



Submission by TPG Telecom Limited (TPG)
to
Australian Competition and Consumer Commission
Mobile Terminating Access Service (MTAS)
Final Access Determination Draft decision
(Draft decision)

1. TPG makes the following submissions in response to the MTAS FAD Draft Decision on primary price terms.
2. TPG concurs with the ACCC's regulated MTAS voice termination rate of 1.61 cent per minute (**cpm**) set out in the Draft Decision. TPG does not have any comment on the appropriateness of the regulated MTAS SMS termination rate set out in the Draft Decision.
3. As TPG has previously submitted, TPG believes the marginal costs of mobile termination of any kind (i.e., MTM, FTM and SMS) are close to zero and that the current MTAS voice termination rate therefore is well above actual costs. For these reasons, TPG believes there is room for the MTAS voice termination rate to be lowered even further and setting a rate that is equivalent to the Fixed Terminating Access Service (**FTAS**) rate (currently 0.95 cpm) now would be more appropriate. Nevertheless, TPG welcomes the ACCC's Draft Decision, as any significant lowering of the MTAS rate is likely to be in the long term interest of end users (**LTIE**).
4. Although TPG still considers that international benchmarking should be used as a secondary pricing tool (for example, to confirm whether moving to a MTAS rate that is equivalent to the FTAS rate is appropriate or to further ensure that any rate resulting from the chosen cost model is an efficient MTAS rate, relative to the rest of the world), TPG concedes that the international benchmarking approach adopted by the ACCC is a sufficiently robust method to readily generate a price that appropriately gives industry certainty and promotes the LTIE in a cost and time efficient manner.
5. TPG is disappointed that the ACCC has taken the position that there is insufficient information, at this stage, to assess the impact (i.e., efficiency gains) of voice-over-LTE (**VoLTE**) technology on the cost of termination services. This is concerning given the imminent launch of VoLTE by Australian mobile network operators and WIK's report which, based on the UK cost model, suggests that the cost of termination on 4G networks averages 30% of the cost of termination on 3G networks. TPG believes that the ACCC should be proactive in this regard. Accordingly, the ACCC should seek to review the MTAS voice termination rate (during the term of the MTAS FAD, if required) as soon as there is sufficient evidence that it no longer reflects the efficient cost of mobile voice termination service in Australia.