



**Australian Mobile
Telecommunications
Association**

AMTA Submission to Australian Communications and Media Authority:

Reconfiguring the 890-915/935-960 MHz Band

7 March 2017

Background

The Australian Mobile Telecommunications Association (AMTA) is the peak industry body representing Australia's mobile telecommunications industry. Its mission is to promote an environmentally, socially and economically responsible, successful and sustainable mobile telecommunications industry in Australia, with members including the mobile Carriage Service Providers (CSPs), handset manufacturers, network equipment suppliers, retail outlets and other suppliers to the industry. For more details about AMTA, see www.amta.org.au.

Introduction

AMTA welcomes the opportunity to provide comment on the Australian Communications and Media Authority's (ACMA) consultation regarding reconfiguration of the 890-915/935-960 MHz band.

AMTA strongly supports this band being allocated to mobile broadband (MBB). The economic and social benefits of MBB are well understood by the ACMA and the continuing growth in demand for MBB is well documented. We therefore believe that the highest value use of this band remains MBB.

We see that there are some complexities involved in the proposed options for reconfiguration of the 890-915/935-960 MHz band and believe that the ACMA should consider some of these more closely. We have outlined these complexities below.

Economic benefits of Mobile Broadband

MBB continues to play a key role in stimulating Australia's economic growth and productivity. It is a driving force in connecting people and businesses, stimulating innovation and technological progress, and transforming industries. Future development of mobile and fixed wireless technologies, such as 5G, the Internet of Things (IoT) and Machine to Machine (M2M) applications will re-shape the Australian economy and drive productivity improvements.

Recent research by Deloitte Access Economics found that mobile telecommunications creates significant benefits in terms of productivity and workforce participation.¹

Specifically, the research showed that Australia's economy was \$42.9 billion (2.6% of GDP) bigger in 2015 than it would otherwise have been because of the benefits generated by mobile technology take-up with an increase in:

- long term productivity of \$34 billion or 2% of GDP); and
- workforce participation of \$8.9 billion, or 0.6% of GDP).²

The research also found that 65 000 full-time equivalent jobs were supported by the increased GDP attributable to workforce participation (equivalent to 1% of total employment in the Australian economy).³

1 Deloitte Access Economics, Mobile Nation: Driving workforce participation and productivity, 2016.

2 Ibid

3 Ibid

Demand for Mobile Broadband continues to grow

The global demand for MBB continues to grow and the evolution of 5G and IoT services will place even greater pressure on the capability of industry to meet growing demand without sufficient spectrum allocations.

Ericsson's [Mobility Report](#) (Nov 2016) forecast:

- There will be 550 million 5G subscriptions by the end of 2022;
- 4.6 billion LTE subscriptions by the end of 2022;
- Mobile broadband will account for 90% of all subscriptions by end of 2022;
- VoLTE subscriptions will surpass 200 million by the end of 2016;
- Mobile data traffic grew by 50% from Q3 2015 to Q3 2016;
- Between 2016 and 2022 traffic generated by smartphones will increase by 10 times; and
- As the most populous region, Asia Pacific has the largest share of mobile data traffic. This is likely to continue into 2022, with a rapid growth in mobile broadband subscriptions expected in the region. China alone is set to add 440 million mobile broadband subscriptions between the end of 2016 and 2022.⁴

Complexities

AMTA submits that there are some complexities involved in the proposed options for reconfiguration of the 890-915/935-960 MHz band that the ACMA should closely consider:

1. While the consultation paper also notes that each 5 MHz lot might not be of equal value,⁵ some of the proposed options are based on the assumption that they are of equal value. There are potential interference issues with the 5MHz lots at either end of the band that will impact on whether they can be fully utilised and so affect the utility (and value) of these lots.
2. Interference due to imported IMS devices is still common despite being illegal. This is primarily due to inconsistencies with the USA's spectrum plan and the ability of consumers to purchase devices online from the USA. This is a problem that can be managed but probably not resolved and will therefore impact on the value of the affected spectrum range.
3. Further clarification is needed on the proposed spectrum trading processes as detailed at Options 2 and 4. There are also some practical challenges with regard to trading that would need to be addressed, including whether and when holdings can be split. AMTA is open to further exploration with regard to how options 2 and 4 could work. For example, once a pathway for conversion of licences is established, there could also be a transition period included in the process where spectrum owners could potentially trade holdings before the licences are converted.

In addition, some jurisdictions (e.g. QLD, N.T.) are yet to abolish stamp duty on the trading of spectrum (and apparatus) licences. We recommend the ACMA and the Australian

⁴ [Ericsson Mobility Report](#), On the pulse of the networked society, November 2016

⁵ ACMA, *Reconfiguring the 890–915/935–960 MHz band: Consultation paper*, p. 9-10.

Government pursue this matter with relevant jurisdictions. That said, AMTA is unclear on the extent to which stamp has inhibited spectrum trading. Transaction costs, like stamp duty, will deter efficient trading if the delta between a buyer's willingness-to-pay and a seller's willingness-to-sell is less than the impost of the transaction cost. However, transaction costs do not necessarily prevent spectrum trading from occurring.

Conclusion

AMTA supports the continued allocation of the 890-915/935-960 MHz band for use by MBB.

AMTA has outlined some of the complexities involved and looks forward to further engagement with the ACMA as it considers the potential reconfiguration of the band.

Any questions about the above comments can be directed to Lisa Brown, Policy Manager, AMTA at 02 6239 6555 or lisa.brown@amta.org.au .