

Public inquiry on the Access Determinations for the Voice Interconnection Services

Symbio Submission to ACCC in response to Position and Consultation Paper April 2025, and Analysys Mason Draft Model Specification

1. Introduction

Symbio is a significant provider of wholesale fixed voice services in Australia and operates a Tier 1 network with interconnection to all other fixed voice and mobile networks.

Although Symbio operates only a fixed voice network, it is exposed to costs associated with both fixed and mobile voice interconnection services. Therefore, we have provided comments on the approach proposed by the ACCC for both fixed and mobile voice interconnection services.

2. ACCC invitation

Symbio accepts the ACCC's invitation to comment on any matter raised in the discussion paper, and especially the draft model specification from Analysys Mason ("AM").

3. Structure of this Submission

This submission is structured in the same manner and sequence as the ACCC's discussion paper, and uses the same descriptive headings as the ACCC.

4. Symbio's comments

4.1 Pricing Approach

Symbio accepts that the ACCC has decided to develop a cost model to determine appropriate voice interconnection charges. Symbio will work with the ACCC to ensure the outcome is appropriate for the Australian environment.

At page 19 of the Discussion Paper, the ACCC states:

"Symbio submitted that the costs of the mobile access network (i.e. the radio access network) should no longer be recovered in the price of mobile terminating access service as they are traffic insensitive costs. Symbio argued that these costs should be recovered through flat-rate prices rather than usage-based prices.

"The ACCC does not agree with Symbio's submission on this issue. Unlike in a fixed line network where there is no incremental cost on the customer access network due to the carriage of terminating traffic, the capacity of the mobile access network would, in principle, have to increase (such as by deploying more spectrum or building more sites) in response to additional traffic that needs to be terminated by the access provider. The fact that over time, voice traffic has become an increasingly small proportion of overall traffic does not categorically change this assumption. Rather, it means that proportionally the cost of mobile access network that is allocated to terminating voice traffic may become smaller."

Symbio respectfully disagrees that this is not now the appropriate approach, notwithstanding the cost model approach to this issue in earlier years when voice was a substantial part of the overall traffic and when service providers offered their retail customers services on a completely different price-basis. The situation now is that voice is a fast-diminishing part of the overall traffic over the RAN, as the ACCC has stated in the Discussion Paper. When this is coupled with the fact that in most cases

users are under-utilising the capacity provided to them by their service providers ¹, it is proper to conclude that, in relation to voice traffic, RAN costs are not for all practical purposes traffic sensitive. Consequently no part of the RAN costs should be recovered via voice interconnection charges.

Symbio notes the ACCC position to build a single model based on a bottom-up mobile model, validated by top-down adjustments to reflect actual industry network asset creation, and, further that the model should be adapted to serve for the calculation of fixed voice interconnection charges.

Symbio accepts that a bottom-up approach to modelling voice interconnection costs with top-down 'sanity checking' is appropriate. However, Symbio does not accept other aspects of modelling that are proposed. In particular, neither the ACCC nor AM have provided rationales for building a single model, with fixed services as an add-on. Symbio has no reason to believe that this approach will adequately model the characteristics of fixed voice services, and fixed voice interconnection services in particular. Further comment appears below in relation to the detailed draft specifications proposed by the ACCC.

4.2 Proposed Model Specification

4.2.1 Developing a Cost Model (ACCC heading)

- Single cost model:

At page 18, the ACCC notes that "... the ACCC will develop a single cost model that is capable of producing TSLRIC+ cost estimates for all the voice interconnection services. We consider this is achievable by developing a model that reflects the costs incurred by a hypothetically efficient operator deploying a 4G/5G network in Australia, with the costs of providing the fixed interconnection services estimated using core network assets from this model."

There has been no reason given in either the Discussion Paper or the AM Draft Model Specification to be confident that the core network assets from the single model will adequately and appropriately reflect the efficient costs of providing fixed interconnection services. Symbio is possibly unique in having a network almost fully dedicated to the provision of voice services, and there is nothing in either document to indicate how such circumstances might be appropriately reflected in the model.

In particular, the proposed costs would appear to reflect the costs of an operator which has decided to offer both fixed and mobile services, and therefore might reflect the scope efficiencies that result. Some operators, including Symbio, may choose to provide fixed services only or mobile services only. In Symbio's case, where customers seek to have access to mobile voice service, these are provided by an associated MVNO, and not as part of Symbio's own network service. Symbio has made a legitimate business decision and adopted a business model to suit. It is therefore inappropriate for the ACCC to build an alternative business model into its cost modelling assumptions. The costs of providing fixed service alone should be modelled separately.

