Impact of ACCC Draft Determination on Voice Interconnection

A Report for Aussie Broadband on the Disproportionate Impact on Fixed-Only Providers and the Threat to a Competitive Voice Services Market

3 October 2025

Executive Summary....2
1.1. Aussie Broadband 3
1.2. Why fixed voice still matters 3
2.0 Summary of regulatory process 4
2.1 What is voice interconnection?.... 4
2.2. The ACCC's draft decision on voice interconnection 5
Proposed changes to voice termination rates....5
3.0 The impact on Aussie Broadband/Symbio....6
3.1. Scenario A: Status Quo 6
Status Quo Annual Forecast Revenue Impact.... 7
3.2. Scenario B: ABB Case.... 7
ABB Case Annual Forecast Revenue Impact.... 8
3.3. Scenario C: ACCC Case.... 8
ACCC Case Annual Forecast Revenue Impact 9
4.0 What does this mean? 9
4.1. A Threat to Fixed-Only Businesses.... 9
4.2. Unfair Impact on Fixed-Only Voice Providers 10
4.3. Consequences for Competition and Investment 11
Appendix: The Critical Role of Fixed-Voice Services 13
A. The Criticality of Fixed-Voice Services.... 13
B. The Need for Redundancy and Resilience 13
C. The Threat to Investment.... 14

Executive Summary

This report demonstrates that the ACCC's draft determination on voice interconnection is a significant **threat to competition and innovation in the Australian telecommunications market**. The extent of the change proposed by the ACCC is unprecedented.

The 75.6% reduction in the fixed terminating access service (FTAS) rate, in stark contrast to the 24.4% reduction for mobile networks, creates a regulatory imbalance. This imbalance disproportionately penalises fixed-only voice providers, such as Aussie Broadband, while favouring large, integrated mobile network operators (MNOs).

The fixed voice market, while having changed over time, remains a vital part of the communications ecosystem. Many businesses, government agencies, and emergency services still rely on fixed voice to receive calls and serve their clients. The ACCC's draft determination would undermine the commercial viability of this critical market segment.

(cic start)(cic end)

Extrapolating to the rest of the fixed-only providers (cic start)(cic end), **Venture Insights estimates a total gap of over** (cic start)(cic end) **will be created amongst fixed-only providers, effectively transferred to integrated mobile network operators.**

This is because fixed-only voice providers derive a large share of their revenue from FTAS payments, making them highly vulnerable to changes in the regulated rates. Further, the revenue reduction from the ACCC's proposed rate cut will not bring about any corresponding decrease in the largely fixed cost base to offset this loss.

The broader consequences for the market are substantial:

- **Erosion of Competition:** The determination will erode retail and wholesale competition by financially weakening fixed-only voice providers. This may force some operators to withdraw from the market, limiting choice for end-users and wholesale customers.
- **Disincentive for Investment:** A business facing sustained, regulator-induced losses and lack of return on capital cannot justify ongoing investment in its network. This jeopardises the maintenance and upgrade of critical fixed-voice infrastructure, which is essential for enterprise, government, and emergency services.
- **Adverse End-User Outcomes:** Providers will be forced to increase prices to recover operational costs not covered by the regulatory termination, which would negatively impact end-users.

To mitigate these impacts, we find that **a much smaller, slower reduction in the regulated rate for fixed termination, along with a closer alignment between the mobile and fixed price reductions, would have a more neutral impact** on competition and **promote market stability**.

1. Introduction

This report was prepared by Venture Insights for Aussie Broadband. It provides a quantitative estimate of the impact of the ACCC's draft voice interconnection determination on Aussie Broadband's voice business, and by implication its wider effect on the fixed voice market. In our view, the ACCC's draft determination on voice interconnection pricing is not just a regulatory update; it is an unexpected and fundamental discontinuity that threatens to destabilise the fixed-voice market in Australia.

1.1. Aussie Broadband

Aussie Broadband, with its subsidiary Symbio, is a leading provider of fixed voice services in the Australian market. This means that it is both affected by the ACCC's proposed changes, and well-positioned to comment on their impact:

- Symbio is a regional telecommunications provider, offering Tier 1 voice, messaging, and cloud-based communications. It operates in Australia, New Zealand, Malaysia, and Singapore. It combines carrier-grade network infrastructure, scalable cloud services, enterprise integration, and wholesale voice/ messaging expertise under a single software driven umbrella.

- Aussie Broadband's NetSIP provides a Tier-1 core switching network that offers SIP trunking, hosted voice and other telecommunications services to small, medium and enterprise-level companies, as well as various governments and government departments, in the Australian market.

