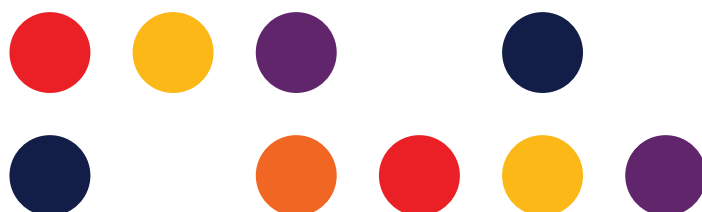


Expiring Spectrum Licences Stage 4 – Proposed application and decision-making process

TPG Telecom submission to ACMA

February 2026

Public submission



Submission

*This submission is made in response to the materials released by the ACMA in its stage 4 consultation for expiring spectrum licences, published in December 2025. Specifically, the renewal application and decision-making process consultation paper (the **Process Paper**). A separate submission is made in response to the updated preliminary views on pricing consultation paper (the **Pricing Paper**).*

Introduction

TPG Telecom (**TPG**) welcomes the ACMA's preferred position to renew the expiring spectrum licences (**ESLs**).

This TPG submission focusses on:

- 1) why the option of annual payment terms is necessary;
- 2) why the proposal to require very early payment of licence charges is unreasonable;
- 3) reduced certainty in relation to ESL bands not for renewal in 2026; and
- 4) practical recommendations to de-risk inefficient outcomes that are not in the public interest.

A separate submission to the Pricing Paper is also made by TPG. TPG believes a more defensible benchmarking process would produce significantly lower unit prices (\$/MHz/pop), as set out below:

Band	ACMA Stage 4 proposal	All adjustments (1-4) together	1: CPI to MSR only	2: PPP to spot only	3: Excluding 3.4GHz outliers only	4: Combining 3.4GHz and upper 1-3GHz only
700MHz	0.7405	0.3258	0.5039	0.4789	0.7405	0.7405
850MHz	0.7558	0.3428	0.5301	0.4887	0.7558	0.7558
1800MHz	0.3030	0.1835	0.1870	0.2997	0.3030	0.3030
2000MHz	0.2757	0.1533	0.1562	0.2727	0.2757	0.2757
2.3GHz	0.1596	0.0526	0.0870	0.0968	0.1596	0.1746
2.5GHz	0.1621	0.0543	0.0898	0.0983	0.1621	0.1773
3.5GHz	0.2052	0.0517	0.1212	0.1281	0.1569	0.1731

Payment terms need to be revised

In our submission to the Pricing Paper, we explain how the ACMA's Stage 4 price proposal would reduce investment, competition and innovation. It unnecessarily multiplies the risk of

negative structural changes to the telecommunications market.

To de-risk those outcomes, the ACMA should reconsider the requirement for lump sum payments and revise the timing requirement of payments.

TPG recommends the ACMA: 1) make annual payments available as an option, and 2) enable payment of the licence fee no earlier than a month prior to the commencement of the new licences (this would also apply to the first payment, if annual payments are adopted).

Annual payment option should be available

The only way MNOs will be able to pay the amount the ACMA demands in lump sums is to fund the spectrum payments via debt.

Given the existing financial instability issues facing MNOs, increasing their debt levels increases their costs (due to additional financing costs) and constrains borrowing capacity. This is not an outcome in the public interest.

Annual payment options will allow spectrum costs to be 'smoothed out' across the duration of licences and licensees can avoid having to take on significant amounts of debt to pay for new licences. Not only does this improve balance sheets and preserve already thin borrowing capacity for infrastructure programs, it also avoids financing and associated administrative costs.

There are multiple examples of payment by instalments for spectrum licences purchased at auction. It would not be a radical departure from precedent for the ACMA to adopt a similar payment structure for ESL licences. These matters were covered in prior submissions by stakeholders.

The financing costs are not trivial: at an approximate 5.5% p.a. cost of debt, it will cost TPG over \$42m a year to finance the approximately \$767m in renewal costs for just the 800 MHz and 1800 MHz licences.

