



**Submission by AAPT Limited to the Australian Competition
and Consumer Commission in response to *Domestic
Transmission Capacity Service*, a discussion paper reviewing
the declaration for the domestic transmission capacity
service, dated November 2009**

Introduction

1. AAPT Limited (**AAPT**) welcomes the opportunity to comment on the Australian Competition and Consumer Commission's (the **Commission's**) November 2009 discussion paper reviewing the declaration for the domestic transmission capacity service (**DTCS**).
2. The DTCS is an important service for AAPT (and it is assumed that it would also be an important issue for many other service providers) because it is an essential input into AAPT's supply of many of its fixed-line services at both the wholesale and retail level.
3. AAPT understands that the Commission's proposed variation to the DTCS is characterised by the Commission as a "housekeeping matter" which has evolved from the recognition that:
 - Ethernet is an industry protocol of considerable importance; and
 - it is unclear whether the current DTCS declaration includes Ethernet services.
4. While AAPT agrees with both of these observations, it considers that there is no immediate need to change the DTCS declaration at this time and that doing so may result in some unintended industry consequences. Consequently, AAPT considers that the appropriate course of action at this point in time is for the Commission is to leave the DTCS declaration unchanged.

The current DTCS definition does not include Ethernet

5. As set out on page 8 and 9 of the discussion paper, the current DTCS declaration is somewhat awkwardly, in AAPT's view, tied to the following specific

transmission speeds: 2 Mbps, 4 Mbps, 6 Mbps, 8 Mbps, 34 to 35 Mbps and 140/155 Mbps (or higher orders). AAPT agrees with the Commission's view that these speeds relate to commonly used PDH and SDH data rates.

6. In AAPT's view, the commonly used Ethernet data rates of 10 Mbps and 100 Mbps are clearly not caught by the current declaration while other commonly used Ethernet data rates eg GE or 10GE may well be caught, although that is far from clear as the Ethernet protocol is not specifically mentioned.
7. AAPT considers that the commonly accepted view in the industry, for what it is worth, is that Ethernet is currently not a declared service, although this has never been tested.

The proposed variation extends the DTCS declaration to include Ethernet

8. The Commission's proposed variation extends the DTCS declaration to include *transmission rates of 2 Mbps or higher using Ethernet, PDH or SDH interface protocols.*
9. Because the proposed variation unambiguously extends the DTCS declaration to include Ethernet, AAPT considers that it is incorrect to characterise the change as a mere housekeeping matter - it actually declares Ethernet services for the first time.

The DTCS declaration should not be changed at this time

10. AAPT buys Ethernet services from upstream service providers but also supplies Ethernet services to downstream service providers and end users. AAPT is not aware of any enduring bottleneck issue in the wholesale or retail Ethernet markets to justify declaration of Ethernet services.

11. In addition, AAPT considers that there may well be risks in pushing through an Ethernet declaration at this point in time.
12. In particular, NBN Co has indicated that it intends to offer two variants of a layer 2 Ethernet access product which AAPT considers should be declared services because they will clearly be enduring bottleneck services. However, AAPT is concerned that the proposed variation to the DTCS declaration is inadequate for this purpose, for example, no reference is made to any quality of service or security aspects of the services which in AAPT's preliminary view should be included in the declaration.
13. Consequently, AAPT considers that the appropriate course of action at this time is for the Commission to leave the DTCS declaration unchanged until the industry has more clarity on the actual services to be offered by NBN Co and conducts a full inquiry into how these services should be declared.