In Australia, the combined group manages 8.2 million numbers, collectively supplies more than 1 million services, owns cloud, data centre, and fibre infrastructure and provides a suite of solutions through its data, voice, and managed solutions to business, enterprise, and government customers. The Group also provides wholesale services to other telecommunications companies and managed service providers, and is the largest MVNE (Mobile Virtual Network Enabler) in Australia. The company is also the fifth-largest retail internet service provider in Australia.

1.2. Why fixed voice still matters

Since the introduction of mobile voice services in the 1980s, mobile has come to dominate outbound calling. Many households and small businesses have no fixed voice service.

However, fixed voice remains an important part of the voice ecosystem. Many large companies and government agencies still rely on fixed voice to receive incoming calls from customers and provide teleservice in both urban and regional areas. Call centres, for example, rely on fixed connectivity, and large commercial and government organisations still use fixed telephony for internal communications. This includes emergency service organisations. Fixed voice also operates as a redundant backup when mobile communications are unavailable.

While Aussie Broadband's voice services are slightly skewed to regional markets, the effect is not large. Voice communications remain important in both regional and urban markets.

For this reason, fixed voice providers continue to play an important role in telecommunications and in wider service delivery. These providers fall into two main groups: integrated providers who offer both fixed and mobile voice (led by Telstra, Optus and TPG) and a number of fixed-only providers who offer a significant boost to competition in the voice market, led by Aussie Broadband/Symbio, Vocus, and smaller operators like Virtutel.

Additionally, data from Aussie Broadband's subsidiary Symbio highlights that mission-critical voice services are essential for public safety, government functions, and business continuity. The proposed reduction in the Fixed Terminating Access Service (FTAS) rate by the ACCC threatens investment in this vital infrastructure, ultimately undermining the long-term interests of end-users by compromising network resilience and quality. The Appendix outlines the critical role of fixed-voice services, with a specific focus on their use in mission-critical applications and their function as a resilient backup to other networks.

In summary, the ACCC's draft decision on voice interconnection pricing threatens to undermine the voice market, and fixed-only voice providers in particular. The determination, if implemented in its current form, will reduce competition and choice in both wholesale and retail markets for voice services, and so work against the long-term interests of end users.

2.0 Summary of regulatory process

2.1 What is voice interconnection?

Voice calls need to be interconnected between competing networks. When someone makes a call, their carrier must terminate the call on the network that the receiving party uses. Since each voice provider has control over access to their own customers, it is necessary to regulate the rates of interconnection to prevent monopoly pricing. These rates are measured in cents per minute.

The key interconnection services that are regulated are:

- The Mobile Terminating Access Services (MTAS), which allows a carrier to terminate a call on someone else's mobile network.
- The Fixed Terminating Access Service (FTAS), which allows a carrier to terminate a call on someone else's fixed network.
- The Fixed Originating Access Service (FOAS), which allows a pre-selected long-distance carrier to interconnect a call made from another carrier's network to their own network.

Of these three, the first two are the most important nowadays.

