TELSTRA CORPORATION LIMITED

Response to the ACCC's Draft MTAS Pricing Principles Determination and indicative prices for the period 1 January 2009 to 31 December 2011

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Overview

In November 2008, the Commission invited industry comment on its draft Pricing Principles Determination and draft Indicative prices for the declared Mobile Terminating Access Service (**"MTAS"**) for the three years, 1 January 2009 to 31 December 2011 (**Draft Determination**). This is Telstra's submission responding to those draft Pricing Principles and Indicative Pricing.

In summary, the Commission's Draft Determination:

- **Is a complete departure** by the Commission from its previous approach to pricing the MTAS taken in its previous pricing principles, as well as the precedents established by several determinations by the Australian Competition Tribunal. The Commission, while stating that MTAS prices "should be cost-based", now proposes that TSLRIC is merely an "appropriate consideration" in determining prices, and that other factors should be considered by the Commission;

- Provides **no certainty** as to how to the Commission will approach MTAS pricing in the future. The factors the Commission now says are relevant are so vague that they would allow the Commission to select almost any price for the MTAS. For example, the Commission says that it will consider TSLRIC prices, RAF information, international benchmarking, fixed to mobile retail prices, etc, without any assessment of whether setting prices by having regard to these factors is in the long term interests of end users and without any guidance as to the weight each factor bears in making any decision. In the Draft Determination, the Commission appears to give so much weight to the cursory study it has found on international benchmark pricing, that it completely overrides the outputs of the WIK model which has been constructed to meet the TSLRIC methodology; and

- Insofar as it considers other factors such as international benchmarks and fixed to mobile retail prices, the Commission's analysis is **deeply flawed,** and does not meet the standard that it and the Tribunal have previously set. These analyses therefore cannot be relied upon in determining the appropriate MTAS price.

In addition, it is unclear why the Commission has chosen to publish revised Pricing Principles and draft Indicative Prices at this time, ahead of the re-declaration inquiry of the MTAS (which must be completed by end of June 2009). To require the industry to undertake two regulatory processes, and to largely pre-empt the outcome of the re-declaration inquiry by issuing prices for a three-year period when the declaration is about to expire, is an unnecessary and inappropriate duplication of regulatory processes.

The Commission's draft indicative price of 9cpm for three years is similarly flawed. In particular, in determining the indicative price, the Commission:

- **totally ignores** the TSLRIC outcome of its own cost model and instead adopts a price which is well above the Commission's own best estimate of the efficient costs of the service;

- **uses the flawed international pricing benchmarks** and a number of other factors **to override TSLRIC outcomes**, when that benchmarking and analysis is unreliable and can give no real guidance as to the appropriate indicative price;

- gives **absolutely no basis** upon which 9cpm can be justified; and

- **does not even attempt** to address how a 9cpm price can be considered a reasonable regulated rate for a further 3 year period.

Instead of adopting such a vague approach to pricing principles (which undermines the numerous statements made to the industry over the years as to how pricing will be determined) the Commission should revert to determining MTAS prices in accordance with its previously established principle of efficient costs – ie TSLRIC+. If it were to do this, it is clear that the indicative price the Commission should adopt from 1 January 2009 **would be 6cpm**. According to the Commission's own previous analysis, this price would actually meet the legislative criteria the Commission is required to address in establishing its pricing principles and determining indicative prices. By contrast, the Commission's draft indicative price of 9 cpm does not.

By proposing indicative pricing for MTAS at 9 cpm for 3 years, the Commission is asking Australia's fixed telephony customers to subsidise the mobile industry by approximately $90m per annum.

In addressing these matters, Telstra's submission:

(a) addresses the Commission's draft pricing principles, including its apparent abandonment of TSLRIC+, thereby demonstrating the Commission's flawed approach in its Draft Determination; and

(b) establishes that the 9cpm price is too high by any principled standard, and that there is no basis upon which the Commission can justify maintaining that price for 3 years. Instead, the Commission should adopt a price of 6cpm for six months, pending the outcome of the re-declaration inquiry.

