INTERNET ASSOCIATION OF AUSTRALIA LTD
ABN 71 817 988 968
ACN 168 405 098
PO Box 8700
Perth Business Centre WA 6849
Phone: 1300 653 132

25 June 2026

**To the Treasury**

By submission: [Treasury - SPF Codes and Rules Consultation]

**RE: Scams Prevention Framework – Codes and Rules**

The Internet Association of Australia Ltd (**IAA**) thanks the Treasury for the opportunity to respond to the consultation on the exposure draft Scam Prevention Frameworks (**SPF**) Codes, Rules, Position Paper and Guide (together, the **SPF Codes Package**).

IAA is a member-based association representing Australia's Internet community. Our membership is largely comprised of small to medium sized Internet service providers (**ISPs**), many of whom provide other telecommunications services such as voice and SMS/MMS as carriage service providers (**CSPs**) and will therefore be subject to the obligations proposed under the SPF.

IAA has thus been actively engaged in the development of the SPF and related instruments, including responding to earlier consultations undertaken by the Treasury concerning the SPF. We similarly provide this response to the SPF Codes Package on behalf of these members who represent a unique position of the telecommunications market, as smaller telecommunications operators who are often underrepresented in regulatory reform processes despite being disproportionately affected. As an Internet-focused organisation, however, we do not propose to comment in detail on the technical mechanics specific to voice and mobile network message carriage. Notwithstanding this, we do raise broader feedback in relation to the regulatory design of the subordinate SPF instruments.

We reiterate our support for government action to combat scams in Australia and acknowledge the harm to consumers and the community. We are committed to working with government, regulators and consumers to develop effective regulation. We also acknowledge the significant success of existing initiatives and regulation in the telecommunications sector to block scam calls and texts since the registration of the *C661: 2022 Reducing Scam Calls and Scam SMs* (**Industry Code**). Furthermore, we anticipate the new SMS Sender ID Register will further contribute to combatting scams in the sector.

To that end, we offer this response to ensure the continued development of effective and proportionate scam prevention regulation that is fit-for-purpose.

# OUR RESPONSE

## General Questions

1. ***Do any of the proposed provisions create conflicting requirements with other elements of the SPF or with other regulations?***

2. ***Are there any transition arrangements required to support industry compliance?***

The proposed SPF regulations substantially uplift existing scam related obligations that currently exist for the telecommunications sector, namely (but not limited to) the industry code, *C661: 2022 Reducing Scam Calls and Scam SMs* (**Industry Code**) and *Telecommunications (SMS Sender ID Register) Industry Standard 2025*. The proposed SPF obligations are therefore duplicative in nature, and will prescribe additional and expanded, overlapping compliance requirements. Importantly, it is unclear whether the Industry Code will be de-registered following the commencement of the SPF Telco Code. We seek clarification from the Treasury and ACMA on whether this is the case. We assume deregistration of the Industry Code is the intention, as otherwise this would create an incredibly complex and confusing scams regulatory landscape for telecommunications providers.

Similarly, there are a number of sector-specific instruments relating to the 'Know Your Customer' and traffic management obligations.[1] Additionally, in relation to new internal dispute resolution (**IDR**) and external dispute resolution (**EDR**) obligations, this overlaps with existing complaints handling requirements under the sector specific *Telecommunications (Consumer Complaints Handling) Industry Standard 2018*. Moreover, telecommunications providers will also be subject to Australian Financial Complaints Authority (**AFCA**) specific rules and processes, in addition to their obligations with respect to the Telecommunications Industry Ombudsman (**TIO**) scheme.

We appreciate that the SPF legislative instruments are not necessarily inconsistent with these telecommunications specific regulations and are intended to supplement existing requirements. However, again, we note the increasing regulatory complexity this duplicative framework will cause.

We reiterate the limited resources and capacity of smaller telecommunications providers who often need more time and greater assistance with unpacking complex regulatory frameworks to understand the obligations themselves, and then to implement changes in their business operations and procedures. Smaller telecommunications providers often also rely on external legal assistance to update internal and public facing policies and other documentation due to their lack of in-house regulatory expertise which compounds the cost and time associated with regulatory compliance. We therefore make the following recommendations.

**We recommend and request the Treasury, ACCC and the ACMA collaborate with industry to develop clear and comprehensive guidance material that maps out the obligations under the SPF, and existing sector regulation, particularly where there is subject matter overlap.** IAA

[1] Including, but not limited to: *Telecommunications (Service Provider — Identity Checks for Prepaid Mobile Carriage Services) Determination 2017, Telecommunications (Mobile Number Pre-Porting Additional Identity Verification) Industry Standard 2020, Telecommunications Service Provider (Customer Identity Authentication) Determination 2022*, and *C566:2023 Number Management – Use of Numbers by Customers.*

would be happy to collaborate with government and the regulators in this work. This educative material is crucial to ensure meaningful compliance by industry – particularly smaller CSPs – and we also consider this material should be made available well in advance of the commencement date of the new obligations under the SPF.

**To that end, IAA also recommends that the proposed commencement date for the subordinate SPF regulation be extended to 30 June 2027.** We consider the proposed timeframe of commencement by 31 March 2027 as too short given the amount of work required to ensure compliance. Especially considering some of the obligations, such as those surrounding IDR processes have yet to be drafted, the proposal to commence all codes and rules, including in relation to IDR, seems premature.

At the least, we recommend that obligations relating to the IDR and automatic reimbursement commence 30 June 2027. Similarly, we do not consider it appropriate that the AFCA should begin accepting complaints until entities have had a proper chance to implement and practice changes to their operations. As such, we recommend a staged approach of commencing EDR processes after the commencement of the rest of the SPF by at least 30 days.