- Model based on TSLRIC+:

Symbio notes and accepts the ACCC's position that the model should be based on the TSLRIC+ cost standard.

- Reflecting a hypothetical efficient operator:

Symbio notes that the ACCC will seek to calculate the costs of a hypothetical efficient operator, rather than the actual costs of any specific operator. Nevertheless, the assumptions about the hypothetical operator and its characteristics need to be approached with some care. As noted above, this should

¹ ACCC, *Communications market report, 2023-24* (December 2024), Figures 23 and 26 at pages 37 and 40 respectively. Figure 23 shows that over the three years to June 2024 service providers have increased the overall capacity allowance for retail customers, and Figure 26 shows that over the same period average monthly data usage has declined, resulting in under-utilisation of capacity allowances overall. In this circumstance, there is no practical way in which RAN costs are sensitive the small proportion of overall capacity usage attributable to voice traffic.

not extend to requirement (or assumption) that the hypothetical operator would have a business model based on providing both voice and mobile services.

- Based on 4G/5G technologies in the case of mobile services:

Symbio accepts that these are the appropriate technologies that should be included in the modelling of mobile service costs. In the case of 5G, it is widely accepted that MNOs have invested in capabilities which are not currently being fully exploited or promoted in the market. Examples include network slicing and 5G standalone capabilities. Undoubtedly these capabilities will be better utilised at some stage, but likely considerably later in the 5G life-cycle than envisaged when initial investments were planned. The point is that these costs are not necessary for voice service and should be removed from the claimed costs in the early years of the model – that is, the years with most impact on the MTAS charges arising from the current review.

4.2.2 Modelled Operator

- Type of Operator:
 - Network footprint and rollout

Symbio notes that, at page 25 of the Discussion Paper, that “Analysys Mason proposes to calculate the immediate 4G and 5G coverage based on the coverage maps provided by the national mobile network operators as of 31 January 2024. The hypothetical efficient operator is assumed to have coverage (for 4G and 5G respectively) where at least two of the three operators have coverage using any frequency based on these coverage maps (the Coverage Definition). Geographic and population coverage will then be calculated by geotype.”

Symbio has no objection to this approach for determining mobile coverage for the hypothetical operator being modelled.

However, Symbio does have concerns about the next sentence: “Analysys Mason also proposes to assume that the modelled fixed core network covers the same proportion of the population as the modelled mobile network.” It is not clear why this assumption is being made, other than perhaps for pure convenience resulting from the use of a single model. In principle, Symbio considers that the population being served by fixed operators should be based on the actual service populations of the operators who have been asked to provide information by the ACCC. Since the ACCC does not intend to include the costs of the fixed access network in the fixed model, it is not at all clear why there needs to be an assumption on population served, unless it is to set an upper limit on demand growth in some way. We would appreciate some clarification on this matter.

- Market share and scale

Symbio has no objection to the preliminary views that the ACCC has expressed on the market share and scale assumptions for mobile operators in the model, as set out at page 26 of the Discussion Paper.

The ACCC’s preliminary view on market share and scale for the hypothetical fixed operator in the model is set out at page 27: “For the purpose of the ACCC’s Division 12 Record Keeping Rules, Optus, Telstra, TPG Telecom and Vocus are the four operators that provide information relating to fixed voice services. For this reason, the ACCC considers that a simple assumption of market share based on four operators in Australia (i.e. 25%) is a reasonable starting point and welcomes stakeholder feedback on whether this assumption is appropriate.”

The ACCC’s proposal to use a 25% market share based on the number of operators providing information relating to fixed voice services pursuant to the Record Keeping Rules is arbitrary. Symbio was not required to submit information under these Rules. (c.i.c starts) (c.i.c ends). Hence we would request that the ACCC review this matter and if, our assumption

is valid, the market share for the modelled efficient voice operator should be based on five operators (not four) or 20%.

4.2.3 Modelled Technology

- Radio technology:

Symbio has no objection to the three radio technologies proposed to be used, however, the assumption that these will be the appropriate technologies for the whole of the modelling horizon (and especially for the next five years) may be questioned. 5G Advanced and 6G technologies are expected to improve the efficiency of radio networks in that period.

