

# Vocus Response to 2024 Regional Telecommunications Review

## Executive Summary

Almost 20 years have passed since Parliament voted to establish the Regional Telecommunications Independent Review Committee (RTIRC) as part of a package of Bills related to the final privatisation of Telstra. Following a fiery debate on the Senate floor, at 6:34pm on Wednesday the 14<sup>th</sup> of September 2005, amendments to the *Telecommunications (Consumer Protection and Service Standards) Act 1999* were voted on, which sought to “ensure that independent advice is provided to the Commonwealth on whether action should be taken to improve equitable access to telecommunications services in regional, rural and remote areas of Australia.”<sup>1</sup>

To put this vignette into historical context – in September 2005, Telstra was still majority public-owned, and still one year away from launching its ‘Next G’ 3G mobile network. Telstra’s CDMA network provided the largest coverage footprint, to 21% of Australia’s landmass and 98% of the population. ADSL2+ technology had only recently launched,<sup>2</sup> and only 2.2 million households had broadband connections – predominantly via ADSL1, which delivered maximum speeds of 8Mbps. 70% of internet connections in Australia still used dial-up<sup>3</sup>.

The telecommunications landscape in 2024 is almost unrecognisable compared to when the RTIRC was established. Today, 100% of Australian premises have access to high-speed broadband via the NBN, with regional and remote areas connected via Fixed Wireless or Satellite. 100% of premises also have access to Low Earth Orbit Satellites, or LEOs – with Starlink providing high-speed broadband faster than the average fixed-line NBN connection in metropolitan areas. 99.5% of premises have access to Telstra’s 4G network, offering typical fixed wireless speeds of 12–23Mbps<sup>4</sup>. 98.5% of premises also have access to Optus’ 4G network, and 96% to TPG’s.

Despite this range of competitive connectivity options, the underlying Government-guaranteed form of connectivity – the Standard Telephone Service (STS) delivered via the Universal Service Obligation (USO) – has remained virtually unchanged since the original TCPSS Act of 1999, a quarter of a century ago.

Vocus submits that the 2024 Regional Telecoms Review is the first since the RTIRC’s inception to take place in an environment where 100% of Australian premises have access to unsubsidised, commercially-available, metro-comparable voice and broadband in the form of Starlink. The policy problem of universal access has been solved – the Committee should now turn its attention to reforming or removing inefficient programs like the USO and Regional Broadband Scheme (RBS) which create an uneven playing field, subsidising outdated legacy services while requiring users in regional Australia to pay for unsubsidised and superior alternatives.

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<sup>1</sup> [Telecommunications Legislation Amendment \(Future Proofing and Other Measures\) Bill 2005, Explanatory Memorandum, p15](#)

<sup>2</sup> [ACCC telecommunications reports 2005–06](#)

<sup>3</sup> [ACMA Telecommunications Performance Report 2004–05, p2-4](#)

<sup>4</sup> [Speeds on the Telstra 4G Fixed Wireless network, as of 8/7/24](#)

## Telecommunications consumers

*2. What further initiatives can be implemented to support First Nations communities in developing and leading their own digital inclusion solutions while ensuring cultural appropriateness?*

Reflecting Vocus' submission to the First Nations digital inclusion roadmap, Vocus suggests that Government pursue a dedicated First Nations connectivity program rather than seeking to co-opt other regional funding programs such as the USO.

Vocus supports the efforts of NBN, funded by the Commonwealth, in establishing more than 100 Wi-Fi networks in First Nations communities using Sky Muster,<sup>5</sup> and the recent announcement of a further \$20 million to expand this initiative.<sup>6</sup> Vocus submits that this model should form the basis of the contestable free community Wi-Fi program – ideally connected via high-speed, low-latency LEO services – announced as part of the 2024 Commonwealth Budget.<sup>7</sup>

LEO-backed community Wi-Fi networks should be established with a minimum throughput (i.e. speed and download quotas) based on the number of people in the community, with central management portal controlled by community leaders. Aligned to the key principle of First Nations representation, this management portal would allow for the local community to manage times of access (i.e. services switched off by a certain time at night) and content controls (i.e. blocking of certain content types) to minimise the risk of harm to community members.

This model would also enable voice services using Wi-Fi calling, a standard feature of all three Mobile Network Operators (MNOs) and automatically enabled on standard smartphones. Wi-Fi calling via LEO backhaul would provide the technological equivalent of community-wide mobile coverage – all users would require is a standard smartphone and SIM (noting that pre-paid and post-paid products from all MNOs include unlimited national voice calls).

