

Submission to the Ministerial Policy Statement - Expiring Spectrum Licences Consultation

Vocus welcomes the opportunity to provide feedback on the Draft Ministerial Policy Statement for expiring spectrum licences. In 2023, Vocus acquired Challenge Networks, a leading provider of private LTE/5G networks and licence-holder of spectrum in regional areas predominantly serving customers in the mining and resources industry.

Supporting service continuity for consumers, particularly where no alternative service is available

- Mobile network deployments – both public and private – require significant upfront and ongoing investment, making certainty of ongoing access to spectrum an important factor in investment planning.
- For Private Network Operators (PNOs), Enterprise customers (for example, a major mining operation in the Pilbara) typically make investment decisions spanning multiple decades – making their need for long-term certainty just as important as a public Mobile Network Operator (MNO).

Facilitating opportunities for new entrants and use cases, including for low earth orbit satellites

- Vocus supports this objective, noting that the standard approach to spectrum auctions ('highest value use' typically translates to the highest bidder) often presents high barriers for new entrants, which may have the effect of limiting innovation via new competition.
- Vocus also welcomes the specific facilitation of spectrum access for LEO satellites. LEO technology is still relatively new and will undoubtedly provide even more innovative use-cases as the market evolves and becomes more competitive (e.g. direct-to-mobile services). These new competitors and use cases could potentially be hampered if spectrum is unavailable or if licence conditions are overly prescriptive as to prevent innovative uses.

Connectivity and investment in regional areas to deliver improved services to consumers

- Vocus supports this objective, noting that specialised entrants (such as PNOs) seeking access to spectrum in defined regional locations are effectively prevented from obtaining spectrum licences due to such licences covering very large areas. This makes acquisition costs unviable for smaller operators seeking only to target a limited area, and ultimately results in spectrum not being used efficiently – particularly in regional and remote areas.
- While private network operators are able to obtain Area Wide Licences (AWLs) and/or apparatus licences to establish networks with a limited geographic footprint, these licences are typically limited to spectrum bands less attractive than those available as spectrum licences, which may result in PNOs offering less competitive and/or innovative services than MNOs are able to offer.
- An alternative approach would be to allocate spectrum licences on a similar basis to AWLs: splitting these licences into smaller geographic 'pieces' would allow for greater competition where a specialised entrant is willing to bid a higher amount in a defined area. This approach would allow national Mobile Network Operators (MNOs) to bid for the same coverage they are provided via spectrum licences today – but would also promote competitive bids in specific regional locations of interest to alternative providers (such as at mining sites, or major transport or logistics hubs).
- An additional measure to promote more efficient use of spectrum in regional areas would be to introduce 'use it or lose it' or 'use it or share it' provisions on spectrum licence holders. Again, due to the very large geographic coverage of spectrum licences, licence holders are able to prevent competitive entrants from utilising spectrum in regional areas even when the licence holder is not using it themselves, and may never plan to do so.

- Separately, spectrum allocation could be used to promote innovative service models in regional areas that have traditionally struggled to attract competitive investment, for example neutral-host or multi-carrier mobile solutions. Government grants programs such as the Mobile Black Spot Program have historically seen limited take-up of neutral-host or multi-carrier solutions, with spectrum management issues often cited as a reason these models have not been proposed. The spectrum licence framework could potentially be used to resolve such issues, for example by setting aside spectrum for neutral-host or multi-carrier outcomes in defined geographic areas, or by introducing ‘use it or lose it’ or ‘use it or share it’ conditions on spectrum licences.
- Another innovative approach to maximising the use of spectrum in regional and remote areas could consider applications for free or discounted licences based on social outcomes in non-commercial areas, such as in remote First Nations communities. Applicants could seek such geographically-limited licences where there is no commercial case for investment, and applications could be assessed by Government or the ACMA in tandem with related Government grants programs, such as the Regional Connectivity Program.

Promote competition

- Vocus supports this objective, again noting that the existing approach to spectrum auctions presents high barriers to entry for new entrants, which limits innovation via new competition and results in spectrum being inefficiently used – particularly in regional areas.
- As noted in the previous section, spectrum licences are auctioned for large geographic areas, effectively preventing competitive entrants like private network operators from bidding (and leaving them with often-inferior spectrum options in the form of AWLs and apparatus licences).
- Spectrum licences should be auctioned in a similar manner to AWLs – in smaller geographic ‘pieces’ rather than very wide areas, promoting competitive outcomes in limited geographies. This would allow a smaller operator to bid for spectrum in a geographically-limited area without diminishing the ability of a national MNO to bid for a licence at that same location, contiguous with its other spectrum assets – making the auction process more competitive.

Capacity for sustained investment and innovation

- Vocus supports this objective, noting that every dollar an operator invests in spectrum is a dollar which could have been invested in network coverage, capacity, and resilience.
- There is a direct trade-off between the public benefit that results from spectrum auctions going to the highest-value use (i.e. highest bidder, resulting in the largest possible contribution to Commonwealth income) and the public benefit that would result from operators investing more into mobile networks.
- Globally, policymakers and spectrum agencies have recognised this, and have taken a range of approaches to spectrum allocation which can free-up network operators’ capital to invest in greater coverage, capacity, and resilience – rather than just spectrum licences.
- Equally, there will be cases where auctioning spectrum to the highest bidder may undermine innovation from potential non-MNO operators, such as Public Safety Agencies which provide clear public benefits but are unlikely to win spectrum in an auction against MNOs.

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