Section 1 - The Commission's Draft Pricing Principles

The Draft Pricing Principles represent a new approach by the Commission to determining regulated prices for the MTAS. In particular:

- The Commission now sees TSLRIC as only one of a number of factors that it needs to take into account in setting appropriate pricing, and as a floor to the MTAS price. Previously, the Commission and the Australian Competition Tribunal **(the Tribunal)** have clearly stated that MTAS prices should be set according to the efficient costs of providing the service. This departure from precedent is unnecessary, without justification, and is replaced with an approach so vague that it would allow the Commission to choose any methodology that it desires to deliver a pricing outcome;

- There is no evidence that the Commission's new approach to pricing has been examined in accordance with the legislative criteria, or that it satisfies those criteria;

- The Commission now appears to be giving significant weight to "other factors", but none of the "other factors" identified in the Draft Determination are sufficiently robust to warrant consideration. Further the Commission provides no guidance as to how it will weight those other factors in applying its pricing principles with the result that the Commission's approach cannot properly be described as a formulation of principles. For example:

    - International Benchmarking: The Commission uses an international benchmarking study to indicate that Australia's indicative price is below prices set by European regulators. Yet the Tribunal and the Commission have previously rejected international benchmarking studies prepared by network operators, due to the inherent difficulties in ensuring the benchmarking is accurate. It is clear that the cursory study relied upon by the Commission does not meet the standards previously established by the Tribunal (and adopted by the Commission). The Commission's benchmarking analysis is therefore unreliable and flawed, and cannot be used in any analysis in determining appropriate MTAS prices for Australia;

    - RAF Data: The RAF information regarding actual costs of Mobile Network Operatorss **(MNOs)** is not yet available to the Commission. If and when it does become part of the reporting of MNOs within the industry, it is clear that the RAF information will not provide any reliable reflection of the actual costs of providing the MTAS, and therefore will not be any reliable guide on which to determine the efficient costs of providing the service – a qualification which has been established by the Tribunal as being important in determining regulated MTAS prices;

    - Waterbed Effect: Telstra agrees with the Commission that there is no evidence of a waterbed effect in the mobiles markets, and that any argument of the existence of a waterbed effect should continue to be rejected; and

    - Fixed to Mobile Retail Charges: The Commission's focus on Telstra's Retail Fixed To Mobile **(FTM)** pricing, and its apparent call for additional

regulatory mechanisms to achieve greater pass-through of MTAS price reductions, is contrary to the regulatory precedent that has been established in this area. FTM pass-through obligations have been categorically rejected by both the Commission and the Tribunal as being inefficient, unreasonable, and contrary to the LTIE. In any event, the Commission's attempt to analyse FTM retail prices is flawed and cannot be relied upon as it:

(a) Ignores the significant changes in the charging structures for the bundle of retail fixed line services (of which FTM is a prart) that have occurred to retail FTM prices by a range of service providers (not just Telstra) in the retail market in recent years. These changes demonstrate that FTM services, like other call categories, are subject to vigorous competition;

(b) Ignores the fact (which has been again well established in previous decisions of both the Commission and the Tribunal) that changes to FTM services is only one possible way in which benefits of reduced MTAS prices could be demonstrated for fixed network services. By only considering Telstra's retail FTM prices the Commission has ignored its own previous advice and that of the Tribunal's, and has conducted an incomplete and inaccurate study in which to conclude that little competitive benefit has flowed from previous reductions in the MTAS price;

(c) Ignores the significant price changes Telstra has made to its wholesale FTM pricing; and

(d) Incorrectly attempts to categorise the New Zealand requirements of pass-through as a precedent relevant to the Australian regulatory context. In fact, the Commission and the Tribunal have both previously rejected the appropriateness of a FTM pass-through requirement.

Efficient Costs and the TSLRIC+ approach – a Commission Backflip

The Commission's commentary on the TSLRIC+ approach adopted in the Draft Determination departs markedly from the body of precedent it has established over the years in relation to the pricing of the MTAS, including statements by the Tribunal adopting the TSLRIC+ principle. It seems that suddenly the Commission has taken upon itself to re-write its interpretation of the LTIE criteria under Part XIC, and has given itself the liberty to determine prices for declared services based on a range of unproven factors.

That is, rather than now adopting a TSLRIC+ approach for MTAS pricing, the Commission is now saying that efficient operators may be able to price somewhat above their costs[1]; and that consequently, the TSLRIC+ approach as demonstrated by the WIK model should now be taken as a floor on the costs of providing the service.[2]

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1 Draft Determination, page 11.
2 Ibid, page 15.