2.2. The ACCC's draft decision on voice interconnection

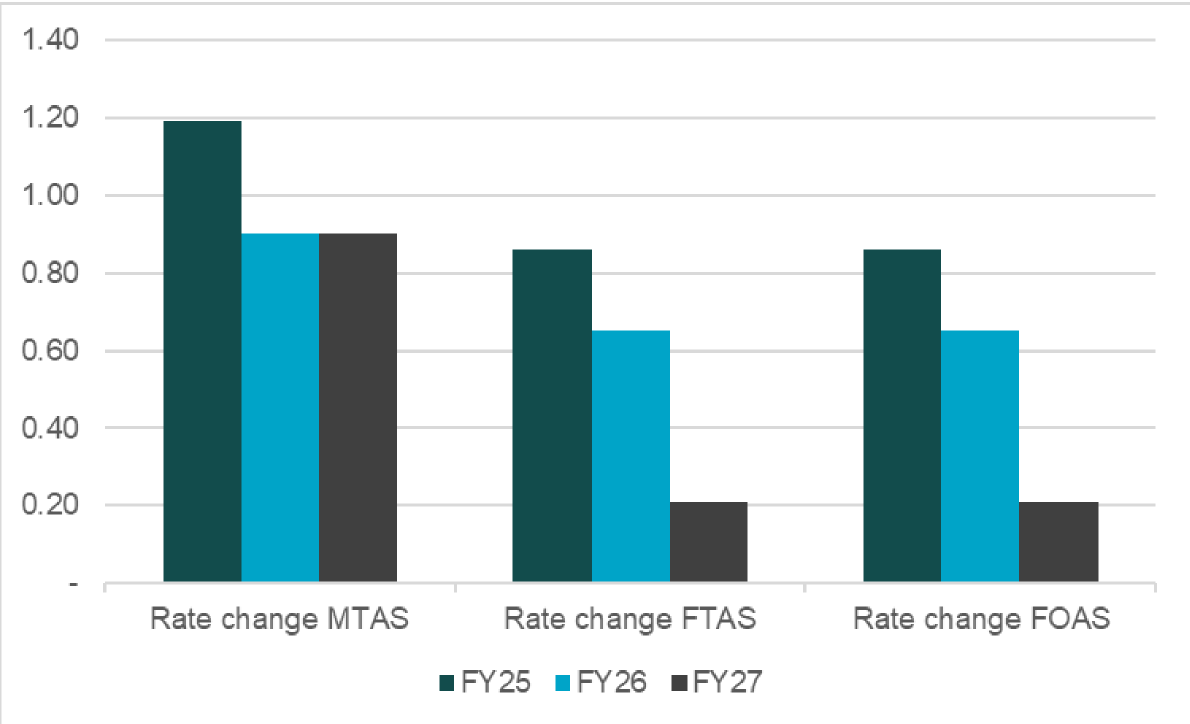
The ACCC launched an inquiry into the determination of voice interconnection services in June 2024. After an initial consultation, it contracted Analysys Mason to create a model to calculate the costs of providing voice interconnection services.

The ACCC's draft determination on voice interconnection was released in August 2025, along with Analysys Mason's model (containing randomised data to protect commercial-in-confidence data).

Based on the model outputs, ACCC proposes significant reductions in the regulated prices for voice interconnection services. The new prices are proposed to take effect from 1 January 2026.

- Mobile Terminating Access Service (MTAS): A single rate of 0.90 cents per minute is proposed for the entire period until 30 June 2029.
  - This is a 24.4% decrease from the current rate of 1.19 cents per minute.
- Fixed Terminating/Originating Access Service (FTAS/FOAS): A two-stage "glide path" reduction is proposed to mitigate the impact on providers.
  - Year 1 (2026): The price will be reduced to 0.65 cents per minute.
  - Year 2 onwards (2027-2029): The price will be further reduced to 0.21 cents per minute.
  - This is a 75.6% decrease from the current rate of 0.86 cents per minute.

Proposed changes to voice termination rates



The 75.6% reduction in the fixed terminating access service (FTAS) rate, in stark contrast to the 24.4% reduction for mobile networks, creates a regulatory imbalance.

This imbalance disproportionately penalises fixed-only voice providers such as Aussie Broadband, while favouring large, integrated mobile network operators (MNOs).

3.0 The impact (cic start)(cic end)

This section presents the financial impact (cic start)(cic end) of the ACCC proposed changes, based on fully distributed costs and modest assumptions on traffic and labour cost growth. This methodology was adopted as the best way of calculating the full commercial impact of the changes.

(cic start)(cic end) In addition, there will be reductions in outgoing termination costs (cic start)(cic end), and are contingent on future commercial decisions, and have been neglected.

The results illustrate the projected impact (cic start)(cic end) under three distinct regulatory scenarios.

In summary, the modelling confirms that the ACCC's proposed changes to MTAS and FTAS/FOAS rates will have (cic start)(cic end).

The dynamics of this change similarly affect any similar fixed-only voice business, (cic start)(cic end).

3.1. Scenario A: Status Quo

This scenario models the financial performance of the voice business assuming the current regulated MTAS and FTAS/FOAS termination rates remain unchanged throughout the forecast period. It serves as the commercial baseline against which the ACCC's proposed changes are measured.

(cic start)(cic end)

3.2. Scenario B: ABB Case

This scenario models Aussie Broadband's proposed compromise approach, where MTAS and FTAS/FOAS rates all incur the same 24.4% reduction from July 2026 (rather than the ACCC's proposed January 2026). No further reduction in FTAS/FOAS rates occurs. This provides a more commercially realistic transition for the industry.

(cic start)(cic end)

3.3. Scenario C: ACCC Case

This scenario models the full impact of the ACCC's proposed two-stage rate reduction in FTAS/FOAS: a cut to 0.65 cents per minute in January 2026, followed by a further, steep reduction to 0.21 cents per minute from January 2027 onwards. In addition, a reduction in MTAS to 0.90 cents per minute in January 2026.

