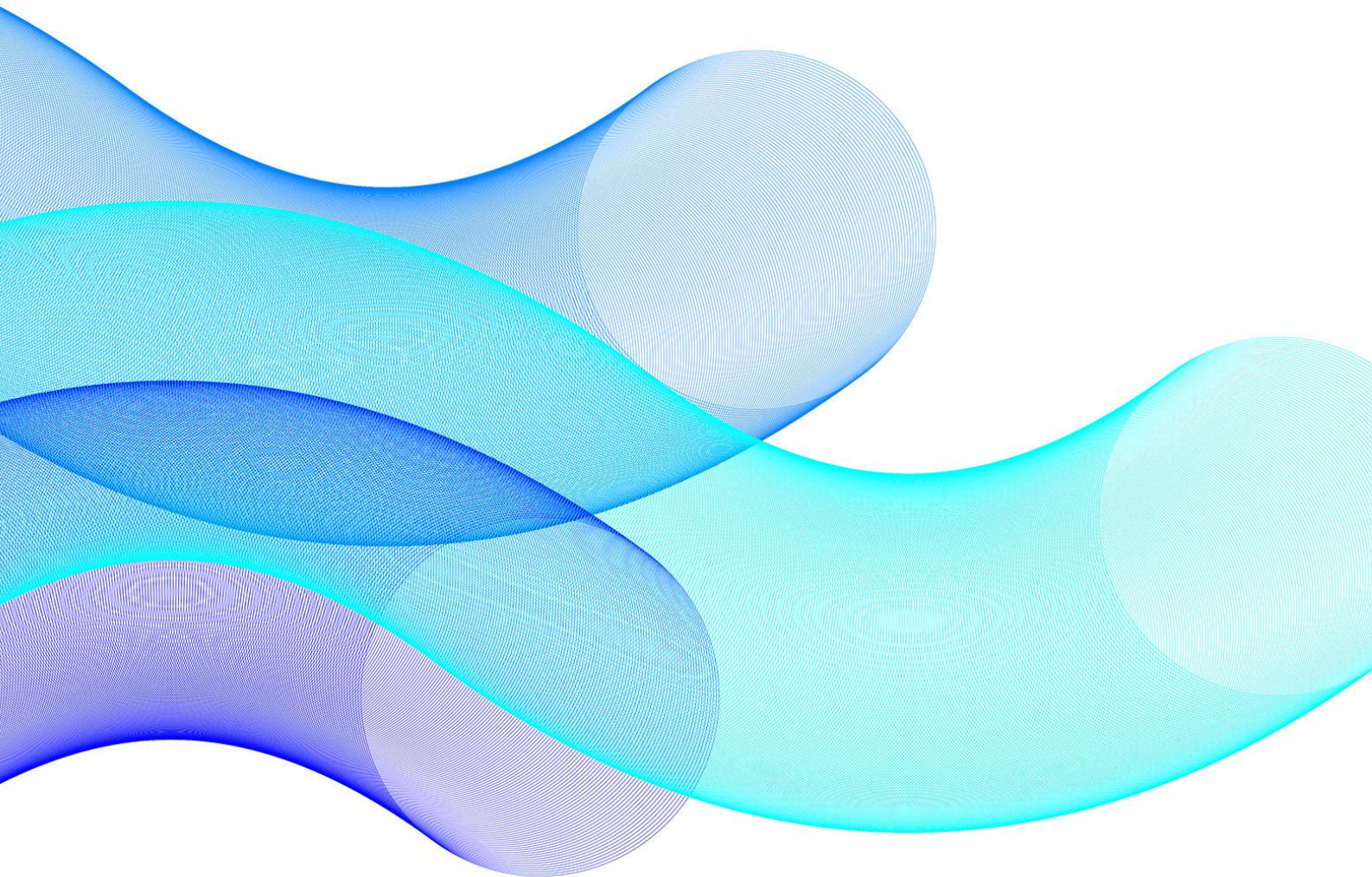

Vocus submission

ACCC public inquiry on the access determinations for voice interconnection services

3 September 2025



About Vocus

Vocus, Australia's specialist fibre and network solutions provider, owns and operates 50,000km of secure, high-capacity fibre connecting all Australian mainland capitals with New Zealand, Asia, and the USA. Beyond the fibre network, Vocus operates a growing network of submarine cables spanning nearly 15,000kms that includes the Australia Singapore Cable, North-West Cable system, the Darwin-Jakarta-Singapore system, and the PPC-1 cable from Sydney to Guam.