This is completely contrary to statements made and the pricing principles adopted by the Commission in numerous decisions over the last three to four years in relation to the appropriate price of the MTAS, including those set out below.

In 2004, the Commission determined a glidepath for the MTAS pricing, effectively reducing it from a starting point of 21cpm to a price of 12cpm over 3 years. The aim of the downward glidepath was to reduce MTAS prices towards costs:

> *"Given it has:*
>
> - *not developed a specific model to estimate TSLRIC+ in Australia at this time; and*
> - *concerns the possible harm that might be caused by disrupting the business plans of MNOs if the Commission were to immediately reduce the price of the MTAS to TSLRIC+,*
>
> *the Commission believes a pricing principle that generates a gradual reduction in the price of the MTAS so that it reduces to a level that represents a closer association of price and the best measures the Commission has available to it of the TSLRIC+ of providing the service within Australia would be most appropriate under the Act at this time."* [3]

In February 2006, the Commission rejected the first of two undertakings filed by Optus, as the pricing sought by Optus for the MTAS was higher than the Commission's then estimate of a TSLRIC+ methodology:

> *".. the Commission has concerns with some of the methodological and conceptual decisions made by Optus is [sic] determining its FL=LRIC++ principle. As a result of these concerns, the Commission believes that it would be more appropriate to set a target price for the MTAS on the basis of a TSLRIC+ methodology rather than the FL-LRIC++ methodology proposed by Optus."*[4]

One month later, the Commission rejected an undertaking by Vodafone for a similar reason:

> *".. the Commission considers that there is no certainty that cost estimates based on Vodafone's network will reflect an appropriate forward-looking cost estimate of an 'efficient operator' supplying the MTAS."*[5]

In that decision, the Commission rejected the cost model developed by Vodafone's consultant, PwC, because the Commission considered that it would likely overstate the MTAS costs of an efficient operator in Australia:

> *"The reasons for the Commission reaching this view are that:*
>
> - *the use of a top-down FAC modelling approach based on Vodafone's data is likely to tend toward overstating the 'forward-looking efficient economic costs' of providing the MTAS. This is due to the conceptual and practical differences between a FAC model and a TSLRIC+ model, and also*

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[3] ACCC, MTAS Mobile Services Review Mobile Terminating Access Service, Final Decision, June 2004, at p211

[4] ACCC, Optus's Undertaking with Respect to the Supply of its Domestic GSM Terminating Access Service (DGTAS), Final Decision, February 2006, at p xvii

[5] ACCC, Assessment of Vodafone's Mobile Terminating Access Service (MTAS) Undertaking, Final Decision, March 2006, at p35.

due to the tendency for top-down models to generate, at best, an upper bound on the efficient costs of service provision;

- *the most appropriate benchmark for modelling 'forward-looking efficient MTAS cost is that of an 'efficient operator'."*[6]

Similarly, in issuing its final decision on Optus' 2007 Undertaking, th e Commission said:

> *"The Commission is not satisfied that accepting the Optus 2007 Undertaking will be likely to promote the LTIE. This is because the Optus 2007 Undertaking would establish a price structure for the MTAS in excess of an estimate of the TSLRIC+ relevant for the period 1 July 2007 to 31 December 2007."*[7]

And in November 2007, only 13 months ago:

> *"Throughout three years of consultation, analysis and review of these models the ACCC's position on cost models has been well documented, widely publicised and affirmed by decisions of the Tribunal. For example, in its Vodafone decision the Tribunal indicated that while cost models distinct from TSLRIC+ models are not unreasonable, it is generally not in the LTIE to depart from TSLRIC pricing for regulated access services and that access prices should reflect and not exceed forward-looking efficient costs."*[8]
>
> *"... the Commission considers that it is reasonable to assume that a cost model using 2G technology will provide an upper-bound estimate [of] the efficient cpm cost of the MTAS."*[9]
>
> *"... the Commission's approach to access pricing has been considered by the Tribunal. Key areas affirmed by the Tribunal include the:*
>
> - *Appropriateness of a bottom-up TSLRIC framework for efficient cost-based pricing for the MTAS."* [10]
>
> *"At this point, the Commission notes that lower MTAS prices are inevitable as MTAS prices (cpm) fall and converge to the TSLRIC+ of supply..."*[11]
>
> *"The Commission has previously outlined why it preferred to establish access prices such as the MTAS with reference to the TSRLIC. These reasons are summarised below:*
>
> 1. *it encourages competition in telecommunications markets by promoting efficient entry and exit in dependent markets;*
> 2. *it encourages economically efficient investment in infrastructure and provides the appropriate incentives for future investment in decisions by access seekers to 'build' or 'buy';*
> 3. *in the long run TSLRIC based pricing provides for the efficient use of existing infrastructure, promoting allocative efficiency in the use of infrastructure;*

