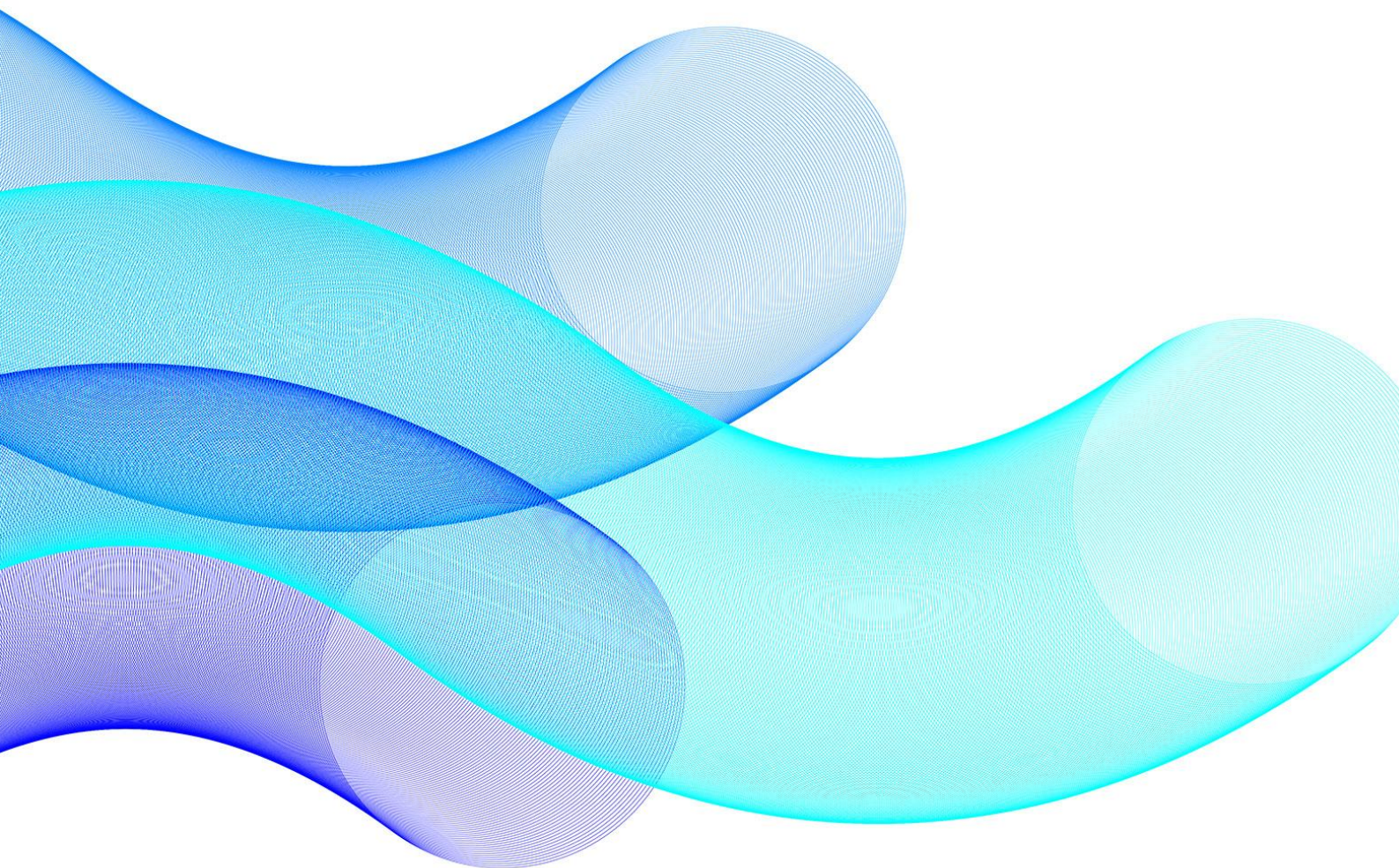


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# Vocus submission

## Sunsetting of the Telecommunications (Participating Persons) Determination 2015

9 September 2025



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# About Vocus

Vocus, Australia's specialist fibre and network solutions provider, owns and operates 50,000km of secure, high-capacity fibre connecting all Australian mainland capitals with New Zealand, Asia, and the USA. Beyond the fibre network, Vocus operates a growing network of submarine cables spanning nearly 15,000kms that includes the Australia Singapore Cable, North-West Cable system, the Darwin-Jakarta-Singapore system, and the PPC-1 cable from Sydney to Guam.

Vocus' national fibre backbone also provides the foundational infrastructure for Starlink's Low Earth Orbit (LEO) satellite service – enabling revolutionary high-speed connectivity to 100% of Australia's landmass, no matter how remote. Vocus owns a portfolio of well recognised brands catering to enterprise, government, wholesale, small business and residential customers across Australia.

For more information, visit [vocus.com.au](https://vocus.com.au).

## Executive Summary

Vocus appreciates the opportunity to respond to Department's consultation on the sunseting of the *Telecommunications (Participating Persons) Determination 2015* and proposed introduction of the *Telecommunications (Consumer Protection and Services Standards) (Non Participating Persons) Determination 2025*.

The draft 2025 determination is a restructured version of the sunseting version, retaining the same \$25 million eligible revenue threshold for the Telecommunications Industry Levy (TIL). However, the appropriateness of the draft 2025 determination cannot be assessed in isolation. It must be considered in the broader context of how public investment is shaping Australia's telecommunications landscape and consideration of the evolving nature of the telecommunications services.

