

Submission to ACCC - Public inquiry into the declaration of the domestic transmission capacity service, fixed line services and domestic mobile terminating access service

Virtutel Pty Ltd (“Virtutel”), an active participant in the Telecommunications Market in Australia, who is affected directly by these declarations is pleased to be able to engage with the ACCC inquiry relating to the extension of these declarations.

Virtutel believes that the following declarations are vital to be continued in the current operating environment.

- The Domestic Transmission Capacity Service (“DTCS”)
- Fixed Originating Access Service (“FOAS”) and Fixed Terminating Access Service (“FTAS”) under the Fixed Line Determination
- Mobile Terminating Access Service (“MTAS”)

These declarations should not only be reviewed, however in the case of MTAS, be further refined to suit the current and future state of Mobile Telecommunications.

About Virtutel

Virtutel is a wholesale only service provider of Data and Voice solutions, both domestically and internationally. Virtutel’s customer base is made up of Managed Service Providers/IT Integrators, Small Internet and Carrier customers and International Carriers. Virtutel has a network presence in all States across Australia, is connected directly to all 121 NBN POIs and since 2018 been an Interconnected Voice Carrier. Further afield, Virtutel has a network presence in New Zealand, Singapore, and the United States.

Virtutel obtains Backhaul services from Telstra, Optus and Vocus Group and maintains Bi-Lateral Voice Interconnect Agreements with Telstra, Optus, Primus Communications (Vocus Group), Symbio Networks and AAPT (TPG Telecom) for FOAS, FTAS and Telstra, Optus, and Vodafone (TPG Telecom) for MTAS services. Virtutel then supplies services, either as Internet and Voice resell services or Aggregated Network and Call Termination Services through its network to its downstream wholesale customers, mainly for B2B consumers. As such Virtutel is a major consumer of DTCS, FOAS, FTAS and MTAS services.

Domestic Transmission Capacity Service (“DTCS”)

Virtutel believes that the current arrangements for Domestic Transmission Capacity should remain as they are now, more than ever to provide for future growth and competition in regional markets by ensuring that all current and new entrants get fair and equitable access to existing backhaul networks in regional Australia. Removal of the Declaration on DTCS would potentially allow Telstra via InfraCo, being the largest network provider to restrict or outprice other service providers who seek access to their network for transmission services, hindering or restricting competition in regional locations and giving benefit back to Telstra.

Virtutel has seen increased growth in aggregated backhaul services provided to Wireless Carriers in Regional locations who are taking advantage of blackspots within nbn Coverage Areas in particular locations that may be hindered if this is deregulated.

Virtutel does however believe the DTCS should now also align with NBN POI service areas as well as Exchange Service Areas. Further, Virtutel does not believe that DTCS extends far enough with relation to networks provided by nbn Co, as seen with the Enterprise Ethernet product launched since the last determination. Virtutel believes that nbn should provide access to their backhaul networks via Enterprise Ethernet to promote further choice, investment in local access networks and competition in Regional and Remote locations to other operators. Virtutel believes the competition assessment method is still valid in respect of DTCS and as such the declaration should be extended for a further term of at least 3 Years.

Fixed line services

Of the declared Fixed line services, Virtutel now only actively participates in FOAS and FTAS with other carriers following discontinuation of ADSL and Line Rental Resale services from Telstra over 2 Years ago. With the completion of the nbn Rollout and further developments in Fixed Wireless Technologies such as 5G, we believe that the only Fixed Line services that need to remain declared are FOAS and FTAS.

Although there has been a decline in FOAS and FTAS traffic over the past few years from residential consumers, there is still strong demand from the B2B segment which continues to grow and innovate as new OTT (“Over The Top”) technologies are integrated with existing fixed network technologies such as Microsoft Teams and Zoom. Fixed Line Geographic Numbers are more favoured for business today over mobile numbers, and we expect that will continue going forward. We are of the strong belief that the current FOAS and FTAS should remain as is for the following reasons

- Networks are migrating from SS7/TDM to IP Interconnect with all networks now on an equal cost footing as to locations of Interconnect away of from the traditional model of 65 Points of Interconnect. Virtutel proposes that the ACCC amend the FTAS and FOAS to include both SS7/TDM and IP Interconnect, noting that there is current work underway within Comms Alliance to define a SIP Interconnect Standard.
- Funds received from FOAS and FTAS ensures that continuing investment is made in carrier networks to develop further measures against bad actors. Further, we are

concerned that if FOAS and FTAS become unregulated that tariff pricing may have the potential to favour bad actors making use of FTAS and FOAS.