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6 Ibid, pp43-44.
7 ACCC, The Optus 2007 Undertaking in relation to the Domestic Mobile Terminating Access Service Public Version, Final Decision, November 2007, at p 27.
8 ACCC, MTAS Pricing Principles Determination 1 July 2007 to 31 December 2008, p20
9 Ibit, at p64.
10 Ibid, at p8.
11 Ibid, at p9.

4. *it provides incentives for access providers to minimise the costs of providing access by using the most efficient technology commercially available today and best-in-use technology compatible with the existing network design;*

5. *by allowing efficient access providers to fully recover the costs of producing the service, it promotes the legitimate business interests of the access provider; and*

6. *it protects the interests of persons who have rights to use the declared service."*[12]

"Regardless of the network design, the value of that network should reflect an access price which reflects or is tending toward an efficient cost for the supply of the relevant access services using that network (and in the case of MTAS using a TSLRIC+ estimate). There is also recognition that pricing aligned to efficient costs will more likely encourage efficient investment in infrastructure."[13]

In its Draft Determination the Commission again acknowledges that implementation of a TSLRIC principle is consistent with the legislative criteria set out in sections 152AB and 152AH of the Act[14], however, the Commission then proceeds to provide no basis for now departing from a well-established and implemented TSLRIC approach. The Commission has also not attempted to justify why it considers the alternative approaches canvassed in the Draft Determination are sufficient to satisfy the legislative criteria or why they are so compelling they should override the TSLRIC approach the Commission has said on numerous occasions does meet the legislative criteria.

Instead, the Commission's pricing principles now say that while TSLRIC remains an "appropriate consideration", it can consider other methods in determining indicative pricing for the MTAS. The list of relevant factors that it can consider are not exhaustive, and therefore can be added to over time. The Commission fails to consider whether having regard to any of these other factors will meet the relevant statutory criteria it says it will have regard to in making pricing principles.[15] The Commission also gives no guidance as to the weight each of these other factors should be given.

In the Draft Determination, the Commission takes into account the following considerations:

- the efficient costs (TSLRIC +) of providing the MTAS is between 5.8 and 6.1cpm;
- a cursory look at international benchmarking (which is by no means robust and does not meet the requirements previously established by the Tribunal and endorsed by the Commission) shows that as at 1 July 2008, the average MTAS price of five European countries was 14.6cpm; and
- the Commission's concern that Telstra's retail FTM prices might not be as low as they should be (again, despite this study being inappropriate, incomplete and irrelevant for regulatory purposes),

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12 Ibid, at p15.
13 Ibid, at p48
14 Draft Determination, p12.
15 Draft Determination, at p8

and decides that these factors, when weighed together, mean a regulatory price of 9cpm is appropriate for the period from 1 January 2009 until 31 December 2011.

When considered in this light, it is clear that the Commission's pricing principles move away from a predictable, principled approach implemented over the last four years for the MTAS to one that is vague and gives the industry no certainty as to what price might be determined by the Commission in any given instance. This cannot be in the LTIE. This cannot satisfy the legislative criteria. This cannot mean that a price of 9cpm from 1 January is, by any measure, an appropriate or reasonable regulatory outcome.

For example, the Commission takes the view that "costs incurred in a competitive market may be efficient, even if above the cost estimated using a pure TSLRIC approach".[16] This approach, however, does not accord with the Tribunal's observations that:[17]

> *"... it would generally not be in the long-term interests of end-users to depart from TSLRIC pricing where access is regulated. However, we would repeat the observation of the Tribunal in Telstra Corporation Limited (supra) at par [63]:*
>
> > *"In this area of analysis there is no one correct or appropriate figure in determining reasonable costs or a reasonable charge. Matters and issues of judgment and degree are involved at various levels of the analysis."*
>
> *Nevertheless, we still consider that in general terms the prices in access undertakings should reflect and not exceed forward looking efficient economic costs: Telstra Corporation Limited (supra) at par [46]."*

The effect of the Tribunal's finding was not that actual costs are tantamount to efficient costs. The Commission must still turn its mind to whether the actual costs are demonstrably efficient. In considering factors other than the TSLRIC+ WIK model outputs, the Commission fails to consider whether those other factors arrive at pricing which reflects and does not exceed forward looking efficient costs.

