



TELSTRA CORPORATION LIMITED

**Submission to Department of Infrastructure, Transport,
Regional Development, Communication, and the Arts:**

Independent review of Infrastructure Australia

Public Submission

18 August 2022



Executive Summary

To assist in meeting the infrastructure requirements and enable the shift to a digital economy and the economic benefits it will enable, Telstra believes that Infrastructure Australia (IA) is well placed to assess nationally significant infrastructure projects in the communications sector. To ensure the projects assessed meet national significance criteria, Telstra believes that there are three ways that IA can support the communications sector:

1. Telstra believes it would be beneficial for IA to **adopt a long-term approach** to the delivery of national communications infrastructure in Australia and have a role in reviewing governments' longer-term strategies for the communications sector.
2. The role of IA in assessing communications infrastructure projects should **continue to be based on the minimum threshold of \$250 million** and the significance of the project at a national level.
3. Telstra would be supportive of **IA assessing infrastructure projects** in the communications sector based **on their capacity to meet Australia's 43% emission reduction target**.



Infrastructure Australia's (IA) role

1. IA was established to advise the Australian Government on nationally significant infrastructure matters including transport, energy, communications, and water infrastructure.

To assist in meeting the infrastructure requirements and enable the shift to a digital economy and the economic benefits it will enable, Telstra believes that Infrastructure Australia (IA) is well placed to assess nationally significant infrastructure matters in the communications sector. To ensure the projects assessed meet national significance criteria, Telstra believes it would be beneficial for IA to adopt a longer-term approach to the delivery of national communications infrastructure in Australia. Its role could also include undertaking a broader review of governments' longer-term strategies for the communications sector, including the Digital Economy Strategy and the Better Connectivity for Rural and Regional Australia Plan (The Department of Infrastructure, Transport, Regional Development, Communications and the Arts, 2022).

The communications sector is facing increased demands from users that will necessitate increased funding for infrastructure to provide additional data capacity. The pandemic spike in usage of the internet [driven by education and work from home] provided both opportunities and costs for the sector that will need to be managed in the light of broader structural changes occurring in communications from both consumers and businesses, what has become known as the digital economy (McKinsey, 2022).

The global digital economy is worth an estimated US\$11.5 trillion in 2022, or 16% of global GDP, growing 2.5 times faster than global GDP in the 15 years prior to the pandemic (Brookings Institute 2019). In Australia, modelling from PwC suggests that the digitisation of the Australian economy would add AUD\$90 bn and 250,000 jobs to the Australian economy by 2025 (PwC, 2022). As identified by IA in the Australian Infrastructure Audit (2019) there are a range of transformative forces that will drive innovation and global competition in the coming years that will have an economy wide impact. Some of these forces include (but are not limited to) the following (PwC, 2022):

- 5G and 6G
- Industry 4.0
- Internet of Things (IoT) and The Metaverse

Ensuring governments' strategies and projects enable the successful development and adoption of these and other technologies is critical for growth in Australia's digital economy and international competitiveness.

Effectiveness

2. IA publishes a range of products including: the Australian Infrastructure Audit; the Australian Infrastructure Plan; the Infrastructure Priority List; Infrastructure Market Capacity reports; business case evaluation summaries; and other research reports as requested by the Government.

As the demand for data has increased over time and will continue to increase, the communications sector has had to invest to increase supply. Investment decisions are being taken now that will deliver the sector's infrastructure capacity requirements over the coming decades. Major infrastructure upgrades will be needed to ensure that telecommunications supply is able to meet business and consumer demand for work and leisure related activity. Data will be created and modified through



edge computing with the emergence of 5G and eventually 6G, and communication will become more interactive, driven in part by remote working. It's important to note that 5G heavily relies on its given bandwidth, so changes in neighbourhood infrastructure will be required to be successful. In addition to this, 5G and 6G will also lead to more IoT models and enable the shift to industry 4.0 (Deloitte, 2022).

Telstra recognises that IA has an impartial role in assessing the economic value of nationally significant infrastructure projects in other sectors, particularly in transport, energy, and water. These assessments delivered through Infrastructure Priority List, Infrastructure Market Capacity report, and business case evaluations, provide the public and private sectors with evidence-based analysis on the suitability and viability of nationally significant infrastructure projects (Infrastructure Australia, 2022). Telstra believes that it would be in the long-term interest of the Australian economy for IA to take a more proactive approach in the development of business case evaluations for nationally significant infrastructure projects undertaken by governments in the communications sector.