*3. How can government and industry address any misleading and inaccurate information surrounding telecommunications services in regional, rural and remote areas, to ensure consumers and businesses have access to reliable and unbiased information when making decisions about their connectivity options?*

Any misleading and/or inaccurate information should be addressed by existing consumer laws. There should not be any requirement for new or additional regulations specifically in regard to regional, rural and remote services. Services in these areas are already, in many cases, uncommercial and cross-subsidised by metropolitan services – Government should avoid any new or duplicative regulatory measures which would make it even less attractive for service providers to operate in these markets.

## Universal service arrangements

*5. Could the NBN fixed wireless network or other alternative networks be used to provide reliable and affordable voice services in remote areas? Are there any consumer safeguards or guarantees that need to remain or be changed under reformed universal service arrangements?*

The NBN Fixed Wireless (FW) network is already more than capable of providing reliable voice and affordable services, and the vast majority of the NBN FW footprint has overlapping coverage from at least one mobile network and Starlink – both of which are equally able to provide reliable voice services.

Given the widespread availability competitive voice-capable networks, there is no reason for the Commonwealth to continue funding Telstra's Copper Continuity Obligation (CCO) to deliver

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<sup>5</sup> <https://www.nbnco.com.au/corporate-information/careers/diversity-and-inclusion/reconciliation-action-plan>

<sup>6</sup> <https://www.niaa.gov.au/our-work/closing-gap/roll-out-community-wi-fi-remote-communities>

<sup>7</sup> <https://minister.infrastructure.gov.au/rowland/media-release/boosting-connectivity-and-safety-australians>

Standard Telephone Services (STS) under the Telstra Universal Service Obligation Performance Agreement (TUSOPA), as these voice services can and should be transferred to NBN (with the exception of Sky Muster) or commercially-available alternatives (i.e. mobile or Starlink).

For the 0.5% of Australian premises beyond the reach of mobile coverage, LEOs are capable of providing voice services well within the International Telecommunications Union (ITU) recommended latency limit of 150 milliseconds. This standard, supported by Australian technical codes, should form the basis for assessing the adequacy of voice services over NBN FW, LEOs, or any other access technology.

*6. In modernising universal service arrangements, should access to public phone infrastructure continue and are there particular areas of need? Could technologies beyond traditional payphones be explored to meet this need?*

There is no such thing as a 'free' payphone – only payphones that are paid for by someone else. Telstra receives \$40 million p.a. for the supply of payphone services and maintains around 14,500 payphones nationally. This equates to an average cost of approx. \$2,760 per payphone, per year, to provide so-called 'free' calls.

While Telstra advertises payphones as offering 'free' calls and Wi-Fi where available<sup>8</sup>, the reality is that these services are paid for by a combination of taxpayers (via the Government's funding portion of the TUSOPA contract) and telecoms operators (via the Telecoms Industry Levy) – the latter being inevitably paid for by consumers as part of their phone or broadband bill.

Telstra not only receives the benefit of a \$40m annual payment to operate payphones, it also enjoys the goodwill and branding benefits of being perceived as the provider of 'free' public services – which are actually paid for by taxpayers and the customers of its competitors. On top of this, Telstra often monetises its payphones in other ways, such as using them as advertising billboards.

Given Telstra's mobile network covers a reported 99.5% of the population, it is reasonable to assume that the overwhelming majority – if not all – payphones are in areas where mobile coverage is already available. With pre-paid mobile services costing as little as \$35 a month and pre-paid smartphones available for as little as \$79 outright<sup>9</sup>, the economic case for subsidised payphones in areas with mobile coverage deserves greater scrutiny.

*7. What should the minimum internet speed guarantee be (currently a peak speed of 25/5 Mbps) to meet modern needs? Should minimum data download/upload allowances be regulated? What other factors are important, like latency, reliability and affordability?*

The current minimum speed arrangements enshrined in the Statutory Infrastructure Provider (SIP) legislation, being 25/5Mbps, are sufficient and should be left as-is. The market – including NBN FW, mobile networks, and LEOs – are already providing broadband speeds within, or in excess of, this standard.

Latency should only be considered in relation to voice services, which should meet the minimum standard of 150ms.

Affordability is a factor best left to the market given the availability of multiple competitive network offerings to 99.5% of premises, and should only be a consideration for subsidised services to address the 0.5% of premises lacking access to competitive offerings.

