



Commpete submission to the Public Inquiry: Voice Interconnection Services Access Determination – Draft Report (August 2025)

About Commpete

Commpete is an alliance representing some of Australia's non-dominant telecommunications service providers. Our members build, operate and provide, 4G, 5G and fixed wireless networks, retail and wholesale fibre connectivity and mobile voice and data services within a range of customer segments across Australia.

Our members' operations span a variety of business models, with some acquiring access services from a range of wholesale suppliers and maintaining fixed line carrier interconnection arrangements in place with the major carriers, and some building their own mobile and fixed network infrastructure.

For over 20 years, Commpete and its members have advocated for telecommunications regulatory policy and legislative reforms that have increased competition and encouraged both challenger and incumbent telecommunication service providers to deliver more to their customers

Introduction

Commpete welcomes the opportunity to respond to the Australian Competition and Consumer Commission (ACCC) Draft Report on voice interconnection services. We commend the Commission's extensive work in developing a refined cost model that represents a step forward in transparency and regulatory certainty.

At the same time, we believe modifications are necessary to ensure that the cost model supports competitive neutrality, resilience, and sustainable investment across the fixed, mobile, and transit network ecosystem.

Commpete also supports the ACCC's draft position on non-price terms and conditions not to include adding terms to justify further disruption of traffic by dominant telcos. Access determinations should prioritise achieving any-to-any connection in a fair market environment. Actions to deal with scam are best addressed through the Scams Prevention Framework and other scam specific regulations.

Recommendations

Commpete recommends the ACCC:

1. Delay commencement to 1 July 2026 to ensure orderly implementation.
2. Apply a *single rate reduction of 24.4% for all interconnected voice terminating calls* for the duration of the determination, with the proposed rates for Mobile Termination Access Service (MTAS) at 0.90 cents per minute and Fixed Termination Access

Service/Fixed Origination Access Service (FTAS/FOAS) at 0.65 cents per minute and no further decreases.

3. Recognise resilience as a core investment objective supported by sustainable FTAS revenues.
4. Address competitive distortions between integrated MNOs and challenger, fixed-only/transit providers.
5. Factor in compliance, security, and inflationary costs to preserve productive investment.

These recommendations will deliver the ACCC's objectives while sustaining diverse providers, support ongoing investment and safeguard critical service quality while protecting consumers.

Acknowledgement of the new cost model

We acknowledge that the draft model reflects significant effort and captures many of the efficiencies in modern networks. It provides a strong foundation for regulatory clarity and aligns with the long-term interests of end-users (LTIE).

However, we have serious concerns about the proposed approach, particularly the sharp FTAS reduction from 0.86 c/min to 0.21 c/min within one year versus the flat MTAS rate of 0.90 c/min for the duration. The Analysys Mason's model assumes a hypothetical modern efficient operator (MEO) with immediate national scale and optimal technology. This is unrealistic for the challenger or fixed-only providers with smaller customer bases and residual legacy costs that do not benefit from these efficiencies, creating a structural imbalance.

These proposals:

- Disproportionately impact challenger, fixed and transit providers compared to integrated mobile operators.
- Undermine cost recovery for enterprise-grade and international voice services.
- Risk service degradation in regional, enterprise, and government segments.
- Departs from international best practice, where glide paths typically limit annual termination rate reductions to around 10%, with the proposed 75% FTAS cut in a single year far outside global precedent.

Competitive Distortion and Market Impacts

Challenger telecommunication providers play a strategic role in the Australian market by driving competition, innovation and customer choice. Unlike the fully integrated incumbents, these providers often specialise in wholesale, enterprise, government and regional

connectivity, bringing tailored services and competitive pressure that keeps prices fair and quality high. They are critical in serving niche and underserved markets, particularly in regional and rural areas, while also investing in security, resilience, and interoperability that strengthen the broader telecoms ecosystem.