For instance, in its Draft Determination the Commission states that, "In relation to the MTAS the Commission is of the view that the application of the latest technology as well as the most efficient network design will reflect efficient costs"[18], however, the benchmarking analysis conducted by the Commission makes no attempt to enquire whether the benchmarked rates set out in the ERG study are calculated based on the application of the latest technology and efficient network design. In fact the ERG snapshot data uses rates in those countries that reflect regulatory determinations of the various national regulatory authorities in Europe in some cases dating back to 2004. These rates can hardly be relied upon to reflect the latest technology and most efficient design for the purpose of informing pricing decisions from 1 January 2009 and until the end of 2011.

Further, the Commission then states that, "Given a new entrant would not be able to bring the new design and technology to bear immediately in a legacy-sized network the most efficient operator would not be forced to base its prices on the costs of a network optimised for all-new design and technology."[19]

Not only is the Commission being inconsistent with its previous pronouncements and determinations made on the approach that should be taken in setting regulated MTAS rates,

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16 Draft Determination, page 11.
17 Application by Vodafone Network Pty Ltd & Vodafone Australia Limited [2007] ACompT 1 (11 January 2007) at [44].

18 Draft Determination, page 11.
19 Draft Determination, page 11.

but it is clearly also adopting inconsistent positions within its Draft Determination, leaving the industry with no clear guidance as to how prices may be determined, or indeed what the regulated approach may be in the future.

International benchmarking

In its draft Determination, the Commission considers that international benchmarking can be a method of determining MTAS costs.[20] The Commission considers a study undertaken of the average termination rate amongst the "Big Five" European countries by the ERG as at 1 July 2008. The Commission then appears to believe that the resultant rate of 14.6 cpm is one of the main factors to justify maintaining the Australian regulatory price at 9cpm for 3 years from 1 January 2009: indeed, the Commission seems to give so much weight to this outcome, that it overrides the outcome of the Commission's own TSLRLIC+ cost model.

The Commission has previously indicated that international benchmarking would only be used as a relevant factor in determining access prices if the benchmarking "sought to make adjustments for all factors that drive the TSLRIC of providing the MTAS in different countries for Australia-specific factors."[21]

In particular, the Commission has previously indicated that the following factors are relevant to assessing the value of comparative benchmarking data:[22]

- spectrum allocation;
- network purchasing power;
- vertical integration of fixed and mobile network operators;
- geographic terrain;
- population density;
- network usage and scale;
- land and labour costs;
- cost of capital;
- technology employed; and
- exchange rate adjustments.

The Commission has previously rejected a significant volume of benchmarking evidence put forward by various access seekers and access providers for failing to provide the necessary

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20 Draft Determination, p16.

21 ACCC, Mobile Services Review – Mobile Terminating Access Services: Final Decision on Whether or not the Commission Should Extend, Vary or Revoke its Existing Declaration of the Mobile Terminating Access Service, (**MTAS Final Report**), June 2004, p211 cited in ACCC, MTAS Pricing Principles Determination 1 July 2007 to 31 December 2008 Report, November 2007, page 29.

22 The first nine of these factors were identified by the Commission in its MTAS Final Report and exchange rate adjustments were also taken into account in the Commission's assessment of benchmarking data in the context of the Optus MTAS Undertaking of June 2004.

comparative data. Some specific examples of the criticisms the Commission and the Tribunal have made of the use of benchmarking data in the past are set out below.

Optus' use of benchmarking data in support of its June 2004 MTAS undertaking

Optus, in support of its June 2004 undertaking in relation to MTAS, submitted an international benchmarking analysis prepared by CRA based on 3 'comparator' countries: Malaysia, Sweden and the UK. CRA made what it considered to be appropriate adjustments for comparator countries, being the exchange rate, cost of capital and geographic terrain/network coverage.

