

Telecommunications Legislation Amendment (Universal Outdoor Mobile Obligation) Bill 2025

Environment and Communications Legislation Committee

Submitter:

Michael Sanderson

Advisor to Bank Reform Now (14K followers)

Foundation member to 'Bank Warriors'



Introduction and purpose

I welcome the objective behind this bill. Mobile connectivity is no longer a luxury or a convenience product. It is essential economic and social infrastructure. The material accompanying the bill makes plain why reform is needed. The bill is intended to establish a Universal Outdoor Mobile Obligation, initially for voice and SMS, with Telstra, Optus and TPG as the default primary providers, and with the obligation presently structured around a default day of 1 December 2027. The explanatory material and the Bills Digest also make clear that the present model relies heavily on evolving direct to device capability and broad ministerial discretion to define and adjust the obligation over time.

My submission proceeds on the basis that Parliament should test this bill not by the aspiration it announces, but by the legal architecture it creates and the institutional model it preserves.

Two filters for assessing the bill

Filter one is *'good public purpose'*. In this context, good public purpose means a telecommunications system that maximises universal access, reliability, affordability, public safety, continuity under failure conditions, and genuine equality of access across geography and income.

Filter two is that the ‘*Federal Government’s paramount purpose is to build a floor that all can stand on, irrespective of geography, and to regulate a ceiling that protects from disproportional excess*’. In telecommunications, the floor is universal baseline connectivity that people can actually use in practice wherever they live, work or travel across Australia. The ceiling is preventing essential communications infrastructure from becoming a vehicle for avoidable scarcity, private gatekeeping, fragmented coverage, excessive pricing, and public dependence on commercially contingent rollout decisions.

Against those two filters, the bill should be treated as an incomplete first step rather than a finished public purpose reform.

What the bill does and why that is not enough

The legal object of the bill is narrower than the speeches around it. The bill creates a framework for outdoor coverage that is to be reasonably available on an equitable basis, but it begins only with voice and SMS, excludes important settings from the concept of outdoors, and leaves major elements of scope, exclusions, benchmarks, obligations, and commencement to later ministerial instruments. The Bills Digest records concern about the breadth of those delegated powers and about the indeterminacy of key concepts such as “*reasonably available*” and “*equitable basis*”.

That matters because public purpose infrastructure should not depend on vague obligations and optimistic speeches. The accompanying material projects the bill as a major safety and coverage reform, yet the same material acknowledges that current direct to device capability is still evolving, that SMS is available only on certain handsets, that voice capability is expected rather than presently universal, and that important questions of affordability, compatibility and practical access remain unresolved. That is not yet a universal guarantee in any robust sense.

Why the private model fails the public purpose test

The bill also leaves unresolved the core public purpose question of institutional design. It proceeds by imposing a baseline obligation on incumbent private providers and then layering a flexible regulatory framework on top. That may be administratively convenient, but it is not the strongest public purpose model. In my view, the stronger model is not merely a federally owned overlay sitting beside private network ownership. It is the progressive nationalisation of the major mobile networks and their integration into a single federally owned national mobile system, with equitable and competitive access for retail providers above that common public platform.

The factual basis for that conclusion is already on the record. The Bills Digest records dissatisfaction in regional, rural and remote Australia, including reliability issues, call

dropouts and slow data speeds. It cites the ACCC's point that in low density areas there is often no commercial business case for operators to invest. It also records that the existing universal service architecture has required long term public support through the Public Interest Telecommunications Services Special Account, even as earlier reviews found the legacy arrangements increasingly inadequate. That is not evidence of privatisation solving the universal service problem. It is evidence of a privatised structure producing predictable under provision and then requiring public patching after the event.