Vocus' national fibre backbone also provides the foundational infrastructure for Starlink's Low Earth Orbit (LEO) satellite service – enabling revolutionary high-speed connectivity to 100% of Australia's landmass, no matter how remote.

Vocus owns a portfolio of well recognised brands catering to enterprise, government, wholesale, small business and residential customers across Australia.

For more information, visit vocus.com.au.

Executive Summary

Vocus welcomes the opportunity to respond to the Australian Competition and Consumer Commission's (ACCC) *Public inquiry on the access determinations for the voice interconnection services*. We note that this consultation focuses on establishing price terms for the following voice interconnection services:

- Mobile terminating access service (MTAS);
- Fixed terminating access service (FTAS); and
- Fixed originating access service (FOAS).

Vocus acknowledges it was not involved in the development of the Analysys Mason cost model due to time and resource constraints. While we appreciate the ACCC's efforts to explore a bespoke cost model, we are concerned that the proposed **75.6% reduction** in FTAS/FOAS rates between 1 January 2026 to 30 June 2029 poses a material risk to the sustainability of our Tier 1 networks.

We urge the ACCC to reconsider the adoption of an unprecedented cost model. The sector is already under significant regulatory pressure and facing rising demands for data consumption and productivity. A bespoke cost model that drives steep price reductions over 3.5 years introduces considerable risk. In this context, Vocus recommends:

- **Setting Price Terms:** We recommend the ACCC uses an international benchmarking to set price terms, as this method provides greater regulatory certainty and minimises the risk of setting prices which understate network costs.
- **Proposed Price Terms:** We propose extending the current determinations until 30 June 2026, followed by a symmetrical 24.4% reduction in MTAS and FTAS/FOAS prices through to 2029. Beyond this, the FTAS declared service and related services could be reviewed for extension or discontinuation as appropriate.

Vocus supports the ACCC's decision to exclude scam provisions from the non-price terms and conditions. We appreciate the ACCC's efforts in conducting this consultation and looks forward to continued engagement to ensure a balanced and sustainable regulatory outcome.

Setting Price Terms

International Benchmarking

Vocus acknowledges that the ACCC must account for the matters outlined in section 152BCA(1) of the *Competition and Consumer Act 2010* (Cth) (CCA) when making access determinations. Critically, this includes considering whether the determination will promote the Long-Term Interests of End-Users (LTIE) of carriage services, or services supplied by means of carriage services. In our view, the use of international benchmarking remains a robust and reliable method for setting rates to promote LTIE.

Since 2011, the ACCC has successfully applied international benchmarking to the MTAS rate and promote LTIE. Importantly, in considering what approach will promote the LTIE, the ACCC must have regard to the extent which the determination will encourage the economically efficient use of, and investment in, infrastructure.¹ The proposed cost model is unprecedented and bespoke, increasing the risk of understating the cost of operating networks. This type of uncertainty may have unintended consequences on investment into telecommunications infrastructure.

We recognise the ACCC's concerns that using international benchmarking for FTAS may be challenging due to the European Union's (EU) 2021 decision to move to single maximum mobile and fixed termination prices. However, we respectfully submit that relevant international benchmarking data available in other jurisdictions. There is sufficient precedent to support using benchmarking data for FTAS/FOAS pricing. The challenge posed by the EU's decision is not insurmountable, especially when weighed against the considerable complexity and risks associated with developing and implementing a bespoke cost model.

Precedent for Symmetrical Rates

Importantly, the European Commission's *Recommendation into the Regulatory Treatment of Fixed and Mobile Termination Rates in the EU (2009)* provides clear guidance on setting MTAS and FTAS rates.² This recommendation endorsed a strong preference to mandate symmetric reciprocal termination rates across mobile and fixed networks:

*"Significant divergences in the regulatory treatment of fixed and mobile termination rates create fundamental competitive distortions. Termination markets represent a situation of two-way access where both interconnecting operators are presumed to benefit from the arrangement but, as these operators are also in competition with each other for subscribers, termination rates can have important strategic and competitive implications. Where termination rates are set above efficient costs, this creates substantial transfers between fixed and mobile markets and consumers."*³

This precedent continues to inform regulatory decisions in other jurisdictions. For example, the United Kingdom's Ofcom has imposed a single charge control on wholesale mobile voice call termination (MCT).⁴ Ofcom cited the following reasons:

*"Competitive harm is also likely to arise if [Mobile Termination Rate] MTRs are asymmetric. Setting a high MTR, whilst rivals set (or are only able to set) lower MTRs, provides a distortionary competitive advance because it allows the MCT provider to set a high MTR the opportunity to discount its retail offers in a way not related to greater efficiency or a service better meeting the needs of consumers. The competitive harm from asymmetric MTRs is one of the concerns identified in the Explanatory Note to the 2009 EC Recommendation on the regulatory treatment of fixed and mobile termination rates."*⁵

*"Our decision to impose a single charge control on all MCT providers with [[Significant Market Power] SMP is consistent with the EC's preference for mandated symmetric reciprocal termination rates."*⁶

¹ Section 152AB(2) of the CCA.

