

**Vodafone's undertaking in relation to the
domestic digital mobile terminating access service**

**Supplementary Submission by
Hutchison Telecommunications (Australia) Limited and
Hutchison 3G Australia Pty Limited**

September 2005

PUBLIC VERSION

Introduction

1. On 18 August 2005, Hutchison Telecommunications (Australia) Limited and Hutchison 3G Australia Pty Limited (together **Hutchison**) provided a submission in response to the Commission's discussion paper on Vodafone's second access undertaking (the **undertaking**) in relation to the domestic digital mobile terminating access service (**MTAS**).
2. Hutchison's submission included a report by each of the following experts:
 - Marsden Jacob Associates (**MJA**);¹ and
 - Gibson Quai-AAS (**GQ**).²
3. Hutchison provides a supplementary response to Question 13 of the Commission's discussion paper in which the Commission sought the views of interested parties as to whether the underlying input data used in the PwC model is appropriate.

Supplementary submission

4. The report by GQ addressed Question 13 of the Commission's discussion paper and concluded that the input data used in the PwC model is inappropriate and leads to an estimate of MTAS costs which is higher than the economic forward-looking cost of providing the MTAS.³
5. Hutchison had difficulty testing the sensitivity of the PwC model to changes in input data. Vodafone responded to Hutchison's enquiries regarding the PwC model but in insufficient time to enable Hutchison to test the workings of the PwC model before lodging its principal submission in relation to the undertaking.
6. MJA has reviewed Hutchison's response to Question 13 with the benefit of the information provided by Vodafone. Specifically, it has:
 - (a) undertaken an analysis of selected key PwC model inputs;
 - (b) used the PwC model to assess the effect of adjustments to the PwC model inputs on the estimated cost of the MTAS; and in doing so,
 - (c) observed aspects of concern in relation to the workings of the PwC model.
7. MJA's review indicates that adjustment of selected key PwC model inputs results in a reduction of the estimated cost of the MTAS from 16.15cpm to 11.97cpm for 2003. For 2005, MJA estimates the cost of the MTAS to be 10.87cpm. This refines the basic adjustments made by GQ to a few PwC Model inputs only, which produced an estimated MTAS cost of 13.92 cpm.⁴
8. This supplementary submission provides a more detailed response to Question 13 posed by the Commission in its discussion paper and includes the following annexures:

¹ Annexure 2.

² Annexure 3.

³ GQ's Report, paragraph 41.

⁴ GQ's Report, paragraph 67.

- Annexure 1: A report by MJA addressing Question 13 of the discussion paper.
- Annexure 2: A revised version of the PwC model prepared by MJA.

DATED 30 SEPTEMBER 2005