Challengers rely on reasonable and sustainable FTAS/FOAS and MTAS rates to fund their networks, with sudden cuts to FTAS, they face disproportionate pressure, risking reduced competition, higher retail prices, and weaker service diversity. By contrast, integrated mobile operators, with diversified revenue streams, are less effected and if the proposed reductions proceed unmodified there is a risk of entrenching their dominance and leaving the market over-reliant on a few players.

Contractual and Compliance Pressures

Challenger providers are often locked into multi-year supplier and customer contracts. Sudden interconnect cost changes risk contractual breaches, penalties, and re-negotiation.

Compliance and security costs are rising sharply which have a disproportionate impact on challenger providers:

- Regulatory compliance: Enhanced ACMA standards (identity verification, porting, IPND accuracy).
- Security: Increased investment on
 - Distributed Denial of Service (DDoS) protection: defensive measures against network flooding or overload attacks,
 - Session Border Controller hardening: securing SBC devices that manage/control VoIP traffic at network borders
 - fraud monitoring: ongoing monitoring systems to detect and prevent telecom fraud
 - Security of Critical Infrastructure (SoCI Act 2018), related resilience obligations.

If FTAS and MTAS revenues are reduced below sustainable levels, challengers will face heightened difficulty in meeting their contractual commitments and rising compliance obligations, putting both service resilience and regulatory adherence at risk.

Policy Emphasis on Resilience

Infrastructure Australia has explicitly identified telecommunications resilience and emergency interoperability as national priorities. Fixed voice and transit networks are fundamental to this resilience, providing redundancy when mobile networks fail, whether through technical faults, natural disasters, or malicious attacks.

Two recent events illustrate this risk:

- Optus Outage (Australia, November 2023): A major network failure disrupted mobile and fixed broadband services nationwide for more than 12 hours, affecting emergency call handling, hospitals, and millions of consumers. The incident

highlighted the community's reliance on alternative fixed-line and transit paths when mobile networks are unavailable.

- Kyivstar Cyberattack (Ukraine, December 2023): A destructive cyberattack on the country's largest mobile operator disabled services for millions, requiring more than US\$90 million in remediation and security investment. During the outage, fixed voice and international transit links provided critical backup capacity for government and emergency communications.

Sustainable FTAS revenues help fund the investment needed to:

- Maintain geographically diverse routing and backup switching capacity,
- Harden networks against cyberattacks and DDoS threats,
- Ensure interconnect pathways remain available for emergency interoperability, especially during flood and bushfire seasons,
- Guarantee service continuity for enterprises, government agencies, and the public.

By contrast, steep and immediate FTAS cuts would strip away the resources necessary to sustain this resilience, undermining the very policy objectives the government has prioritised.

International Implementation of Glide Paths

Commpete has recommended a single rate reduction for FTAS/FOAS, in line with MTAS. (c-i-c)

Should the ACCC proceed with the implementation of a glide path for FTAS, international approaches are relevant. As an example, the European Union has specified uniform mobile and fixed voice single rates across member countries with multi-year glidepaths to reach the recommended caps and most countries have accepted this approach. We recommend that any glidepath should not be greater than 10% per term (that is the 3-year period provided for in the draft report) in order to minimise industry disruption.

Inflation and Productivity

Inflation remains 3 - 4% annually and telecom productivity growth is modest. Sharp, immediate cuts to FTAS erode investment capacity, hinder automation upgrades, and weaken the ability to hedge inflation in labour and capital inputs. Commpete believes that a single rate change enables providers to sustain productivity initiatives without undermining service quality.

Implementation Timing – Risks of 1 January Commencement

The proposed 1 January 2026 commencement date presents practical and operational risks for the telecommunications sector.

