ever on mobile network operators.

Telstra CEO Vicki Brady articulated this tension very clearly earlier this year.

She said the proposed price for Telstra's renewals was \$1.3 billion above fair value, and that renewal costs would 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 other ingredients, or increase prices. The same is true for our mobile network operators.

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

After all, in Australia, mobile telecommunications customers are on average consuming 10 times the amount of data that they were a decade ago – while mobile plan prices over that period have only made modest increases compared to other services.

### **Push for productivity reforms**

We have big world class events like the Brisbane Olympics in 2032 looming on the horizon. This is the biggest sporting event on the planet and a fantastic opportunity to truly showcase Australia as an engaged, modern nation to the world.

So our focus must shift to making the best decisions possible to build the infrastructure needed to remain at the top of the pack. Our will to create, improve and support the businesses which will in turn create a smarter, connected Australia has not, and must not change.

From AMTA's perspective, improving mobile telecommunications services is the key to so much success.

And this is where we turn to regulatory reforms and subsequent productivity improvements as something that must be prioritised as soon as possible.

A few months ago, AMTA, in partnership with Deloitte Access Economics, published the second report in our Future of Mobile series, which was firmly focused on how these productivity benefits could be unlocked.

Our report, ***Reforms to Modernise Australia's Telecommunications*** showed even small improvements to reduce red tape nationally could unlock millions which could then be invested in network infrastructure.

Our research found that just a 10 per cent improvement in regulatory practice would likely deliver a four per cent uplift in telecommunications investment – equivalent to around \$430 million annually.

This would be enough to accelerate the delivery of between 150 and 200 mobile sites nationally each year – improving coverage for 250,000 Australians sooner.

This in turn would generate between \$120 million and \$160 million in economic benefits through earlier access to reliable connectivity.

Bringing in nationally consistent planning processes and better coordination will help accelerate infrastructure deployment, close blackspots and strengthen redundancy in disaster-prone regions.

We have to get this right because mobile connectivity underpins everything from:

- access to digital services;
- emergency communications; and
- emerging technologies such as AI and advanced manufacturing

Ultimately it is a key enabler of our nation's productivity – as much as housing or energy.

Despite the importance of mobile connectivity, our Future of Mobile report found that regulatory complexity and fragmented planning rules across jurisdictions is limiting our ability to provide resilient, reliable networks because the rollout of essential infrastructure is so delayed. This is not only frustrating and inefficient; it has a real cost impact.

### **Improving delays**

Development approvals alone for new telecommunications facilities currently take an average of 211 days, but we know of many developments which are taking years and years to even be considered.

A current example is on the Central Coast of NSW, where the council has openly said they are not equipped to process applications for mobile telecommunications infrastructure.

The result of this is that it has already been hundreds of days since the application for a much-needed mobile tower was lodged and there is still no end in sight.

We have a whole community of people who are desperate for faster and more reliable mobile telecommunications, and they will continue to wait while this back-and-forth process continues.

We want and need proper checks and balances for consultations and environmental concerns before infrastructure is installed. But, for the most part, these delays are caused by inefficient processes, duplication and inconsistent rules.

This ultimately delays improvements in coverage and network capability, particularly in regional areas and rapidly growing communities.

That unnecessary regulatory burden is a handbrake on investment, infrastructure deployment and ultimately, connectivity and productivity for Australians.

## **Future of Mobile 2**

Our report identified six key areas where we can help unlock these massive productivity benefits in the short and medium term.

You can find the full report on AMTA's website if you want to find out more, but let me give you a snapshot. .

First, we have asked for the establishment of a national Digital Infrastructure Coordinator General to drive reform.

This is a role we are modelling on similar roles in the US. The Coordinator General is a boundary spanning office which works across those layers of governments to help smooth processes for infrastructure investments and improve the resources and processes needed to make balanced, sustainable decisions.

We believe the Coordinator General could also play an important role in situations like restoring mobile telecommunications coverage to communities quickly after extreme weather events. Many times, we have seen communities ravaged by bushfire or flood, but then struggling for months to have mobile services reinstated.

This will in turn improve responsiveness, resilience and trust for thousands of consumers.

Next on our list is the proposal to create a harmonised planning framework with adoption incentives for local councils and this is what we believe the intent of the government's budget announcement is to help improve.

Our wish list included amending Schedule 3 of the Telecommunications Act 1997 (the Act) to adopt a risk-based approach. This will, hopefully, ease the path for low risk and low impact developments to be more easily considered.

Our goal is to ensure there is consistency in what is approved and to cutt back on the endless back and forth wherever possible. Remember, we only need a 10 per cent improvement to deliver that four per cent uplift in telecommunications investment of about \$430 million annually.

On Tuesday we saw that significant commitment from the Federal Government to review the Act, and we expect this will contribute to cutting red tape for mobile network infrastructure applications, as well as avoiding double ups with State and Territory controls.

As many of you will know, this Act was borne in a different era, and much has changed in the almost thirty years since its inception. There are many inefficiencies which could be improved.

It is very encouraging that this, in particular, is the reform has been committed to on Budget night, but we do not want this to be a line item that never makes it past a thought bubble. This has to be prioritised for the good of the nation.

The flow on effects for productivity and infrastructure, not to mention real savings of time, energy and frustration are worth it. It would be one of the most practical and transformative reforms we would witness in terms of the positive flow on effects.

### **Other regulatory reforms**

If we look back at our other asks from the Future of Mobile report, our initiatives are evidenced and very much focused on improvements that we believe will also result in similar uplifts in efficiency and productivity.

We want to develop a National Spectrum Strategy to provide investment certainty for our telcos, encouraging long term planning and resourcing for the future.

And we want to create planning and land access exemptions for government co-funded sites, addressing more blackspots and ensuring services are reliable.

We acknowledge there will be challenges in implementing these asks, but the cost of not acting swiftly will be even greater.

## **Conclusion**

So, today, I ask for your support.

TelSoc members have long played an important role in shaping how this sector evolves, through research, policy engagement and informed debate.

Now is the time we need your voices and support if we are going to see practical, nationally consistent reforms.

Without these reforms, the investment we all want to see simply won't materialise – and certainly not at the pace Australia needs.

Our mutual goal must be better connectivity for Australians, stronger and more resilient infrastructure, and a regulatory system that is ready for the future.

By getting these settings right now, we can ensure Australia remains globally competitive in advanced mobile connectivity, supports emerging industries, and keeps every community connected, regardless of postcode.

And with it, we have a genuine opportunity to ensure Australia remains a leader in mobile connectivity - not a lagger.

Thank you.