- Spectrum allocations:

No comment.

- Spectrum payments:

No comment.

- Backhaul and backbone transmission:

No comment.

- Core network infrastructure:

Symbio considers that all core network components that contribute to the cost of fixed voice traffic, and which are necessary for the provision of voice service, should be included in the model, contrary to the approach outlined at page 30 of the Discussion Paper that refers only to the “IMS core”. In its response to the ACCC’s request for cost data, Symbio has delineated all the elements of its network that contribute to its core network infrastructure, and these elements and their costs need to be included.

- Network nodes:

At page 31 of the Discussion Paper, the ACCC says: “The fixed core network will be assumed to have the same number of core nodes as the modelled mobile core network.” No rationale or other justification is offered for this assumption and it appears to be arbitrary. We would request that the ACCC review this assumption to ensure it is realistic for a fixed core network.

4.2.4 Modelled services

- Service set:
 - Mobile

No objection.

- Fixed

At page 32 of the Discussion Paper the modelled fixed services are stated to *include* retail on-net fixed voice, outgoing off-net fixed voice and incoming fixed voice. Symbio believes that the ACCC and AM should clarify whether these services comprise the complete set of modelled fixed services, or not. [Symbio believes that they probably are a complete set.]

- Traffic volumes:

Symbio agrees that traffic volumes need to be based on a consistent set of inputs.

- Points of Interconnection:

Page 32 of the Discussion Paper states: “Analysys Mason proposes to model a forward-looking number of Points of Interconnection locations. We have sought information from operators on the number of Points of Interconnection locations in the network as well as the interconnection protocols they use which will inform this issue.” Symbio agrees, but is concerned about how an efficient number of POIs will be determined for a hypothetical efficient fixed operator. The paper offers no

clarification on this point. In Australia, networks have tended to be structured on a State-by-State basis by the major operators such as Telstra and Optus, and hence POIs tend to be positioned on a State basis. We consider this should be included in the modelling approach

- Wholesale versus retail demarcations:

Symbio agrees with the proposed approach to retail costs, namely "... to analyse top-down expenditure data provided by operators to calculate an appropriate mark-up for network and retail activities for the purpose of recovering business overheads."

4.2.5 Modelling Implementation

- Increment approaches:

Symbio agrees that the whole service should be regarded as the appropriate increment, as suggested in the name of the proposed costing approach, TSLRIC+

- Depreciation method:

Symbio agrees that economic depreciation taking account of movements in asset prices is appropriate.

- Geotyping:

No comment.

- Modelling timeframe:

The modelling timeframe proposed – to 2070 – together with the reason for this timeframe, are noted. Symbio agrees in principle.

- WACC:

Symbio notes that the ACCC intends to undertake further and separate consultation on the WACC, and assumptions to be used.

- Routeing factors:

Symbio agrees that all traffic should be converted to voice minute equivalents. The ACCC proposed to use average routeing factors, but has provided no information on how the averages will be derived.

- Mark-up mechanism:

Symbio agrees that mark-ups for common costs should be on an equi-proportionate basis.

- Calculation of operating expenditure:

Symbio recognises that operating expenditures that are specific to particular assets and for specific services will need to be accounted for differently to general OPEX and that a combination of specific allocation and general mark-up will likely be required.

4.3 Non-price Terms and Conditions

- Current non-price terms:

Symbio agrees that current non-price terms should be maintained and included in the FAD.

- Scam blocking obligations:

Symbio remains of the view, expressed in the earlier consultation, that that the issues relating to the blocking of scam traffic should be dealt with under the scam regulation framework such as the Reducing Scam Calls and Scam SMs Code. The ACMA is already progressing such work.

4.4 Duration

- ACCC's preliminary position:

Symbio remains of the view that the FAD should have a three-year expiry date, to enable changes in the market to be assessed at that time, and for variations to be incorporated. Given that a new cost model is being developed, it would seem appropriate that the assumptions and outcomes from the model are reviewed after a three-year period rather than left to operate for five years. It would not seem to require a major exercise to review the basic assumptions of the initial model. It is important to note that this is not the same as a discretion for the ACCC to commence an inquiry if it sees fit prior to the expiry of the declaration.

Symbio has provided a number of comments on the Discussion Paper for consideration by the ACCC. Symbio looks forward to discussing these matters with the ACCC team at a convenient time once they have reviewed our response.