(cic start)(cic end)

4.0 What does this mean?

The ACCC’s draft determination, if implemented unchanged, would have a (cic start)(cic end) destructive impact on the voice service market, and on fixed-only voice providers in particular.

This is important because fixed voice is still an important part of the communications ecosystem. Customers may usually call from a mobile, but enterprise and government agencies still rely on fixed voice to receive those calls, and to communicate with and service their customers. A threat to the health of the fixed voice market has implications for commercial and government service delivery that cannot be ignored.

4.1. A Threat to Fixed-Only Businesses

Our analysis confirms that the ACCC's proposed (cic start)(cic end) reduction in FTAS/FOAS rates will have a (cic start)(cic end) financial impact on fixed-only voice operators (cic start)(cic end). It creates a revenue gap that will need to be filled by price hikes, cost-cutting, and reduced investment.

(cic start)(cic end)

4.2. Unfair Impact on Fixed-Only Voice Providers

A key issue highlighted by the model is the disproportionate impact of the ACCC's determination on specialised fixed-voice providers compared to integrated Mobile Network Operators (MNOs) that offer both mobile and fixed services. For an integrated operator, the reduction in FTAS revenue is largely offset by a corresponding reduction in the termination costs they pay for calls from their mobile network to other fixed and mobile networks.

It is important to highlight exactly how this asymmetric outcome occurs. There are two reasons for this:

1. Nowadays, the vast majority of voice calls are initiated from mobile phones. For a fixed only voice provider (e.g. Aussie Broadband's Symbio business) this means that there is much more calling incoming than there is outgoing. As a result, fixed networks derive much of their revenue from FTAS termination payments from other carriers terminating their calls on the fixed provider’s network.

   This makes them highly vulnerable to changes in the FTAS price. There is little corresponding cost saving for the business to offset this, as it terminates most calls on mobile networks and so does not benefit greatly from the large reduction in FTAS.

   In stark contrast, for an integrated MNO (e.g., Telstra, Optus, TPG), the financial impact is largely neutralised or "hedged". Mobile networks generate large MTAS revenues as calls from other networks are terminated on their networks. Mobile networks also generate large outbound calling revenues that swamp the effect of a change in the MTAS price, and they can comfortably manage the change.

2. The termination price reductions proposed for fixed and mobile are very different. Under the ACCC's proposal, the mobile rate will fall by only 24.4%. In contrast, the FTAS price will fall a dramatic 75.6%.

   This means that the revenue that fixed-only operators get from termination payments will fall by over three quarters. On the flip side, mobile network operators are the main beneficiaries, terminating their calls on fixed networks at less than a quarter of the previous price.

   This imbalance is a reversal of the historic trend - MTAS has generally fallen faster as successive generations of mobile technology have cut the cost of mobile voice services, while fixed technology has been more stable.

The net result is that a typical fixed-only voice operator will lose (cic start)(cic end) revenue (cic start)(cic end), and large integrated MNOs are the principal beneficiaries.

4.3. Consequences for Competition and Investment

The draft determination, therefore, results in a direct wealth transfer from specialised, fixed-line operators to the largest, most integrated mobile network operators. This inequitable outcome distorts the competitive landscape and poses a long-term threat to the health of the fixed voice market.

1. Disincentive for Investment: A business facing sustained, regulator-induced losses cannot justify ongoing investment in its network. This jeopardises the maintenance and upgrading of critical fixed-voice infrastructure that is still essential for enterprise, government, and emergency services across Australia. This reduces scope for redundancy that supports service resilience. Reduced investment in network resilience could put "mission-critical" services at risk, such as emergency lines or government call centres.

2. Erosion of Retail and Wholesale Competition: By financially weakening the remaining fixed wholesale competitors to the integrated MNOs in the voice market, the determination makes it harder for specialised fixed-only providers and their wholesale customers to compete effectively (cic start)(cic end).

   In addition, the wholesale market would be affected. Some major providers like Telstra are already withdrawing from the wholesale voice market, while Optus is withdrawing from the international toll free market. Further pressure on fixed-only providers can only accelerate withdrawal from the wholesale market, and this threatens both wholesale customers and end users by reducing competition and choice.

3. Adverse Outcomes for End Users: Alternatively, faced with an unviable business model, fixed-only voice providers will be forced to recover more of the network operating costs directly from end-users, leading to price increases that harm consumers and businesses and reduce their access to competitive fixed voice services. This will also affect emergency service providers.

