25 July 2025

The Treasury

Langston Crescent
Parkes ACT 2600

By submission: https://consult.treasury.gov.au/economic-reform-roundtable-2025

RE: Economic Reform Roundtable

The Internet Association of Australia Ltd (**IAA**) thanks the Treasury for the opportunity to respond to its Economic Reform Roundtable consultation.

IAA is a member-based association representing Australia's Internet community. Our membership is largely comprised of small to medium sized Internet service providers who in turn provide internet access and related services to individuals and businesses. Our response is therefore primarily in representation of these members in the telecommunications sector, but we are also writing for the broader public benefit in support of economic reform that will foster improvements in Australia's digital and data ecosystem.

The increasing digital and data-driven age presents an immense opportunity for Australia to harness new technologies to boost productivity and build long-term resilience. However, there are key issues impeding Australia's capacity to leverage the full potential of digital transformation. In particular, we highlight the need to prioritise the below areas:

- Balancing regulatory burden with appropriate consumer protections
- Addressing Australia's technology skills shortage
- Ensuring efficient infrastructure development in regional Australia

While our response primarily focuses on the above challenges in relation to the telecommunications industry, we consider that these are relevant to Australia's broader national economy due to the interdependencies across sectors, and the key role that communications play in everyday Australian life.

OUR RESPONSE

COORDINATION OF POLICY AND REGULATORY ENVIRONMENT

The rapid development of new technologies, and the adoption of such, has brought about both benefits and challenges for Australian society. While digital technologies have vastly improved the ease of everyday life, it has also brought about unprecedented challenges especially in relation to cybersecurity and data protection. This has resulted in an immense increase in regulation over the telecommunications sector with a growing number of compliance obligations, as well as an

increase in the number of government and regulatory bodies overseeing different areas of telecommunications operations.

IAA recognises that regulatory settings are necessary, particularly since telecommunications providers have greater influence and responsibility as society's dependence on communications services to conduct everyday activity grows. However, the scale and pace at which the regulatory landscape has expanded is creating an environment that is stifling innovation and growth.

Importantly, the regulatory approach has largely been reactive and has been propelled by key events such as large-scale network outages and data-breach incidents. While government dismay regarding major incidents has been understandable, its reaction to it has nevertheless resulted in a convoluted and, at times, duplicative regulatory landscape extremely difficult for industry to navigate. This is especially true for the smaller telecommunications service providers. Australia has a long tail of small telecommunications providers that are disproportionately burdened by the ad-hoc and reactive regulatory framework that slows innovation and reduces competition in what is already a highly concentrated sector. This is detrimental to consumers and the Australian economy overall as it limits consumer choice, deters foreign investment and reduces potential productivity gains. Smaller providers generally have the ability to provide services tailored specifically to their customers and our members report the regulatory burden as a serious distraction that diverts resources from good customer service generally adding little benefit to their security and quality of offering.

IAA recommends establishing a regulatory initiatives forum for the telecommunications sector.

We understand that a Regulatory Initiatives Grid was introduced for the Australian financial sector in 2024. IAA strongly supports this initiative and believes a similar approach is necessary to provide the telecommunications sector with transparency and confidence in the regulatory landscape, allow industry better forward planning and strategic direction while also ensuring appropriate protections are being implemented to secure Australia's communications systems, networks and surrounding practices.

Given the increasing number of agencies regulating the telecommunications sector, this coordination approach will improve efficiency of government and regulatory efforts by reducing the risk of duplicative legislative regimes.

In addition, this reactive and ad-hoc approach limits the effectiveness of consultation processes that are fundamental to a thriving democratic society. Rushed consultations result in insufficient time for stakeholders to meaningfully engage and provide well-informed input. This is especially the case for smaller entities that lack resources to engage in formal consultation processes, despite often being disproportionately burdened by regulatory change. Simultaneously, government and regulators do not have the opportunity to judiciously consider input, resulting in regulatory outcomes that are often impractical or result in the unintended consequence of introducing operational inefficiencies for industry. Additionally, there is a gap in the consultation process cycle whereby stakeholders do not receive a response that sets out how their input was considered. This lack of feedback undermines trust in the policymaking process and discourages continued engagement in regulatory consultations.

IAA recommends reforms to improve transparency and consistency in consultation processes

To strengthen trust and accountability in the regulatory process, we believe greater transparency is required in relation to how consultations and impact assessments are conducted by government and regulators. We understand that the regulatory impact analysis process exists alongside the Best Practice Consultation guidance note provided by the Office of Impact Analysis. However, we note that consultation processes are often inconsistent and lack public visibility.

We recommend the below to improve consultation processes, and thus the overall quality of Australia's regulatory landscape:

- Mandatory public statements of completed risk impact analysis, including a summary of stakeholder feedback and how these informed the final decision, as well as a summary of consultation outcomes; and
- Regulator/compliance consultation checklists to demonstrate adherence to best practice consultation principles.

AUSTALIA'S TECH SKILLS GAP

IAA recommends that government prioritises a comprehensive jobs and skills reform that involves active and deep collaboration between all stakeholders to ensure a resilient Australian labour force into the future.

