

## Appendix A: Restricted information

### *Summary of counterfactual mobile termination rates: Commercial offers and Final Report*

A1. Table A1 below summarises the profile of counterfactual mobile termination rates in the commercial offers, and the Final Report. The Commission notes that the commercial offers extend out to 2009/10, whereas as noted earlier, the study period used by the Commission extends to the 2010/11 year. The Commission has assumed that under the respective commercial offers, the average mobile termination rates for 2010/11 would decline in line with the reductions in the previous years.

**Table A1: Old and new counterfactual mobile termination rates**

June Year	Old Counterfactual (Final Report) (cpm)	New Counterfactual (Commercial offers) (cpm)
2003/04	28.00	
2004/05	27.00	27.00
2005/06	26.00	24.55
2006/07	25.00	21.88
2007/08	24.00	19.75
2008/09	23.00	18.81
2009/10	22.00	18.07
2010/11		17.32

### *Counterfactual fixed-to-mobile prices*

A2. Table A2 below summarises the counterfactual mobile termination rates and retail fixed-to-mobile prices contained in the Final Report, along with the corresponding rates under the new counterfactual based on the commercial offers.

**Table A2: Old and new counterfactuals**

	Old Counterfactual (Final Report)		New Counterfactual	
	Mobile termination rate (cpm)	Retail fixed-to-mobile price (cpm)	Mobile termination rate (cpm)	Retail fixed-to-mobile price (cpm)
2003/04	28.00	42.21		
2004/05	27.00	41.54	27.00	40.97
2005/06	26.00	40.86	24.55	38.70
2006/07	25.00	40.16	21.88	36.20
2007/08	24.00	39.45	19.75	34.21
2008/09	23.00	38.72	18.81	33.32
2009/10	22.00	37.97	18.07	32.61
2010/11			17.32	31.89

- A3. Table A2 demonstrates that the new counterfactual results in lower fixed-to-mobile prices in comparison with the old counterfactual. By 2009/10, the new counterfactual would lead to an average fixed-to-mobile price of [32.61] cpm, compared to an average of 37.97 cpm under the counterfactual used in the Final Report. The lower fixed-to-mobile price under the new counterfactual has the effect of reducing the estimated consumer surplus available from regulation, though significant benefits persist under regulation.

*Summary of Fixed-to-mobile Prices and Quantities*

- A4. The fixed-to-mobile prices and quantities under the counterfactual and factual scenarios in this reconsideration are summarised in Table A3 below.

**Table A3: Counterfactual and factual fixed-to-mobile prices and quantities**

	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11
<b>Counterfactual</b>							
FTM P (cpm)	40.97	38.70	36.20	34.21	33.32	32.61	31.89
FTM Q (million)	954.9	986.5	1,024.8	1,058.7	1,075.2	1,088.9	1,103.3
<b>Factual (L)</b>							
FTM P (cpm)	40.97	38.70	31.31	30.82	28.98	28.34	26.15
FTM Q (million)	954.9	986.5	1,099.5	1,109.9	1,149.7	1,165.0	1,219.0
<b>Factual (CED)</b>							
FTM P (cpm)	40.97	38.70	31.31	30.82	28.98	28.34	26.15
FTM Q (million)	954.9	986.5	1,118.0	1,126.9	1,169.0	1,184.6	1,242.9

L = Linear demand; CED = constant elasticity demand

*Net Benefits: Consumer Welfare Test*

- A5. The net benefits from regulation under the consumer welfare test are set out in Table A4.

**Table A4: Net Benefits (Consumer Welfare Test), \$million**

	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	NPV (2006)
<b>LINEAR DEMAND</b>							
<b>Benefits:</b>							
FTM allocative gain		1.827	0.865	1.615	1.625	3.322	
FTM transfer		50.091	35.793	46.622	46.506	63.355	
<i>Total CS gain</i>		<i>51.918</i>	<i>36.658</i>	<i>48.237</i>	<i>48.131</i>	<i>66.677</i>	<i>210.055</i>
<b>Detriments:</b>							
Direct regulatory costs		-2.400	-2.400	-2.400	-2.400	-2.400	
FTM CS loss		-0.885	-0.589	-0.636	-0.527	-0.592	
MTM CS loss		-1.320	-0.901	-0.982	-0.821	-0.931	
Mobile customer CS loss		-35.082	-25.074	-28.479	-24.815	-29.289	
<i>Total Detriment</i>		<i>-39.687</i>	<i>-28.964</i>	<i>-32.497</i>	<i>-28.563</i>	<i>-33.211</i>	<i>-137.946</i>
<b>Net Benefits</b>		<b>12.231</b>	<b>7.694</b>	<b>15.740</b>	<b>19.568</b>	<b>33.466</b>	<b>72.110</b>
Net Benefits (present value)		11.539	6.848	13.216	15.500	25.008	
<b>CONSTANT ELASTICITY</b>							
<b>Benefits:</b>							
FTM allocative gain		2.189	1.121	1.958	1.967	3.795	
FTM transfer		50.091	35.793	46.622	46.506	63.355	
<i>Total CS gain</i>		<i>52.280</i>	<i>36.915</i>	<i>48.580</i>	<i>48.473</i>	<i>67.151</i>	<i>211.538</i>
<b>Detriments:</b>							
Direct regulatory costs		-2.400	-2.400	-2.400	-2.400	-2.400	
FTM CS loss		-3.557	-2.435	-2.626	-2.176	-2.435	
MTM CS loss		-4.682	-3.157	-3.380	-2.784	-3.098	
Mobile customer CS loss		-35.058	-25.058	-28.456	-24.795	-29.257	
<i>Total Detriment</i>		<i>-45.697</i>	<i>-33.050</i>	<i>-36.862</i>	<i>-32.155</i>	<i>-37.191</i>	<i>-156.736</i>
<b>Net Benefits</b>		<b>6.583</b>	<b>3.864</b>	<b>11.718</b>	<b>16.318</b>	<b>29.960</b>	<b>54.801</b>
Net Benefits (present value)		6.211	3.439	9.839	12.925	22.388	