



10 January 2020

Tara Morice
Director
Infrastructure Regulation Division
Domestic Mobile Terminating Access Service Declaration Inquiry
Australian Competition and Consumer Commission
MTASinquiry@accc.gov.au

**Re: Public inquiry on the access determination for the Domestic Mobile Terminating Access
Service position and consultation paper**

Dear Ms Morice,

ACCAN thanks the ACCC for the opportunity to contribute to its Domestic Mobile Terminating Access Service (MTAS) Declaration Inquiry Final Access Determination (FAD) position and consultation paper.

ACCAN is supportive of the approach that the ACCC has outlined in the position paper and believes that the use of cost benchmarking in the manner proposed strikes the appropriate balance between the alternative approaches for revising MTAS costs.¹ As noted in ACCAN's prior submission,² we appreciate that there are trade-offs between the timeliness of revision of MTAS costs and the accuracy of alternative costing approaches. Accordingly, although our preferred option was the development of a bespoke cost model, which would allow for the precise estimation of MTAS costs, we acknowledge that the use of cost benchmarking will allow for benefits to flow through the timely revision of MTAS costs.

¹. Australian Competition and Consumer Commission, 2019, *Public inquiry on the access determination for the Domestic Mobile Terminating Access Service*, Position and consultation paper, Sydney <<https://www.accc.gov.au/regulated-infrastructure/communications/mobile-services/mobile-terminating-access-service-access-determination-inquiry-2019/position-and-consultation-paper>>; Analysys Mason, 2019, *Approach to benchmarking the cost of providing MTAS in Australia*, Methodology report for the ACCC.

². ACCAN 2019, *Submission to the Domestic Mobile Terminating Access Service (MTAS) Declaration Inquiry Final Access Determination (FAD) consultation*. <<http://accan.org.au/our-work/submissions/1649-accan-submission-on-the-accc-mtas-fad>>

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With respect to the modelling of MTAS costs ACCAN believes that the approach set out in the Analysys Mason methodology report published by the ACCC is broadly appropriate. ACCAN's interest in the modelling inputs is driven by our desire to provide critique and comment, and to ensure that the inputs facilitate pricing outcomes that are in the interest of consumers.³

Although ACCAN is interested in obtaining further information from the ACCC about the technical inputs to the benchmarking exercise such as the cost of capital, we appreciate that much of this information will become available as part of the proposed preliminary benchmarking report. Accordingly, we appreciate that it will be appropriate to engage with the technical outputs of the model at that time.

ACCAN thanks the ACCC for the opportunity to contribute to this important consultation. Should the ACCC require any further information or clarification concerning any of the issues raised in this submission please do not hesitate to get in contact.

Yours sincerely,

Gareth Downing

Senior Policy Analyst

³. For example the risk weighting applied to capital can have a significant impact on the assessed rate of return and therefore influence wholesale and consequently retail prices.