## Mobile

*8. How can we achieve equity with respect to mobile services (voice, data and SMS) in regional, rural and remote communities and on regional and remote roads?*

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<sup>8</sup> [Making payphones and Telstra Air free for all, and mobile emergency websites free for our customers - Telstra Exchange](#)

<sup>9</sup> [Pre-Paid Phones on Pre-Paid Mobile Plans from Telstra](#)

The greatest hope for achieving equitable access to mobile connectivity is the planned availability of direct-to-device connectivity from LEO satellites to standard mobile handsets. This technological breakthrough – while likely a year or two from commercial launch – may absolve the need for any further public funds to be invested in terrestrial mobile infrastructure.

This technology is already available today, albeit for limited applications and utilising traditional satellites. The iPhone 14 handset launched in 2022 introduced the capability to use satellite to text emergency services, request roadside assistance, and share location data when outside mobile or Wi-Fi coverage. The upcoming launch of Apple’s latest software update, iOS18, will expand this capability to Apple’s iMessages application on compatible handsets.

Budding direct-to-handset operators such as Lynk Global have already signed contracts with 45 MNOs globally<sup>10</sup> and have signed agreements to conduct trials in Australia with Optus<sup>11</sup> and Telstra. Similarly, Starlink has successfully demonstrated direct-to-device text messaging to standard mobile handsets in the USA and has signed an agreement in Australia with Optus,<sup>12</sup> with plans to launch SMS from late 2024 and voice and data from late 2025<sup>13</sup>.

Government programs such as the Mobile Black Spot Program (MBSP) and Regional Connectivity Program (RCP) have delivered on the policy objective of improving mobile coverage, and new programs like the Regional Roads Australia Mobile Program (RRAMP) are expected to expand this coverage further. But reforms are required if the MBSP and RCP are to continue – and with the impending arrival of direct-to-device LEO connectivity, ongoing public funding for these programs should be subject to scrutiny.

In the case of the MBSP, where it has succeeded in improving coverage, it has failed to improve competition. In fact, it has had the effect of making it even more difficult for competing carriers to expand their mobile footprints in regional Australia. Across the MBSP’s seven funding rounds, three-quarters of funding has gone towards Telstra, which has built close to 1,000 new mobile sites. Fewer than one in ten of these are being used for co-location by competing carriers – which has only served to further entrench the lack of mobile competition in regional areas. None of these Government-funded sites provide open-access, multi-carrier, or neutral-host services.

Public funds should deliver public services – meaning the establishment of neutral-host or open-access, multi-carrier infrastructure; rather than the expansion of a single private operator’s network. The extreme coverage imbalance in the mobile market has stymied the development of multi-carrier and neutral-host networks, and this issue has been exacerbated by the MBSP which has to date promoted coverage at the expense of competition. Each round of the program has increased the coverage gap between Telstra and other Mobile Network Operators (MNOs), reducing the ability of competing MNOs to access subsidies to expand their own networks.

This has resulted in an investment environment which has seen only limited use of multi-carrier infrastructure sharing models – even on sites which are largely funded by taxpayers – primarily due to the coverage dominance of a single carrier which has limited, if any, incentives to share infrastructure with other MNOs.

The factors preventing multi-carrier network deployments are not technical – they are commercial. The market reality is that the largest operator (backed by the largest public subsidy) with a significant coverage advantage has little, if any, incentive to pursue infrastructure sharing opportunities – despite the clear benefits to the Australian public – as

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<sup>10</sup> ‘LEOsat player Lynk prepared for ‘global seamless messaging in 2025,’ CEO says, CommsDay, 26/7/24

<sup>11</sup> [LEO Satellite to Mobile Technology \(optus.com.au\)](https://www.optus.com.au)

<sup>12</sup> [Starlink Business | Direct To Cell](#)

<sup>13</sup> [Optus | SpaceX](#)

these would reduce its market power and provide a coverage benefit to competitors. Without reform, the MBSP will inevitably continue to subsidise the dominant network provider.

New mobile sites constructed with public funds should include an obligation to provide with neutral-host or open-access, multi-carrier services with equivalent pricing. Additionally, consideration should be given to establishing a requirement on MNOs to utilise publicly funded mobile infrastructure in areas where they do not already provide coverage. This would circumvent the market power issue where the three MNOs have historically avoided working cooperatively with Mobile Network Infrastructure Providers (MNIPs) to utilise neutral-host infrastructure, and would ensure that publicly funded sites are used to deliver mobile coverage from all MNOs.