This bill risks repeating that same error in updated form. The explanatory material confirms that the UOMO is a retail obligation on the three national mobile network operators and does not mandate open wholesale access to all underlying capability. The Bills Digest also records concern that limiting the scheme to the three network owners may create affordability and competition problems for consumers who buy through mobile virtual network operators. In other words, the legislation continues to treat the private owners of the core network as the organising centre of the system, while leaving the state to regulate around the edges. We know where this logic leads. Banking, supermarkets, gas, airports and ports all show variants of the same pattern. When essential systems and natural monopolies are left in concentrated private hands, public dependence becomes private leverage, access gives way to extraction, and governments are left to patch failures they should never have outsourced in the first place. Telecommunications should not be organised on the same failed model. That is the wrong way around. Essential communications infrastructure should be publicly owned at the foundation, and accessed equitably and competitively above that foundation.

There is also a broader historic justification for nationalisation in essential infrastructure. Australia has repeatedly been told that privatisation and deregulation would deliver lower prices, wider access, better service, and more efficient investment. In sectors central to daily economic and social life, that promise has not been borne out in practice. Banking is a clear example. Market led restructuring, consolidation, branch closures, digital substitution, and private profitability tests did not produce universal service, equal access, or resilient community infrastructure. They produced withdrawal from less profitable areas, thinner face to face service, greater exclusion for regional and vulnerable users, and the need for governments to patch gaps after the event through partial obligations, public pressure, and ad hoc support arrangements. It should not be lost on the committee that the increasingly privatised banking model now depends heavily on the reliability of telecommunications infrastructure. If the mobile network fails, a significant portion of access to banking services, payments, transfers, authentication, and digital account management will fail with it. The same broad lesson

can be seen whenever essential systems are treated primarily as commercial assets rather than as public foundations.

The problem is structural. Where a service is essential, where access must be reliable irrespective of geography, and where duplication of core infrastructure is often wasteful or commercially irrational, private ownership does not naturally align with good public purpose. A corporation's governing obligation is to its shareholders, not to the service as a public good in itself. The private operator is rewarded for margin, asset leverage, selective investment, and withdrawal from low return areas. The public, by contrast, needs continuity, universality, affordability, and planning on the basis of need. Those logics are not the same. That is why privatisation and deregulation so often end with shrinking service, rising prices, weaker accountability, and a familiar cycle in which the state is forced to subsidise, regulate, or rescue a system it no longer directly controls.

Why public ownership is the stronger institutional model

A nationally owned mobile system would do what the privatised model has not done. It would separate essential infrastructure from rent seeking. It would allow network planning on the basis of need rather than narrow return thresholds. It would reduce the duplication and strategic withholding that occur when a small number of firms control core network assets. It would allow public investment to secure public control rather than subsidise private compliance. It would also permit all retail providers to access the same national network on fair, transparent and non-discriminatory terms, improving competition where competition is useful while ending private bottleneck control where competition is not useful.

It would also create a genuinely universal floor. A national public system should be built around the proposition that every person in Australia is entitled to basic connectivity as a matter of right, not as a residual commercial offering. The explanatory material notes that only around a third of the Australian landmass presently has coverage, and the Bills Digest records that in many regional and remote areas the problem is the absence of a commercial business case. That is exactly the kind of structural gap public infrastructure institutions are meant to solve. Australia's public road network provides a useful analogy. It is foundational national infrastructure, publicly secured, and then used by private individuals and firms on broadly equal terms. Freight companies, tradespeople, retailers, service providers, and households all compete or participate on top of that common public platform. If the national road network were instead a toll system controlled by three private entities, each able to shape access, price, quality, and coverage around commercial return, the public would immediately recognise the distortion and vulnerability that would create. That is effectively the logic being carried into telecommunications. If connectivity is essential to safety, participation, and national development, its provision should not be conditional on whether private

network owners can make a satisfactory margin from sparse populations. It should be secured as national infrastructure and then made available for equitable and competitive access above that public foundation.

