Australian Telecommunications Alliance

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# AUSTRALIAN TELECOMMUNICATIONS ALLIANCE SUBMISSION

To: Treasury

Re: 2025-26 Pre-Budget Submission

## 1.1 INTRODUCTION

1.1.1 Telecommunications is the one and only sector in the Australian economy to have delivered more services at lower prices over the past decade[1]. Telco prices are down by more than 20% since 2015, even as consumers are getting more value from these services than ever before.

1.1.2 In that same period, customer service has continued to improve – complaints to the Telecommunications Industry Ombudsman (TIO) have decreased by more than 65% since 2015 and now sit at their lowest level in twenty years.

1.1.3 Australians expect networks to deliver more coverage, more capacity, and greater resilience – all of which require ongoing infrastructure investment. While Australian consumers have benefitted from telecoms pricing acting as an anchor on inflation, investment in digital infrastructure (i.e. fibre-optic and mobile networks) is in an unsustainable position.

1.1.4 Telecommunications network investments are, on average, generating returns on invested capital (ROIC) below the weighted average cost of capital (WACC)[2] – meaning that either prices will need to increase, or investment will need to decrease, to establish a sustainable market environment. Neither of these outcomes would be good for Australians, who are consistently consuming more data than ever before.

1.1.5 To ensure that Australians – and the Australian economy – continue to benefit from these improving services, the ATA submits that the Australian Government pursues four key initiatives:

- a digital infrastructure investment strategy,
- improving access to key inputs for network deployment,
- investment incentives, and
- regulatory reform.

1.1.6 Digital infrastructure is fundamental to the success of the Australian Government's productivity agenda. Telecommunications networks are the critical infrastructure underpinning the delivery of healthcare, education, banking and financial services, Government services, businesses, and Artificial Intelligence (AI) – Australia's economy would come to a standstill without access to secure telecommunications infrastructure.

1.1.7 The Australian Government's *National AI Plan* lists a range of productivity benefits from increased AI adoption, with digital infrastructure playing a foundational role: "Two components are critical to support AI at scale: high-quality computing power (compute) infrastructure and robust digital connectivity… which includes high-speed networks, fibre-optic connectivity and resilient telecommunications systems."[3]

1.1.8 The ATA submits that these four measures would provide a strong foundation for both the Government's productivity agenda and National AI Plan by establishing the necessary market conditions for sustainable digital infrastructure investment – which will ultimately benefit all Australians.

[1] ABS CPI Data, Weighted average of eight capital cities, indexed from 2015
[2] David Kennedy, 'State of the Australian Telecommunications Industry – Telco at a Crossroads' 16 Oct 2025.
[3] Department of Industry, Science and Resources, National AI Plan 2025

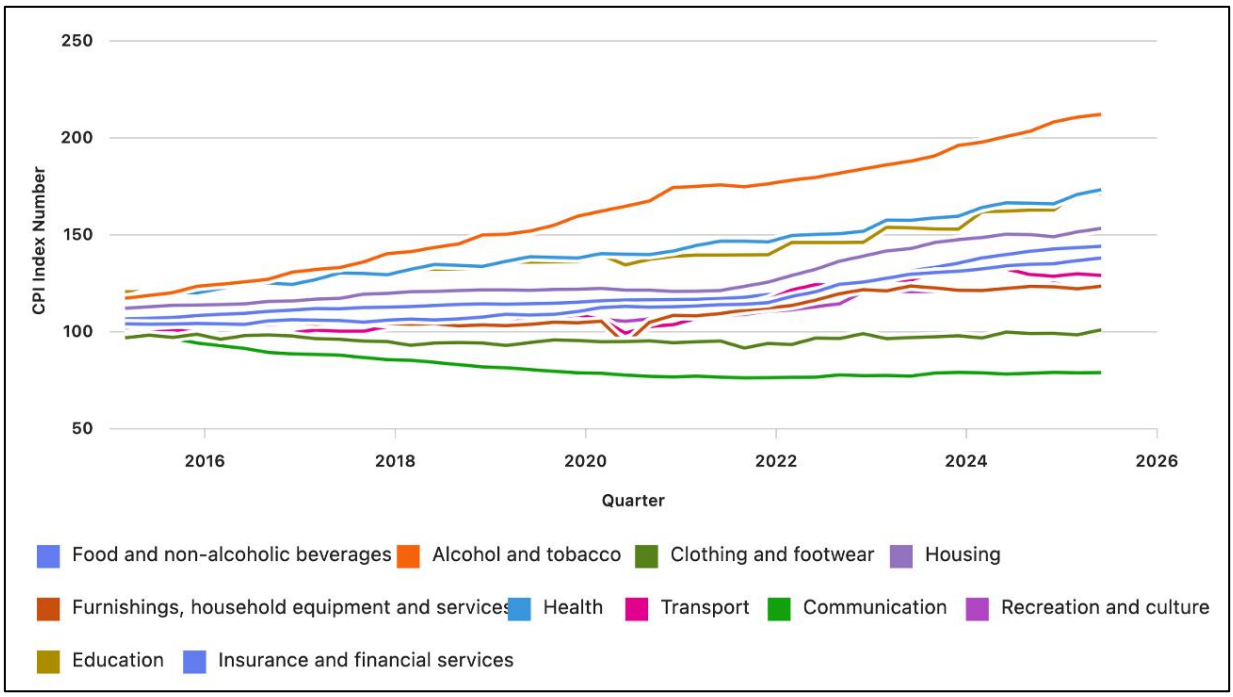


*Chart: ABS CPI data indexed to 2015, showing telecommunications prices down by more than 20%*

## 1.2 A DIGITAL INFRASTRUCTURE INVESTMENT STRATEGY

1.2.1 To enable Australians – and the Australian economy – to continue to benefit from digital infrastructure investment, the ATA submits that Government develops a digital infrastructure investment strategy.