3. IA is required to review infrastructure proposals where more than \$250 million in Australian Government funding has been committed.

Telstra agrees with the decision for IA to review infrastructure proposals where more than \$250 million in Australian government funding has been committed (Infrastructure Australia, 2021). Telstra acknowledges that IA is the appropriate body to review these proposals based on its expertise with assessing nationally significant infrastructure projects. As already mentioned, Telstra believes that there is a greater role for IA to play in the assessment of nationally significant communications projects particularly where they are linked to IA outputs such as the Australian Infrastructure Audit and Australian Infrastructure Plan, and governments' longer-term strategies for the communications sector.

Communications infrastructure functions as a technology enabler of business and is impacted by both demand and supply side government intervention in the economy. Government can contribute to the increase in capacity through co-funding infrastructure upgrades where it is not commercially viable. For IA to become more effective in its evaluation of infrastructure projects in the communications sector, Telstra would like IA to integrate more nationally significant communications projects in its planning and investment decisions for governments. Infrastructure Australia has a strong record of evaluating nationally significant infrastructure projects in other sectors, particularly in transport, energy, and utilities. However, to date IA has placed less onus on incorporating communications infrastructure projects in its annual Infrastructure Priority List. IA could use its expertise in assessing the economic value of nationally significant communication infrastructure projects to appraise the prudence of projects and the cost efficiency in the expenditure of Australian government funding.

Governance

4. IA was established as an independent body, to ensure the integrity of Commonwealth investment in infrastructure.

No comment on this.



5. Part of IA's role is to ensure infrastructure investment is prioritised for nationally significant projects that deliver maximum benefits for Australia.

No comment on this.

6. Since IA was established in 2008, most jurisdictions have established their own infrastructure body.

Telstra acknowledges that the current Infrastructure Priority List has identified several nationally significant infrastructure projects in the communications sector (Infrastructure Australia, 2022). Telstra believes that there is a continuing role for IA to continue to work with other levels of government and the private sector in identifying and assessing longer-term strategies and infrastructure projects in the communications sector. IA through the Australian Infrastructure Audit identified four major challenges and opportunities for the communications sector; (i) Telecommunications enable productivity and innovation (ii) Mobile coverage (iii) Social inclusion and affordability for telecommunications services and (iv) Maximising the benefits of nbn investment (Infrastructure Australia, 2019).

To meet the opportunities and challenges identified by IA in the Audit will necessitate ongoing engagement with the communications sector to ensure Australia can meet the priorities in the Digital Economy Strategy and the Better Connectivity for Rural and Regional Australia Plan. Telstra would like to see IA strengthen its links with the communication sector and assist in Australia's shift to a digital economy.

7. How can the IA Board be most valuable, and what experience, skills and expertise is needed?

No comment on this.

Other functions

8. As part of the Government's six-point plan for cities policy, the Government has committed to the creation of an Australian Cities and Suburbs Unit (CSU).

No comment on this.

9. IA is currently legislated to focus its work on nationally significant infrastructure, which is defined to include transport, energy, communications, and water infrastructure categories.

No comment on this.

10. Are there other areas of infrastructure that IA should assess, and why?

No comment on this.

The future investment challenge

11. How effective will the current IA role and responsibilities, and business approach be to handling the national investment challenges Australia faces in the coming decades?

The Federal Government through the Climate Change Bill 2022 (Climate Bill) and Climate Change (Consequential Amendments) Bill 2022 (Consequential Amendments Bill) will legislate Australia's



emission reduction target to a minimum of 43% (target) by 2030 reaching net zero by 2050 (Gilbert and Tobin , 2022). The purpose of the policy is to provide greater regulatory certainty for businesses and investors across all sectors. The legislation will focus the objectives, and support the functions, of relevant Federal government bodies such as IA in meeting the target. This will further consolidate a broader whole-of-Government approach to tackling climate change and will become embedded in government policy settings (Department of Climate Change, Energy, the Environment and Water, 2022).