Public ownership would also allow Parliament to focus on core public purpose rather than fringe for profit innovation. The present debate risks being distracted by the novelty of direct to device technology as a commercial frontier. But Parliament's real question is not whether a technology is exciting. It is whether Australia is building a dependable universal communications floor. Public policy should therefore start with safety, coverage, affordability, interoperability, device access, fault response, and continuity in disasters. It is not the business of government to concern itself with premium differentiation or speculative market opportunities in any context. Its business is to secure the public foundations of safety, participation, stability, and productive capacity on which society depends.

The lesson of the NBN

Australia already has a live example of the institutional model that should guide reform here, and it did not arise in a vacuum. The NBN was born, in substantial part, out of the failure of the market led broadband model to deliver uniform, affordable, high-speed access across Australia. A Senate committee found that broadband rollout decisions had largely been made on commercial considerations, producing a lack of uniform access to affordable broadband, especially in rural and regional areas. A later government commissioned broadband cost benefit analysis stated that, because private investment would not make the necessary investment to provide a ubiquitous high speed and high-capacity broadband platform throughout the country, the government established NBN Co. That history matters. It shows that where foundational communications infrastructure is left to fragmented private incentives, public need is subordinated to commercial return, and government is eventually forced to step in anyway.

NBN Co states that it was established in 2009 by the Commonwealth of Australia as a Government Business Enterprise to design, build and operate a wholesale broadband access network for Australia. Budget material for the NBN also described it as delivering next generation broadband services to all Australians and providing open access to all retailers on equivalent terms. That is a significant point of principle. The public owns the foundational network, while private providers compete above it in the retail layer. That is much closer to good public purpose than the model proposed in this bill, which leaves the core mobile network in concentrated private hands and then tries to regulate around the consequences.

The NBN also shows that public ownership and retail competition are not opposites. They are complements when structured properly. Australia's digital backbone is already organised around the proposition that the core network should be nationally planned, publicly anchored, and made available on fair terms to competing providers. NBN Co's own material distinguishes between the role of NBN, which is responsible for building the network and for faults, maintenance, and outages on that network, and the role of retail providers, which are responsible for plans, pricing, installation support, capacity, and the speed users experience. That separation is highly relevant here. It shows that Australia already has an institutional template for separating essential infrastructure from retail competition. The committee should ask why that principle is accepted for fixed broadband, yet abandoned for mobile communications even as mobile service becomes just as essential to safety, participation, and economic life.

Sovereign risk and the satellite problem

The case for nationalisation becomes stronger once the satellite layer is considered. The Government expects the obligation to be met partly through low Earth orbit satellite partnerships. Yet the Bills Digest records concerns that private providers may become price takers in dealings with third party satellite operators, that there are significant bargaining asymmetries in favour of those operators, and that reliance on foreign entities raises sovereign risk concerns. It also records concern that some of the key operators are based overseas and that the market may only support one or two of them. A universal national safety network should not rest on fragmented private bargaining with offshore gatekeepers. Partnerships with offshore satellite providers should be treated as a last resort where strictly necessary, not as the primary architecture of a universal national safety network. Public ownership of the domestic mobile network, combined with direct public control over national procurement and infrastructure strategy, would provide a much firmer institutional base.

Affordability, compatibility, and practical access

This is why the concerns already raised in the parliamentary material should be taken seriously. The Bills Digest records concern that "*reasonably available*" and "*equitable basis*" are not clearly defined, that affordability is not built expressly into the bill, and that compatible devices may remain unaffordable for many people in regional, rural, remote, and First Nations communities. Those concerns go to the heart of whether the bill secures real access or merely creates a formal obligation that may still be difficult to use in practice. A universal service floor is not universal if the handset is unaffordable, the plan is unaffordable, the service is unreliable, or the obligation is left so open textured that consumers cannot know what they are entitled to expect.