The tech skills shortage in Australia is a persistent issue, greatly affecting our productivity and economic resilience. According to the 2023 report by Jobs and Skills Australia, shortages were particularly pronounced amongst ICT professionals with almost 70% of ICT professional occupations in shortage.[1] This is an alarming figure in consideration of our growing dependence on technology. If Australia is to take advantage of the digital age and leverage technological development to enhance economic growth and resilience, reform is needed to address the tech skills gap. Indeed, according to a report by the Australian Information Industry Association, Australia's skills deficit remained the most significant barrier to sector growth at 44%, whilst cybersecurity and AI skills were most in demand.[2] In addition, the COVID pandemic particularly highlighted the vulnerabilities associated with a plan that relies on sourcing skilled migration and the need to grow a domestic talent pool resilient to external factors to ensure a sustainable workforce.

There is need for a comprehensive and targeted strategy focusing on technical education, starting from primary education and continuing to life-long training for the existing workforce. This includes greater funding for primary and secondary education to include digital components across all disciplines but also the need to make tertiary education more accessible with greater focus on teaching practical real-world skills. According to the AIIA survey, there is a persistent trend of VET and university graduates not being job-ready. Skills mismatch disproportionately affects smaller

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[1] Jobs and Skills Australia, *Annual Jobs and Skills Report 2023* (2023), <https://www.jobsandskills.gov.au/download/19298/towards-national-jobs-and-skills-roadmap/1968/2023-annual-jobs-and-skills-report/pdf>.

[2] Australian Information Industry Association, *AIIA Survey – Digital State of the Nation 2023* (2023), < https://aiia.com.au/wp-content/uploads/2023/06/AIIA-Member-Survey-2023-final.pdf>.

organisations that lack the resources to hire and train graduates, further adversely affecting competition in Australia's economy.

In addition, ongoing training to allow people to up-skill and/or move into data and digital roles should be prioritised. The Jobs and Skills Australia report indicates a great increase of jobs across the overall workforce requiring digital and data skills in 2022 compared to the figure identified only four years prior in 2018. It is therefore critical that there is a multistakeholder effort comprising government, industry and the education sector to develop lifelong digital education initiatives and programs. It is imperative that this plan is thoroughly collaborative to ensure courses and training align with the needs and demand forecast of industry. We also note the further complexities such as (but not limited to) gender imbalances and geographic remoteness that affect skills shortages across Australia that must be addressed.

It is thus clear that there is need for an end-to-end, comprehensive strategic plan supported by targeted implementation to address the structural and systematic barriers driving Australia's skills shortage.

REGIONAL DIGITAL INFRASTRUCTURE

Government investment into telecommunications infrastructure is a key area of concern that affects the overall Australian economy. This is particularly relevant in relation to regional and remote areas where the cost of building and maintaining infrastructure is extremely high, resulting in underserved regional and remote communities.

This issue is further affected by competition and fairness in relation to use of public funds. We note that public subsidies for regional infrastructure disproportionately benefits larger and incumbent telecommunications providers, which entrenches market dominance and limits innovation and competition.

IAA therefore recommends comprehensive legislative reform to promote infrastructure sharing, particularly in relation to remote and regional areas.

This includes comprehensive mandated access regulation that covers fair pricing rules, transparency measures, and technical standards or guidelines to ensure compatibility of shared infrastructure. We also call on expedited reform to the universal service obligations which have long-been criticised by various stakeholders as being outdated and inefficient.

IAA firmly holds that the Internet should be operated with consideration of the public interest and therefore policy settings improving reliable and affordable access, as well as improved competition must be prioritised to drive overall economic growth and productivity across Australia.

CONCLUSION

Once again, IAA appreciates the opportunity to contribute to the economic reform roundtable. As the digital era presents an opportunity for Australia to boost its productivity and long-term economic resilience, these above-mentioned challenges must be addressed. IAA firmly believes that commitment to genuine collaboration between industry and government via improved regulatory processes, fostering a thriving skilled workforce and promoting regional digital infrastructure will result in key gains for the Australian economy. IAA is sincerely committed to working with the

Treasury and all stakeholders in this process to ensure Australia realises its full economic and digital potential.

ABOUT THE INTERNET ASSOCIATION OF AUSTRALIA

The Internet Association of Australia (IAA) is a not-for-profit member-based association representing the Internet community. Founded in 1995, as the Western Australian Internet Association (WAIA), the Association changed its name in early 2016 to better reflect our national membership and growth.

Our members comprise industry professionals, corporations, and affiliate organisations. IAA provides a range of services and resources for members and supports the development of the Internet industry both within Australia and internationally. Providing technical services as well as social and professional development events, IAA aims to provide services and resources that our members need.

IAA is also a licenced telecommunications carrier and provides the IX-Australia service to Corporate and Affiliate members on a not-for-profit basis. It is the longest running, carrier neutral Internet Exchange in Australia. Spanning seven states and territories, IAA operates over 30 points of presence and operates the New Zealand Internet Exchange on behalf of NZIX Inc in New Zealand.

Yours faithfully,
Internet Association of Australia