² Official Journal of the European Union, 'Commission Recommendation of 7 May 2009 on the Regulatory Treatment of Fixed and Mobile Termination Rates in the EU' (2009/396/EC) <<https://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2009:124:0067:0074:EN:PDF>>.

³ Ibid, paragraph 3.

⁴ UK Ofcom, 'Mobile Termination' (29 September 2023) <<https://www.ofcom.org.uk/phones-and-broadband/telecoms-infrastructure/mobile-termination>>.

⁵ UK Ofcom, 'Mobile Call Termination Market Review 2018-2021 Final Statement' (28 March 2018) paragraph 4.18, <<https://www.ofcom.org.uk/siteassets/resources/documents/consultations/category-1-10-weeks/103319-mobile-call-termination-market-review/associated-documents/final-statement-mobile-call-termination-market-review-2018-2021.pdf?v=323084>>.

⁶ Ibid, paragraph 4.71

Proposed Price Terms

We note that the ACCC has proposed the following price terms:

Service	Current price (nominal cents/minute)	Proposed price (nominal cents/minute)	Period
Mobile terminating access service	1.19	0.90 (-24.4% change)	1 January 2026 to 30 June 2029
Fixed terminating access service	0.86	0.65 (-24.4% change in first year)	1 January 2026 to 31 December 2026
Fixed originating access service		0.21 (-75.6% change in second year onwards)	1 January 2027 to 30 June 2029

Vocus urges the ACCC to reconsider the proposed **75.6% reduction** in the FTAS/FOAS rates between 1 January 2026 and 30 June 2029. This steep reduction is likely to have a significant impact on our ability to maintain a Tier 1 network. This level of reduction risks undermining the financial viability of maintaining high-performance infrastructure, particularly in regional and underserved areas where cost recovery is already challenging. It may also disincentivise future upgrades and expansion, ultimately impacting competition and consumer outcomes.

Recommendation: Extend current determinations to 30 June 2026

Vocus recommends that the ACCC extends the current determinations until 30 June 2026. We note the ACCC has the power to extend the current determinations for a further 6-month period.⁷ This would provide industry with a more sustainable glide path to prepare for the proposed price reductions.

Recommendation: Impose symmetric rate reductions across MTAS and FTAS/FOAS

Vocus is concerned about the steepness of the proposed 75.6% rate reduction for FTAS/FOAS. We acknowledge the ACCC's reasoning for this significant decrease:

*'This is due to a range of factors, including that the ACCC has adopted a one-off reduction or rolled over the prices for these services in the last two access determination inquiries, and that the ACCC has decided to adopt a different pricing principle for these services in the current inquiry.'*⁸

We respectfully submit that the previous rollovers indicate that existing rates were appropriate and stable. Introducing a novel and complex pricing model to support a drastic reduction introduces considerable risk, particularly for operators maintaining Tier 1 networks.

Given these concerns, we strongly urge the ACCC to leverage international benchmarking data. We recommend a symmetrical approach to rate reductions across MTAS and FTAS/FOAS. Vocus recommends a moderated reduction of 24.4% across FTAS/FOAS to bring rates to 0.65 from 30 June 2026. We recommend maintaining this rate until 30 June 2029. At this point, the ACCC could reassess the FTAS and related services, and determine whether an extension or discontinuation is appropriate.

For further information, please contact:

Vocus Regulatory Affairs Manager [REDACTED]

⁷ S152BCK(3) of the CCA.

⁸ ACCC, 'Public inquiry on the access determinations for the voice interconnection services' (3 July 2025) paragraph 5.2 <<https://www.accc.gov.au/by-industry/telecommunications-and-internet/non-nbn-fixed-line-services-access-regulation/public-inquiry-to-vary-the-final-access-determination-for-the-superfast-broadband-access-service/position-paper-and-notice-of-extension>>.