4. Scope for arbitrage: The MNO's Virtual Mobile Number (VMN) product does not use a mobile SIM or the RAN, but is terminated as a mobile service at MTAS rates. But

fixed services can be identified with VMNs, potentially giving MNOs an opportunity for arbitrage between MTAS and FTAS rates.

5. Undermining non-price terms. The loss of revenue entailed by the ACCC's draft determination will also have adverse effects on innovation, security, and network resilience, all of which require ongoing investment.

Finally, the financial outcomes for fixed-only providers clearly demonstrate that the draft determination fails to account for the diverse business models in the market. It disproportionately penalises fixed-only providers, creating a competitive imbalance that will ultimately weaken the structure of the Australian telecommunications market. It places at risk retail and wholesale price stability in the voice market, and undermines network security and resilience.

We find that a much smaller, slower reduction in the regulated rate for fixed termination, along with a closer alignment between the mobile and fixed price reductions, would have a more neutral impact on competition and promote market stability.

Appendix: The Critical Role of Fixed-Voice Services

This appendix outlines the compelling case for the continued importance of fixed-voice services, particularly for mission-critical applications and network resilience, drawing on evidence and case studies provided by Aussie Broadband's subsidiary, Symbio. The ACCC's draft determination, based on a new cost model, proposes a significant reduction in the Fixed Terminating Access Service (FTAS) rate, which threatens the sustainability and investment in this vital infrastructure.

A. The Criticality of Fixed-Voice Services

Fixed-voice services, often provided via Voice over Internet Protocol (VoIP) and other cloud-based solutions, are not a "throwaway part" of the telecommunications landscape. They are essential for a variety of mission-critical services that require stability, redundancy, and a high degree of reliability. Case studies and technical details from Symbio's operations underscore this point:

- **Emergency Call Management Systems (ECMS):** Symbio provides sophisticated ECMS to utility companies. These systems are designed to handle high-volume events, and are capable of handling up to 26 thousand calls per hour. During the NSW storms in September 2024, Symbio's network managed a peak of nearly 20,000 calls on 2 September. The "100%, 24/7 network availability" target for these systems highlights their critical importance for public safety.
- **Government and Health Services:** Fixed-voice systems are the foundation for essential public services. A failure of these systems could disrupt critical support for vulnerable individuals, delay urgent medical interventions in hospitals, and prevent communication during school emergencies like fires or medical incidents. Symbio's hosting of the Covid-19 hotline in March 2020, which required a rapid increase in network capacity to support 40,000 concurrent calls, further demonstrates this reliance.
- **Business Operations:** Enterprises rely on fixed-voice services for critical functions like security systems, EFTPOS, and customer-facing communications. A breakdown would lead to significant operational challenges and financial losses.

B. The Need for Redundancy and Resilience

The fixed-voice network serves as a critical backup, or "final bastion," when other services fail, particularly during mobile network outages. Aussie Broadband's network architecture, enhanced by the acquisition of Symbio, is specifically designed to provide this resilience.

- **Geo-redundant Infrastructure:** Symbio's fibre-based network is built with geo-redundant, clustered architecture and hosted in multiple data centres across state capitals, using diverse and fully redundant national backhaul fibre infrastructure.
- **Outage Survivability:** Solutions like Enhanced Survivability with Dedicated Instances and Local Gateways ensure that critical facilities like hospitals can

continue to make and receive calls even during a complete network outage, natural disaster, or an internet failure affecting a whole region, such as Tasmania.

- **Real-world Evidence:** The Optus network outage in November 2023 serves as a powerful example. During the outage, Symbio's network saw a significant increase in calls routed through its system, demonstrating its role in providing essential business continuity and network resilience for Australian businesses and public services.

C. The Threat to Investment

The ACCC's proposed reduction of the FTAS rate from 0.86 cents to 0.21 cents per minute poses a direct threat to the ongoing viability of these critical services. As the only pure fixed-voice operator to submit a cost model, Symbio has highlighted that this rate is "substantially lower" than what is needed for sustainable cost recovery (cic start)(cic end).

This gap would need to be closed, forcing a reduction in investment in essential areas like specialist personnel and critical redundancy paths, undermining the very resilience that fixed-voice networks are celebrated for. The long-term interests of end-users are promoted by a regulatory framework that encourages, not constrains, investment in this crucial infrastructure.

About Venture Insights

Venture Insights is an independent company providing research services to companies across the media, telco and tech sectors in Australia and New Zealand.

For more information go to ventureinsights.com.au or contact us at contact@ventureinsights.com.au.

[redacted]

Venture Insights
Level 3, 461 Bourke Street, Melbourne, VIC 3000