LEO-enabled local Wi-Fi access (which enables Wi-Fi voice calling, carriage of SMS, and data services to mobile handsets) would be a far more economically efficient way to expand coverage in small regional and remote communities, rather than continuing with the MBSP and RCP. Under RCP rounds 1 and 2, 133 of the 224 total projects were upgrades to Telstra's commercial mobile network, and the average project cost more than \$1 million. In contrast, a residential Starlink antenna costs just \$359 (as of July 2024), and an enterprise-grade Starlink antenna costs around \$4,000 – less than 1% of the average cost of a project funded under the RCP.

*9. How can we ensure regional, rural and remote areas have access to the networks, equipment and capacity they need for improved household connectivity and to foster innovation and efficiency across regional industries, including for IoT applications?*

As outlined in the previous sections, 100% of Australian premises – no matter how remote – now have access to Starlink services that provide metro-grade connectivity without any Government subsidy. This is in addition to the NBN which is also available to 100% of premises. Nothing further needs to be done by Government when the market has solved the problem of universal access.

## Fixed broadband

*10. The cost of building and maintaining telecommunications infrastructure in rural and remote areas can be a barrier to offering better services. What can be done to improve the fixed broadband options available to regional, rural and remote Australians?*

*11. Have you had experience with new or alternate service providers such as Starlink or WISPs? If not, why not? What additional measures would persuade you to consider new technologies?*

Nothing needs to be done to improve the fixed broadband options available to regional, rural and remote Australians when Starlink already provides metro-grade connectivity to 100% of Australian premises without any form of Government subsidy.

Given that the majority of fixed-line NBN services in metropolitan and suburban areas have download speeds of 50Mbps, Starlink users in regional and remote areas will, ironically, have faster broadband than the majority of metropolitan fixed-line NBN users.

## Disaster resilience and emergency

*12. What can be done to maximise access to multiple connectivity options in case of outages?*

100% of consumers in regional and remote areas today have access to three connectivity options, in the form of Starlink, NBN, and the USO STS. 99.5% of consumers have four connectivity options, when you include Telstra's mobile network, and 98.5% have five connectivity options including Optus' mobile network. Consumers have the option today to purchase multiple connectivity options, if they choose to do so.

*13. What can be done to increase capacity and improve the reliability of telecommunications services in regional, rural and remote Australia?*

Starlink already provides more than enough capacity in regional, rural and remote Australia, exceeding regulated standards for broadband speeds and voice latency. What more needs to be done when Starlink, on an entirely commercial basis, already exceeds the speeds and capacities available on publicly-subsidised networks?

## The impact of government and private investment

*16. What lessons can be learned from private sector investment in regional telecommunications in closing the digital divide in regional and remote areas?*

*17. What has been your experience as a consumer of Australian Government programs aimed at improving regional communications? What improvements would you suggest?*

*18. What changes to Australian Government investment programs are required to ensure they are successful, efficient and effective in delivering improved, reliable and equitable telecommunications for regional, rural and remote consumers?*

See response to question 8 above.

*19. How could Australian Government programs better align with state, territory and local government planning and funding processes in delivering telecommunications services and infrastructure?*

Vocus submits that the Commonwealth should engage with state, territory and local governments to streamline planning processes for telecommunications network deployments.

Legislative measures such as Carrier Powers and Immunities and the Low-Impact Facilities Determinations (LIFD) are often utilised by telecoms operators to deploy infrastructure, but these increasingly face challenges from state, territory, and local governments which seek to overrule these provisions with their own planning rules or other state-based legislation.

The most recent example of the cumbersome approvals process for telecoms infrastructure was the revelation that as many as 176 mobile blackspot projects have been delayed – largely by local and state government planning processes<sup>14</sup>. Some of these projects were approved for Commonwealth funding as long ago as 2019.

The Department of Infrastructure, Transport, Regional Development, Communications and the Arts states that Carrier Powers and Immunities laws “are designed to strike the right balance between the community's need to access reliable, affordable telecommunications services and ensuring that property owners, local governments and communities have a say in the deployment of infrastructure that affects them.” Given the above example of mobile towers being stuck in planning for as long as five years, there is a strong argument that the current rules do not strike the right balance – and that the community’s need for greater access to communications services is not being met.

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For further information, please contact Vocus Head of Government and Corporate Affairs

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<sup>14</sup> ‘FOI reveals 176 mobile blackspot builds delayed last year, largely by slow planning processes’, CommsDay 1/8/24