1.2.2 A digital infrastructure investment strategy should incentivise investment in fibre and mobile networks in alignment with the National AI Plan's third action item, 'Attract Investment'.

1.2.3 The National AI Plan states that "government will build on initiatives to ensure that investment flows into critical infrastructure and innovative AI ventures. This includes supporting significant data centre projects and their associated energy sources navigating regulatory approvals." The ATA submits that these initiatives should also include simplifying regulatory approvals for critical telecommunications infrastructure, which are consistently mired in red tape.

1.2.4 Regulatory bottlenecks are preventing the timely rollout of national intercity fibre networks. One major national carrier reported that on a single fibre route, over 3,000 land access activity notices have been issued, alongside 1,128 construction certificates, 1,723 land access surveys, and 171 cultural heritage and environmental assessments.[4]

1.2.5 Similarly, during a project to build a 2,000km fibre route through regional WA, a carrier was required to consult with 200 different entities including state government, local government, native title holders, tenement title holders, and private land title holders. Construction through one 30km segment required 16 different approvals from 4 government departments, 1 native title holder, and 11 land and tenement title holders.

## 1.3 ACCESS TO KEY INPUTS FOR NETWORK DEPLOYMENT

1.3.1 Australians benefit enormously from vibrant and competitive mobile market – Australia's mobile networks rank 8th in the world for network excellence, based on 4G/5G availability, download speeds, and consistent service quality.[5] Outside of Europe, Australia ranks 2nd in the world after South Korea – outranking

[4] Telstra submission to Productivity Commission Five Pillars of Productivity Inquiry – June 2025
[5] OpenSignal Global Network Excellence Index 2025

Singapore, the USA, and Japan.

1.3.2 Government should support telcos' access to key inputs to mobile connectivity. Affordable radiofrequency spectrum is a core requirement for investment in mobile networks. Every dollar spent on spectrum is a dollar which can't be invested in improved mobile network coverage, capacity, and resilience. The ACMA's proposed pricing approach to Expiring Spectrum Licences jeopardises industry's ability to invest.

1.3.3 A national digital infrastructure investment strategy should consider the flow-on effects of spectrum pricing in relation to investment in mobile networks, with the objective of maximising investment in coverage, capacity, and resilience.

1.3.4 Telecommunications infrastructure must also be prioritised for connection to the energy grid, as well as for restoration efforts during power outages.

## 1.4 INVESTMENT INCENTIVES

1.4.1 The Australian Government should seek to incentivise investment in digital infrastructure, specifically fibre-optic and mobile networks, through targeted financial incentives, co-investment programs, and tax benefits.

1.4.2 Co-funding initiatives such as the Mobile Black Spot Program, Telecommunications Disaster Resilience Innovation program, Mobile Network Hardening Program, Mobile Network Hardening Program, and others have delivered benefits to Australians by providing financial support to telcos to invest in infrastructure which supports the Government's policy objectives.

1.4.3 State Governments, which have responsibility for planning laws, have proposed a range of programs to incentivise investment in datacentres – including fast-tracking planning approvals for access to land, energy, and other key inputs. Telecommunications infrastructure investments should receive similar treatment to ensure new datacentres and consumers have access to sufficient connectivity.

## 1.5 REGULATORY REFORM

1.5.1 The Productivity Commission's 'Creating a more dynamic and resilient economy' report named telecommunications as one of three sectors in need of urgent for regulatory reform, calling on Government to make "A commitment to commissioning the PC or another independent agency to undertake substantial regulatory reviews into housing construction, corporate reporting and telecommunications."[6]

1.5.2 The telecommunications industry remains hamstrung by a myriad of complex, costly, and duplicative regulation which is stymieing investment in digital infrastructure – ultimately harming Australians and the Australian economy.

1.5.3 Telcos are subject to more than 500 legislative and regulatory instruments, of which around 200 are sector specific. In 2024/25 alone, around 20 new sector-specific obligations were introduced (or were in development).[7] The cumulative cost of complying with these requirements significantly erodes capital reserves otherwise available for critical digital infrastructure investment.

1.5.4 Funds directly invested into upgrading networks and other digital infrastructure yield a higher economic return than those used to pay for regulation, lengthy planning processes, and spectrum licences.

1.5.5 The pervasiveness of digital connectivity, and its criticality for Australia's productivity, result in a multiplier effect of capital invested in digital infrastructure. Not a single sector in the economy would function with the same effectiveness and efficiency (i.e. productivity) without telecommunications networks.

1.5.6 The ATA calls on the Australian Government to accept the Productivity Commission's recommendation to urgently progress a substantial regulatory review in the telecommunications sector.

[6] Productivity Commission, 'Creating a more dynamic and resilient economy' report

[7] For example: *Telecommunications (Financial Hardship) Industry Standard 2024*; updated *Telecommunications (Consumer Complaints Handling) Industry Standard 2018*; updated *Telecommunications (Emergency Call Service) Determination*; new *Telecommunications (Customer Communications for Outages) Industry Standard 2024*; new *Telecommunications (Domestic, Family and Sexual Violence Consumer Protections) Industry Standard 2025*; new online safety Codes and Standards, new rules under the *Security of Critical Infrastructure Act 2018*; new *Cyber Security Act 2024*; new Scams Prevention Framework Act 2025; new *Telecommunications Amendment (SMS Sender ID Register) Act 2024* and Standard (30/09/25); and additional co-regulatory instruments (i.e. ACMA-registered, enforceable industry codes) requested by Ministerial Directives.

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