My central recommendation is therefore larger than the bill now before Parliament. This bill should be amended, or followed promptly by further legislation, to establish a single federally owned national mobile network as essential public infrastructure. That reform should progressively nationalise the existing major mobile network assets and operate them as one integrated public system, with equal wholesale access for qualifying retail providers. Public ownership would standardise the core network, eliminate needless duplication, and align national planning, investment, and service obligations with public purpose rather than fragmented commercial strategy. The network should guarantee baseline voice, SMS, emergency access, and such minimum data capability as becomes technically feasible, with affordability, compatible device access, disaster continuity, roaming, and fault rectification in regional, rural, and remote Australia made explicit in law. Ministerial discretion should be narrowed, not used as a substitute for legislative design. It is not the business of government to chase premium differentiation or speculative market opportunities. Its business is to secure the universal public foundations on which safety, participation, and economic life depend.

Public finance and the real constraint

This also requires clarity on public finance. For a currency issuing Commonwealth, the practical fiscal constraint is not that it must first find dollars before it can act. The Reserve Bank explains that government payments and receipts affect Exchange Settlement balances in the banking system, and that inflation depends on the relationship between demand and the economy's capacity to supply goods and services. Those are not the mechanics of a household budget. They are the mechanics of a currency issuing national government operating through its central bank. That is a right pocket paying the left pocket transaction. The relevant question is not whether the Commonwealth can obtain its own currency, but whether the nation has, or can organise, the engineers, technicians, satellites, spectrum management, ground infrastructure, devices, logistics, legal authority, and administrative capability needed for a universal mobile system. If those real resources do not exist, private ownership does not make them appear. If they do exist, the Commonwealth can mobilise them for public purpose.

That does not mean all spending is without consequence. It means the relevant discipline is real resource availability, inflation risk, sequencing, and execution quality. The Reserve Bank explains that inflation can arise from both demand pull and cost push forces, and has emphasised the importance of supply capacity and productivity to how much demand the economy can sustain without inflation rising. That point matters here. A small number of private, for-profit operators in an essential network industry can be a source not only of under provision, but also of cost push pressure through pricing power, margin protection, and bottleneck control. Australia is already living through a

related lesson in highly concentrated consumer markets. The ACCC's supermarkets inquiry found that Aldi, Coles, and Woolworths increased their average product margins over the last five financial years, and that Coles and Woolworths exercise significant bargaining power over suppliers. The serious question for Parliament is therefore not simply whether public spending might add to demand. It is also whether continued dependence on a concentrated private structure leaves essential communications exposed to the pricing behaviour of firms whose obligation is to shareholders, not to universal service at cost.

If Australia has, or can organise, the real resources required to build and operate a universal mobile system, then the project is affordable in Australian dollars. If it is doable, it is affordable. The right question is therefore whether the Commonwealth will organise national capacity for good public purpose, while managing inflation through timing, sequencing, and resource allocation, or continue to leave basic communications security to a fragmented private structure and then patch the failures afterwards.

I would be pleased to provide a further submission on Commonwealth currency issuance should the committee, or any committee member, require further explanation.

Conclusion

I therefore urge the committee to assess the bill not against its speeches, but against its legal and institutional reality. On that test, the bill is too discretionary, too technologically optimistic, too thin on affordability and practical access, and too dependent on the private provider structure created by the privatised telecommunications model. Parliament should learn from past and ongoing reliance on self-serving private entities to deliver essential services. That model has repeatedly failed the test of good public purpose. Banking, supermarkets, gas, airports, and ports all show the same truth. When essential systems and natural monopolies are handed to concentrated private interests, public dependence becomes private leverage, service becomes extraction, and governments are reduced to patching failures they should never have privatised. The lesson of the NBN should not be ignored. When the market failed to deliver universal and adequate broadband on fair terms, the Commonwealth was forced to step in and build the foundational network itself. Parliament should apply that lesson here. If it repeats the old mistake in mobile telecommunications, while remaining blind to the monetary and institutional power of the Federal Government to secure essential infrastructure directly, it will not be addressing the problem. It will be entrenching it in a new form. This bill should be strengthened substantially and redirected toward full public ownership of the core mobile network, so that public purpose, not private extraction, becomes the governing principle of Australia's mobile communications future.