In rejecting Optus' international benchmarking analysis, the Commission concluded that: [23]

> *"... any analysis that attempts to adjust for factors that drive cost differences between countries should be conducted comprehensively, or not at all. This is because, in the Commission's view, different factors will tend to push particular cost estimates in different directions and by different amounts. Therefore, an approach that only makes 'partial adjustments could lead to misleading results. ...*
>
> *...possession of the information sufficient to make a comprehensive adjustment is tantamount to that necessary to construct a bottom-up model. In the Commission's view, use of the information for the latter purpose would be superior to using it for adjusting cost estimates from other jurisdictions...*
>
> *...reference in the CRA report to the range of 'cost' estimates in international jurisdictions is both misleading and not relevant to the international benchmarking exercise it has actually undertaken to generate its proposed range ... This is because many of the estimates presented by CRA are not strictly 'cost' estimates or they include some form of 'mark-up' over cost to reflect certain factors."*

The Tribunal took a similar approach. In *Re Optus Mobile Pty Ltd & Optus Networks Pty Ltd,*[24], it dismissed the CRA report because the figures used were an inadequate comparator for Australian conditions.[25]

The Tribunal held that in order to place any reliance on international benchmarking it would be necessary to know much more about the following:[26]

- the regulatory environment within which they were determined;
- the state of the relevant markets; and
- the socio-economic environment in which the mobile services were operative.

The Commission adopted this position in its Pricing Principles decision in 2007, where it did not rely on international benchmarking in establishing its indicative price of 9cpm, but said that there was:

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23 ACCC, Optus' Undertaking with Respect to the Supply of its Domestic GSM Terminating Access Service (DGTAS) Final Decision, February 2006, page 124.

24 [2006] ACompT 8.

25 *Re Optus Mobile Pty Ltd & Optus Networks Pty Ltd* [2006] ACompT 8, paras [292]-[296].

26 *Re Optus Mobile Pty Ltd & Optus Networks Pty Ltd* [2006] ACompT 8, para [297].

"a need to make adjustments for all factors that influence the TSLRIC of providing the MTAS in different countries for Australia-specific factors before relying on international cost benchmarks to set indicative prices below 12cpm."[27]

Tribunal Decision on Telstra's 2005 Undertaking

Telstra, in support of its December 2005 undertaking in relation to ULLS pricing, made a submission on international benchmarking for ULLS prices.[28] The submission was filed in response to the Commission's draft decision on the undertaking but was not considered by the Commission in its final decision. However, the submission was considered by the Tribunal on appeal against the Commission's final decision.

Telstra's international benchmarking analysis provided information regarding the regulator of the ULLS (or similar services) in a number of other jurisdictions, outlined the current pricing structure in those jurisdictions, and provided a comparison of ULLS monthly charges across those jurisdictions. It also took into account differences in purchasing power parity and line density.

In proceedings before the Tribunal, the Commission submitted that before taking into account international benchmarks, the Tribunal would have to be satisfied that, notwithstanding differences between Australia and the relevant international jurisdictions, those benchmarks were reasonable comparators. The Commission's submissions identified the following differences in regulatory approaches as relevant:[29]

- the definition of the regulated service;
- the applicable regulatory framework;
- the geographic price structure;
- the cost of capital;
- the prescribed cost standard (if any); and
- population concentration (as opposed to population density).

The Tribunal agreed with the Commission's submissions and found that Telstra did not provide sufficient evidence to support the use of international benchmarking - i.e. in relation to the regulatory framework, the cost of capital and the price structures in other jurisdictions. In addition, the Tribunal was not satisfied that the adjustments proposed by Telstra took into account all of the adjustments which should have been made in order for the benchmarks to be reasonable comparators.[30]

The same criticisms that the Commission and the Tribunal have made of access providers' use of international benchmarking data in the past,[31] can now also be levelled at the Commission's attempt to use international benchmarking data in this case. For example:

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27 ACCC, MTAS Pricing Principles Determination 1 July 2007 to 31 December 2008, at p49.

28 See Telstra's response to the Commission's draft decision on Telstra's ULLS monthly charge undertaking dated 23 December 2005 - ULLS price international benchmarking.

29 Telstra Corporation Ltd (No 3) [2007] ACompT 3, at para 384.

30 Ibid, para 385.

31 See, for example, ACCC, MTAS Pricing Principles Determination 1 July 2007 to 31 December 2008 Report, November 2007, page 57.