To put that in context, the interest cost alone is equivalent to the capital costs to build 20-40 regional/rural greenfield mobile sites per year. The interest cost will increase even more when financing costs for the other 3 ESL bands are considered.

The incremental cost of requiring lump-sum payments is not just the foregone mobile sites or the direct costs to TPG, it is also the associated public benefit that comes with better services, more competition, and more investments in high-quality engineering jobs to support expanded infrastructure projects. Once incurred, this significant opportunity cost cannot be recovered by the sector.

When comparing counterfactuals, the ACMA should see the option for annual payments would be far superior in promoting the object of the *Radiocommunications Act 1992*

(**RadComms Act**) and the policy objectives specified in the Ministerial Policy Statement (**MPS**). The ACMA's proposal is a step backwards.

If the ACMA is concerned about the risk of non-payment associated with annual instalments, it can request bank guarantees for a portion of the due amount from licensees. This was the approach taken when the ACMA agreed to payment of spectrum charges by instalment for the 700 MHz and 26 GHz auctions, where a bank guarantee of 5% for the amount owing had to be provided.

Proposed payment timing leads to unnecessary risks for licensees

The ACMA has proposed an application process where a licensee could be required to pay for a new licence up to 19 months prior to the commencement of the new licence. This is the first time licensees have had notice of such a proposal.

As explained above, TPG's financing cost of just the 800 MHz and 1800 MHz licences alone, is expected to be more than \$42 million per year. This is substantial and it is unreasonable for the ACMA to require licensees to bear this cost for a long period of time prior to the commencement of a licence. That would be forcing a cost onto licensees for a right or service that has not been supplied.

When comparing counterfactuals, it is immediately obvious the ACMA's proposal, which adds unnecessary and unreasonable incremental costs, is suboptimal and does not promote the object of the Radcomms Act or Government policy.

ACMA's reasoning

We understand the ACMA's view on payment timing is:

- when the ACMA receives an application for renewal of a spectrum licence under section 77C(1) of the RadComms Act, the ACMA is required to make a decision in response to that application within 6 months (unless extended) under section 286(6) of the RadComms Act;
- if the ACMA decides to renew a licence, its decision making is complete when it issues a new spectrum licence to the applicant (in accordance with section 77C(1) of the RadComms Act); and
- the ACMA will not issue a new spectrum licence until payment is made in full.

We understand that it is the interplay between these elements that is driving the ACMA's proposal to require lump sum payment well in advance of the commencement of the licence.

The law does not require payment prior to licence issue

TPG believes the ACMA's proposed payment timing is a matter of policy and should be changed. There is no legislative requirement for the ACMA to require payment *prior* to issuing a new spectrum licence for the ESLs. This is illustrated by section 294 of the RadComms Act, which empowers the ACMA to (1) fix spectrum access charges and (2) specify when those charges are payable. The legislation is otherwise silent on prescribing payment terms.

Further, section 77C(2) of the RadComms Act, which empowers the ACMA to renew a spectrum licence, does not restrict the ACMA on payment terms. Indeed, subsection 77C(2)(b) explicitly references "reaching an agreement with the ACMA" for payment, which strongly suggests there is flexibility on the part of the ACMA on payment terms. Put differently, the ACMA is not *required by law* to obtain payment before issuing a new licence (nor that a lump sum payment is required).

In this regard, TPG considers the ACMA must consider alternatives that satisfy the requirements of section 77C(1) and section 286(6) by issuing a renewed spectrum licence *conditional* on payment of the access charge, whether that is by lump sum payments or annual instalments. If payment is not received by a specified date no earlier than one month to the licence commencement, then the licence lapses.

