

Commpete submission to ACCC Draft proposals on Declared Service Descriptions, MTAS

12 April 2024

In line with previous Commpete submissions (dated 26 Jul 2023, 17 Nov 2023, 16 Feb 2024), our position on MTAS declaration remains that Voice MTAS should continue to be declared and that A2P SMS should be added to the service description. This change is necessary in order for the regulatory regime to reflect the expanding range of services and applications, and the evolution of technologies.

Interconnect-based termination access services for both the fixed and mobile networks services are bottleneck services and are required to ensure any-to-any connectivity on a competitive basis without which carriers and CSPs would be unable to guarantee services that require completion of a call (or A2P SMS) to an end-user on any other network.

The main bottlenecks in the system today are in the mobile network. Given the continuing development of mobile technology and ever-increasing reliance on mobility in all aspects of business and life, it is crucially important that access to these networks is provided on fair and reasonable terms and not be immunized from competition by virtue of their incumbent position.

ACCC's proposed definition as it applies to MTAS and A2P SMS:

ACCC Proposed Definition:

The domestic mobile terminating access service is an access service for the carriage of voice calls and application-to-person SMS from a POI, or potential POI, to a B-Party assigned number from the digital mobile number ranges of the Australian Numbering Plan.

The proposed definition recognises the evolving use of mobile numbers, where calls and SMS are increasingly being originated and received by software applications, rather than being limited to mobile devices with sim cards. This MTAS definition and the inclusion of A2P SMS in the MTAS service declaration is:

- in the interest of end-users and promotes competition,
- achieves any-to-any connectivity, and
- encourages the economically efficient use of infrastructure as outlined in the ACCC's draft determination.

The proposed ACCC definition recognises developments in technology as documented by the ACCC, whereby among other use cases, MNOs provide call termination (and origination) over alternative bearer technology including Voice over Wi-Fi.

While OTT services provide a limited alternative to conventional mobile voice services in some circumstances, Commpete considers that OTT business-to-consumer messaging services are not sufficiently substitutable with A2P SMS services, for the following reasons:

- OTT services are unable to provide true any-to-any connectivity, instead only allowing messages to be sent to other users on the same platform (who have the same application or are otherwise able to access the same service). This limits the

ability of OTT messaging to substitute for SMS messaging in all circumstances, both for P2P and A2P messaging, and

- OTT services can only be accessed through a smartphone with a data connection, which involves such services having an indirect cost (even where the direct cost of sending/receiving a message is zero). This particularly limits the take-up of OTT services among vulnerable groups of consumers, such as a low-income or elderly consumers.

Additionally, there is ample evidence that A2P SMS is an integral and critical part of business-to-consumer messaging and there are no viable OTT substitutes for the foreseeable future. There are currently no effective substitutes as SMS is ubiquitous, well understood and entrenched and provides a real-time channel for important communications including 2-factor authentication, appointment reminders and alerts.

As previously submitted, Commpete is strongly in support of stopping and disrupting scams on the Australian telecommunications networks in a manner that does not compromise legitimate traffic. There is ample evidence as demonstrated by Pivotel's submission and the independent report produced by Houstenkemp that declaration of A2P SMS service will not encourage bad actors and increase scam. This appears to be an argument favoured by the MNO's to enable them to increase termination prices unabated using SCAM prevention as a justification for their actions.

Increased pricing for A2P SMS termination has been shown to force scam onto lower-cost routes such as SIM boxes and international grey routes that do not have the same checks and balances in place to monitor and control scam. The MNOs, aggregators and industry are far better equipped to deal with scam through regulatory forums and internal monitoring capabilities rather than through increased pricing for A2P SMS termination.

As such, the MTAS service definition should not be amended to include terms that support or facilitate the adoption of scam measures or exclude incoming international voice calls to MTAS.

The continuation of the declared termination services and associated mandated pricing is essential to ensure that all carriers and CSPs are able to deliver services to end users without the risk of MNO's either refusing to supply termination services or enabling them to engage in anti-competitive pricing strategies.

This is the essence of 'any-to-any' calling, which is an essential underpinning of a competitive telecommunications environment.

Allegations of disregard for scam on the network

Finally, Commpete firmly refutes the notion included in some MNO submissions that non-MNO industry players lack motivation to combat scams for financial reasons. Such exaggerated statements are made without evidence and are contrary to the truth. Submissions suggesting that Commpete members' primary incentive is to maximize traffic, regardless of its nature, reflects a misunderstanding of the modern telecommunications industry or a disregard for fact.

In reality, Commpete members prioritise addressing scams due to the essential role trust and consumer confidence plays in the telecommunications sector. Commpete believes in fostering a positive consumer experience and recognises that a trustworthy communication environment benefits all stakeholders. Commpete members have made considerable investments in scam prevention measures to safeguard users and counteract malicious actors. Much of this is done on top of aligning with legal and regulatory obligations which, as the MNO's, Commpete members are bound by and respect.

Commpete advocates open access regimes, providing the ability for new diverse entrants to enter and thrive in the industry for the ultimate benefit of end users. Commpete would welcome the opportunity to discuss its submission further with the ACCC at a convenient time.

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