Telstra through our T25 strategy is focusing on being a responsible business with clear and ambitious climate goals to reduce our absolute emissions as well as being the largest certified carbon neutral company in Australia (Telstra, 2021). Through our own commitments to carbon reductions, Telstra would be supportive of IA assessing infrastructure projects in the communications sector based on their capacity to meet Australia's emission reduction target.



References

- Infrastructure Australia . (2022). *Infrastructure Australia* . Retrieved from What we do: <https://www.infrastructureaustralia.gov.au/what-we-do>
- Brookings Institute. (2019). *Trends in the Information Technology sector*. Retrieved from Trends in the Information Technology sector.: <https://www.brookings.edu/research/trends-in-the-information-technology-sector/>
- Deloitte . (2022). *Deloitte Insights*. Retrieved from What is digital economy?: <https://www2.deloitte.com/mt/en/pages/technology/articles/mt-what-is-digital-economy.html>
- Department of Climate Change, Energy, the Environment and Water. (2022, July). *Department of Climate Change, Energy, the Environment and Water*. Retrieved from Climate Change Bill 2022.: <https://www.dcceew.gov.au/about/news/climate-change-bill-2022>
- Forbes. (2021, January). *13 Big Changes 5G Will Bring To Businesses And Consumers In 2021*., Retrieved from Forbes: <https://www.forbes.com/sites/forbestechcouncil/2021/01/12/13-big-changes-5g-will-bring-to-businesses-and-consumers-in-2021/?sh=526911576377>
- Gilbert and Tobin . (2022, July). Retrieved from Movements in Australia’s climate and energy policy : <https://www.gtlaw.com.au/knowledge/movements-australias-climate-energy-policy>
- Infrastructure Australia . (2022). *Infrastructure Priority List*. Canberra: Infrastructure Australia . Retrieved from file:///C:/Users/d994049/OneDrive%20-%20Telstra/Projects/Infrastructure%20Australia%20Submission/current_priority_list.pdf
- Infrastructure Australia. (2019). *Australian Infrastructure Audit 2019 Telecommunications*. Canberra: Infrastructure Australia. Retrieved from file:///C:/Users/d994049/OneDrive%20-%20Telstra/Projects/Infrastructure%20Australia%20Submission/Australian%20Infrastructure%20Audit%202019%20-%20208.%20Telecommunications.pdf
- Infrastructure Australia. (2021). *Corporate Plan Infrastructure Australia 2021–22 to 2024–25*. Canberra: Infrastructure Australia. Retrieved from https://www.infrastructureaustralia.gov.au/sites/default/files/2022-02/IFA_301666_2021-22%20Corporate%20Plan_V4.3.pdf
- Infrastructure Australia. (2021). *Reforms to meet Australia’s future infrastructure needs 2021 Australian Infrastructure Plan*. Canberra: Infrastructure Australia. Retrieved from https://www.infrastructureaustralia.gov.au/sites/default/files/2021-09/2021%20Master%20Plan_1.pdf
- McKinsey. (2022). *A Blueprint for telco transformation*. Retrieved from <https://www.mckinsey.com/industries/technology-media-and-telecommunications/our-insights/a-blueprint-for-telecoms-critical-reinvention>
- NBN. (2022, March 24). *NBN*. Retrieved from \$750 million investment to 5G-enable nbn® Fixed Wireless to deliver faster speeds to regional Australia: <https://www.nbnco.com.au/corporate-information/media-centre/media-statements/750-million-investment-to-5G-enable-nbn-fixed-wireless-to-deliver-faster-speeds-to-regional-australia>



PwC. (2022). *2022 Australian Telecommunications, Media & Technology Outlook*. Retrieved from PwC : <https://www.pwc.com.au/industry/telecommunications/assets/2022-australian-tmt-outlook.pdf>

Telstra. (2021, September). *TELSTRA NEWS*. Retrieved from Introducing T25: our plan for growth and enhanced customer experiences: <https://exchange.telstra.com.au/introducing-t25-our-plan-for-growth-and-enhanced-customer-experiences/>

The Department of Infrastructure, Transport, Regional Development, Communications and the Arts. (2022, June 27). First major milestone delivered under the Better Connectivity for Rural and Regional Australia Plan. Canberra. Retrieved from https://minister.infrastructure.gov.au/rowland/media-release/first-major-milestone-delivered-under-better-connectivity-rural-and-regional-australia-plan?utm_source=miragenews&utm_medium=miragenews&utm_campaign=news