1. Telco Embargo Period: All major Australian carriers operate under a “shutdown and change embargo” period spanning mid-December through mid-January. This is a long-standing industry practice designed to:

- Ensure stability during peak seasonal demand (holiday and emergency (bushfire season) traffic),
 - Avoid network changes when staffing levels are reduced,
 - Protect customer services from disruption at a time of heightened reliance.
2. Operational Constraints: Systems, billing, and interconnect changes required to implement new termination rates cannot be safely executed during this embargo. Attempting to do so risks:
- Delayed implementation across the industry,
 - Inconsistent application of rates between operators,
 - Potential disputes and reconciliation errors in wholesale settlements.
3. Contractual Misalignment: Many wholesale and enterprise contracts align with financial or operational years. A 1st January start date, in the middle of embargo and during contract lock-in, creates material misalignment and unnecessary renegotiation risk.

Commpete recommends the ACCC adopt a 1 July start date which provides a 6-month adjustment window, aligns with operational calendars, supports the challenger providers meet their obligations, and allows for orderly industry-wide implementation.

Additional non-price terms not needed for terminating carriers

The ACCC's draft position that the existing non-price terms and conditions should be maintained, with limited and minor changes to ensure consistency between the terms in access determinations for all voice interconnection services, a position Commpete supports.

The declaration of services was designed to ensure the values of fair market conditions for services central to Australia's economic prosperity and the long-term interests of end users. To provide already dominant Mobile Network Operators (MNOs) discretion to block or interfere with traffic presents serious risks to these values. This prospect should be heavily scrutinised as the termination of traffic across networks is foundational to the functioning of Australia's communications system and the wider economy.

The Competition and Consumer Act 2010 (Cth) (the Act) provides that the objective of any-to-any connectivity is met only where every end-user of a carriage service that enables communication between end-users can, through that service, communicate with all other end-users of the same or a comparable service, regardless of whether they are connected to the same telecommunications network¹. The intent is unambiguous: seamless any-to-any connectivity.

¹ Section 152AC(8) of the *Competition and Consumer Act 2010* (Cth).

In this context, the requests by the most dominant market participants for an unwarranted authority to disrupt traffic are highly concerning. These operators state that existing industry codes provide sufficient authority for such conduct therefore, no further regulatory cover should be afforded to extend these practices. The persistence of such requests highlights the questionable foundations on which these actions are taken. The ACCC should avoid providing any further endorsement that could legitimise or entrench these behaviours. Validation of these actions would be inconsistent with the objectives of Part XIC.

Ongoing disruption to legitimate traffic

Commpete submits that the ACCC should, in the context of the Act, scrutinise practices that disrupt legitimate traffic covered by MTAS or FTAS, as such actions risk undermining the intent of declared services and eroding regulatory certainty. When disruptions are justified on the basis of scam prevention, they must meet to a high evidentiary standard, recorded and auditable for transparency and industry learning. Reliance on broad indicators such as high traffic volumes, patterns, or the Multiple Service Practice (MSP) risks granting dominant operators disproportionate scope to intervene, potentially leveraging market position in ways inconsistent with the intent of the Reducing Scam Calls and Scam SMS Industry Code and the Act. This could erode the effectiveness of declared services and distort fair competition.

Following the recent ACMA decision on MSP as part of the Numbering Plan Review, we remain concerned about instances where dominant operators may act unilaterally to interfere with legitimate traffic or seek additional commercial information. Without clear regulatory oversight, such practices risk creating the perception that some operators operate outside established rules, a perception that undermines confidence in the regulatory framework.

Accordingly, Commpete urges the ACCC to ensure all operators comply with existing determinations and obligations under the Competition and Consumer Act 2010. This will help safeguard competition, protect consumers, and maintain trust in the integrity of Australia's communications infrastructure.

Conclusion

Commpete consider that the draft cost model provides a strong foundation, but without refinement it risks undermining competition, resilience, and service continuity.

A balanced approach with symmetry and implementation flexibility will deliver the ACCC's objectives while sustaining diverse providers, supports ongoing investment, and safeguards critical service quality while protecting consumers.

Confidential contact details:

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