The ACMA could include these conditions in the access charges fixed under section 294 of the RadComms Act, given licensees are required to comply with access charge determinations as a condition of their spectrum licence. For example, the spectrum licence for the 800 MHz band includes:

Licence Schedule 3 Statutory Conditions

Liability to pay charges

1. The licensee must comply with all its obligations (if any) to pay:

(a) charges fixed by determinations made under section 60 of the *Australian Communications and Media Authority Act 2005*; and

(b) spectrum access charges fixed by determinations made under section 294 of the Act; and

(c) amounts of spectrum licence tax.

Alternatively, the ACMA could include a more specific condition regarding payment in the new spectrum licence or by agreement, which would have the effect of voiding the licence should payment not be received prior to its commencement date.

These alternatives appropriately balance the need for certainty, while enabling the ACMA to

meet statutory requirements.

Practical means to address perceived counterparty risk

The ACMA has several options available to guard against the risk of non-payment including requiring bank guarantees for a portion of the licence fees. This approach was taken in auction processes run by the ACMA.

Given the importance of spectrum to each MNO and the safeguards and measures that the ACMA can put in place, we believe the degree of non-payment risk borne by the ACMA is effectively nil.

As a last alternative, if the ACMA chooses to adopt the stage 4 proposals as final without any adjustments, then it should create a “pre-filing” process so licensees could seek an informal view about a renewal application without triggering the start of the 6-month statutory deadline.

TPG proposals promote the public interest

The alternatives above promote the public interest. Specifically, investment and innovation are promoted, as licensees will have the certainty that a spectrum licence will be renewed, meaning no impact on consumer services or network planning.

At the same time, licensees will not be required to pay for a renewed licence 19 months before it commences and they avoid significant costs to service hundreds of millions of dollars in debt, which could otherwise be invested into the network, services and people.

Competition is enhanced because the adoption of the same payment due date for all renewed licenses is fair – it means a licensee is not advantaged or disadvantaged based of when they submit their application. It is reasonable and necessary for the ACMA to take these factors into account in determining payment timing, particularly given the costs and quantum of spectrum being renewed.

Given the proposed alternatives reflect or build on known ACMA practices, TPG considers they do not create any additional complexity. Notwithstanding, the degree of complexity is immaterial, as the ACMA’s consideration is focussed on the public interest test.

Lack of certainty

The ACMA proposes to re-run its pricing calculations for all ESL bands other than 800 MHz and 1800 MHz. This means licensees cannot rely on the ACMA’s final stage 4 view.

Given the quantum of licence fees involved, it is important licensees have maximum price certainty so they can forward plan appropriately.

We believe it is reasonable for the ACMA to commit to either the final stage 4 view, or the

lower of the price point between its final stage 4 view and any pricing calculation re-runs. This will give licensees a degree of comfort in the price for ESL spectrum in their forward plans.

The alternative is that licensees may not commit to other investment programs because of the risk that the ACMA's price re-runs makes ESL spectrum even more uneconomic, and the licensee has overcommitted capital on other projects.

Specific questions

Question 1

Do you foresee any practical reasons that would prevent you from providing information that is accurate as of a date closer to when the application is made? (For example, accurate as of 30 days prior to when the application is made.)

Generally speaking, we do not expect any difficulties in providing information to the ACMA. However, this is dependent on how specific the ACMA is about its information request.

Question 2

Do you foresee any practical issues that would prevent you from providing the proposed documents about existing and planned sites and coverage in the required format to the ACMA as part of a renewal application?

Generally speaking, we do not foresee any practical issues. However, we note any forward-looking network plans can be subject to various conditions and may change. For example, the Government's unannounced and unexpected Huawei ban forced TPG to radically change its 5G strategy. It involved a significant redesign and delays.

As long as the information is taken with that understanding, TPG does not believe it is an obstacle.

Question 3

Do you foresee any practical issues that would prevent you from providing the proposed documents about third-party authorisations in the required format to the ACMA as part of a renewal application?

We do not.

Question 4

Do you foresee any practical issues that would prevent you from paying the spectrum access charge in full within the proposed timeframes?

As outlined in this submission, TPG sees significant issues with the process proposed by the ACMA. TPG does not believe the ACMA's proposal is reasonable.