Vocus's starting position is simple – public funds should deliver public services. Where public funds are available, they should be allocated through competitive processes to maximise outcomes for Australians. Current funding arrangements continue to subsidise outdated legacy services, while requiring Australians to pay for unsubsidised, superior alternatives. Vocus respectfully urges Government to respond to the 2024 Regional Telecommunications Independent Review Committee (RTIRC) Report, which recommended '*rigorous evaluations of the Australian Government's current rounds of telecommunications investment programs to be conducted to ensure public investment is well targeted and delivered effectively*.'<sup>1</sup>

This submission reiterates Vocus's longstanding concerns, as outlined in previous submissions, that the current funding arrangements are failing regional, remote and rural Australians.<sup>2</sup> Government should subsidise telecommunications in regional Australia via transparent and targeted budget measures rather than direct equity injections, industry levies or internal cross-subsidies. Government funding should be contestable, encouraging the best solution particularly for regional Australia. This will drive innovation, improve efficiency, and stretch public investment further.

We urge the Government to prioritise urgent reform to modernise Australia's telecommunications funding framework and respond to the recommendations of the 2024 RTIRC report which was delivered to the Government nine months ago.

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<sup>1</sup> Australian Government, '*2024 Regional Telecommunications Review: recommendations*' (December 2024) <<https://www.rtirc.gov.au/sites/default/files/documents/rtirc-report-2024-recommendations.pdf>>.

<sup>2</sup> See previous submissions, including Vocus, '*Funding of universal telecommunications services discussion paper*' (2024) <<https://www.infrastructure.gov.au/sites/default/files/documents/futs2024-vocus.pdf>>; Vocus, '*Vocus Response to 2024 Regional Telecommunications Review*' (2024) <<https://www.infrastructure.gov.au/sites/default/files/documents/rtirc-2024-240731-vocus-response-rtirc.pdf>>.

## Funding arrangements are failing consumers

The utility of the TIL should not be assessed in isolation, but consideration with the Regional Broadband Scheme (RBS) – given both levies are ultimately in place to fund non-commercial services. In practice, both funds go towards legacy technologies despite the availability of superior, unsubsidised commercial alternatives.

The TIL is an industry wide levy imposed on eligible telecommunications carriers to help fund Universal Service Obligations (USO). Telstra is the designated USO provider, and the TIL sees Telstra paid \$270 million annually to deliver the Standard Telephone Service. Telstra itself contributes around half of the total TIL. However, Telstra's share is declining – from \$157 million in 2019, to \$103 million in 2023. Meanwhile, NBN Co's contribution to the TIL has increased from just \$11 million in 2019 to almost \$35 million last year. Over the past five years Telstra's share of the TIL has decreased by more than a third, while NBN's has more than tripled.

At the same time, the RBS amounted to \$803 million last reported financial year, and Telstra is one of the telcos paying the RBS levy.<sup>3</sup> The RBS forces NBN's competitors to subsidise NBN Co's fixed and wireless services, despite the fact the NBN was declared "built and fully operational" in 2020. In addition to the RBS, the Government continues to fund billions of dollars funnel through to NBN Co, creating market distortions that discourage private investment and innovation.

While it should be recognised that NBN Co has played an important role in addressing the digital divide; today's evolving technology landscape demands a different approach to existing programs and schemes to encourage both private and public funding allocations. The policy foundation for the RBS – that NBN Co's regional networks are loss-making and require cross-subsidies until 2040 – is no longer valid. The financial basis used to calculate the RBS has been superseded by ongoing Government capital contributions to NBN Co's networks – via direct equity injections or through government grants programs – and to the degree to which they are 'loss-making' is unknowable and unaccounted for.

Coupled with the TIL, this leads to an outcome where NBN Co is paying Telstra tens of millions of dollars a year through the TIL to operate its copper network – at the same time Telstra is paying NBN Co tens of millions of dollars a year through the RBS to operate its fixed wireless and satellite networks – all serving the same premises. Combined, the TIL and RBS levies result in more than \$1 billion of cross-subsidies annually for duplicative networks used to serve the same users. Ultimately, consumers are the ones who pay the tax and are at a disadvantage through potentially higher charges on their broadband services; a statement also made by the ACCC<sup>4</sup>

## Reform is urgent

The current funding arrangements, including the TIL and RBS, are outdated and increasingly misaligned with the needs of modern consumers. Instead of attempting to reform these levies, the Government should abolish them and establish a targeted funding program exclusively for premises that lack access to competitive, commercially available voice and broadband services.

Public funding should be contestable and technology neutral, encouraging providers to compete to deliver the best solutions – particularly in regional, rural and remote areas. The 2024 RTIRC Report provides a clear roadmap for reform. It recommends modernising the USO and Statutory Infrastructure Provider (SIP) regime to create a unified service obligation. This includes phasing out the contractual Copper Continuity Obligation (CCO) where voice capable broadband services are available, and developing a regional telecommunications strategy to guide future investment. It also calls for a rigorous evaluation of government funding arrangements and greater transparency through public tracking of funded telecommunications projects.

Vocus notes the Government's response to the RTIRC Report is now several months overdue. Given the urgency and significance of the recommendations, we respectfully urge the Government to prioritise its response and act swiftly to modernise funding arrangements. Government funding should be contestable, encouraging the best solution particularly for regional, rural and remote Australia. Reform is desperately needed to drive innovation, improve efficiency, and stretch public investment further.

<sup>3</sup> All funding information sourced from ACMA, 'Telecommunications industry levy (TIL) overview'

<<https://www.acma.gov.au/telecommunications-industry-levy-til-overview>>; ACMA, 'Regional Broadband Scheme charge assessments' <<https://www.acma.gov.au/regional-broadband-scheme-charge-assessments#latest-reporting-period-1-july-2022-to-30-june-2023>>.

<sup>4</sup> <https://www.accc.gov.au/system/files/rbs-levy-future-costing-consultation-position-paper.pdf?ref=0&download=y>