## Dispute Resolution

11. ***Should the internal dispute resolution guidance in the SPF rules enable regulated entities to apply a consumer contribution or excess to scam reimbursements?***
12. ***Does an automatic compensation approach for losses under $3,000, as set out in the Internal Dispute Resolution under the Scams Prevention Framework position paper, provide a sensible approach to handling low-value scam complaints in an efficient and proportionate manner? If not, how else can low-value scam complaints be handled efficiently and proportionately?***

We do not support the proposed automatic reimbursement model for losses under $3,000. We recognise and appreciate the policy intent to efficiently resolve low-value complaints but we do not consider this appropriate where there has been no breach by the regulated entity.

As the policy intent is for low-value complaints to bypass IDR entirely, we understand it is also to bypass investigation into whether a breach occurred, and by which regulated entity where multiple entities are involved. In practice, this would mean entities would be required to pay out on claims, regardless of whether they were at fault.

This proposed model will again disproportionately affect smaller businesses. While larger entities have higher margins and greater capacity to absorb compensation costs, this is not the case for smaller entities. The telecommunications industry, particularly, has seen stagnating profits in recent years and compounded with the high cost of infrastructure to operate telecommunications networks, we are gravely concerned by the implications of introducing this automatic compensation scheme on the smaller telecommunications operators.

Furthermore, the proposal to equally apportion a reimbursement amount is unsuitable for the telecommunications context where certain participants within the telecommunications ecosystem would be better placed than others to prevent, detect or disrupt scam traffic. It also fails to account for the significant disparities in market size between participants, creating an unfair model where smaller players would be expected to contribute the same amount as much larger telecommunications entities that have greater scale and revenue.

We are also concerned about the adverse unintended implications of the compensation model. As smaller telecommunications entities are effectively squeezed out of the market due to already high costs of operating, compounded with the proposed compensation model, consumers will be left with less choice in telecommunications service provider overall. The telecommunications market is already heavily dominated by a small number of players and reducing competition is not in the interest of consumers.

Additionally, we consider there is a very real and significant risk that this automatic compensation model will expose Australia to becoming a target for low-value, high volume scam activity. By guaranteeing reimbursements without investigation, the model creates opportunity for scammers to exploit. It is also likely to drive fraudulent claims by bad actors due to the lack of scrutiny for losses below the $3,000 threshold. Simultaneously, regulated entities are likely to pass the additional cost on to consumers through higher prices for services. This will mean that consumers are inevitably paying for the cost of a scheme – that is intended to protect them – through higher prices for services amidst the existing cost-of-living pressures in Australia. We are therefore concerned that this model is a net detriment to consumers.

**Therefore, rather than an automatic compensation model, irrespective of any compliance breach, we recommend that low-value scam complaints could be handled via streamlined and fast-tracked IDR process.** We consider it would be more appropriate to implement an efficient IDR process that still retains proportionate, fault-based liability that avoids the risk of the model being exploited for further scam activity. This approach would then also remove the need for consumer contribution or excess as considered in Question 11 as the reimbursement would be based on liability rather than an automatic outcome. Furthermore, by ensuring that any compensation is based on actual fault, we consider this would also appropriately encourage consumers to take reasonable precautions. We consider it equally important however that this is facilitated by a greater effort by all stakeholders to increase consumer awareness. There must be sustained and coordinated effort from government, regulators, industry and consumer groups to uplift awareness and scam literacy more broadly in Australia.

## Competition and Consumer Amendment (Scams Prevention Framework – Telecommunications Code) Instrument 2026

13. ***Do the definitions in the draft code correctly reflect the sector and the positions of telecommunications services?***

IAA strongly agrees that only calls and messaging services should be covered by the overarching SPF, and the proposed subordinate legislation. We emphasise that in relation to scam activity facilitated by or over the Internet, the digital platforms sector is more appropriate to tackle scams due to digital platforms having greater control and visibility over content shared using the underlying Internet infrastructure. **We take this opportunity to emphasise that ISPs, in their role of strictly providing Internet access, is not the appropriate industry section to target in relation to scams that occur.**

## Consumer Awareness and Scam Literacy

We take this opportunity to reiterate the importance of uplifting consumer scam awareness and literacy. The SPF and subordinate instruments are indeed extremely important, and we reiterate our support for the legislative framework and its policy intent in making it harder for bad actors to carry out successful scam activities. However, it is crucial to recognise that the SPF alone will not and cannot be a silver bullet for eliminating scams. Especially with continually and rapidly evolving technology, including AI, scammers will also continue to evolve and adapt their strategies and increase the sophistication of their activities.

It is therefore paramount that there are equally concerted and sustained consumer education initiatives prioritised alongside the SPF. We welcome the opportunity to collaborate with government, regulators, the National Anti-Scam Centre, broader industry, and consumer bodies to ensure a coordinated effort to improve consumer awareness and scam hygiene across Australia.

# CONCLUSION

Once again, IAA appreciates the opportunity to contribute to the continued development of the SPF. As the Treasury finalises subordinate legislation, we sincerely look forward to continue working with the Treasury, regulators, industry, consumer bodies and other relevant stakeholders to ensure the development of a practical, efficient and effective scam prevention regulatory framework, alongside broader scam combatting initiatives in Australia.

## ABOUT THE INTERNET ASSOCIATION OF AUSTRALIA

The Internet Association of Australia Ltd (**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 regularly engages with government and regulatory bodies on policy matters affecting the Internet industry. In particular, our advocacy efforts represent the small to medium sized internet service providers in Australia who are often disproportionately disadvantaged by law reform affecting the telecommunications sector. Our public policy work is guided by the following principles:

*We stand for an internet for the common good*

*We stand for an open internet platform*

*We stand for measured, effective and practical regulation*

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.