- There is industry trend at the present to move from the FOAS model to FTAS for 13/1300/1800 Numbers. Virtutel is not opposed to 13/1300/1800 numbers moving into the FTAS Category, however if this is to occur, we believe that Mobile Carriers should also pay the same declared rate to terminate to a 13/1300/1800 Number from their Networks, instead of a current varying undeclared rate as not to be discriminatory between networks.

We do note however that there is now a blur as to how these services are being used with consumers moving from Fixed Handsets at Fixed locations, to either mobile OTT Applications or a mix of both. Although this will be discussed further below, we are of the believe that there needs to be a change in the determination between fixed line and mobile numbers and that both now should start to be treated the same feature wise such as the ability to, should a carrier wish to implement, SMS from/to Fixed Line numbers like that of other markets around the world.

Mobile Terminating Access

Virtutel Interconnects with Telstra, Optus, and Vodafone (TPG Telecom) for termination of Mobile Traffic. Close to or over 90% of Mobile terminating traffic today terminates on these networks over VoLTE. VoLTE operates over the mobile carrier's data network to their IMS ("IP Multimedia Subsystem") platform, which itself is based on SIP. This then further extends to allow Mobile Handsets to connect over Public/Private Wi-Fi Networks back to the Carrier's IMS Platforms, commonly called Wi-Fi Calling. Mobile Networks have in fact moved more towards carrying data over their 4G/5G networks rather than voice calls, with most networks shutting down their 3G Networks over the next 2 years, leaving their users solely reliant on VoLTE for calling. Based on this VoLTE is best defined as an OTT Service.

Virtutel strongly believes that based on this that there are changes required in the declaration to change the definition of "Digital Mobile Numbers" to "Mobile Numbers" to be technology agnostic and allow for true nomadic use of mobile numbers. Further to this, current fixed operators, such as Virtutel should be allowed to condition, as part of this declaration to use these numbers for both calling and P2P SMS services for their OTT Customers. One potential use case being that a mobile number can be associated with an App on a user's phone to receive calls and allow sending and receiving of SMS messages over a Carriers Data Network or a Wi-fi Network, allowing not only true mobile number integration with the OTT App, but choice on how calls are made and received on that device.

As per FTAS and FOAS, Virtutel believes that MTAS needs to remain regulated to promote competition in the market and to discourage bad actors. Virtutel believes however that SMS does need to be regulated again as with our stance with FTAS/FOAS to discourage bad actors from using unregulated SMS tariff pricing to send large scale SCAM and SPAM messages. As such we support this being renewed for 3 Years.

Virtutel would prefer for the current MTAS arrangements to stay as is with the above modifications, however, is not opposed, should the ACCC deem it necessary, to affect change

by combining MTAS with FTAS and changing the definition to Network Terminating Access, treating both Fixed Geographic and Mobile Numbers the same.

Summary

In conclusion, Virtutel believes the existing Determinations for DTCS, FTAS, FOAS and MTAS are applicable still and should be renewed for a further term, however expanded to include

- Alignment of nbn Co Point of Interconnects (“POIs”) with Exchange Service Areas and for nbn Co’s Backhaul networks via Enterprise Ethernet to be included within the DTCS.
- Pricing Determinations for FTAS, FOAS (if not combined into FTAS) and MTAS (if not combined with FTAS) to remain as is and for calls originating from Mobile Networks to 13/1300/1800 numbers to be treated the same as fixed originated calls.
- Definition change of Digital Mobile Numbers to Mobile Numbers, allowing for Mobile numbers to be conditioned and used by non-Mobile Carriers for Calling and P2P SMS Applications.

For any questions, Please Contact

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