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23 August 2010

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Dear Ms Philpott

Domestic Transmission Capacity Service – proposed variation to the Declaration

Vodafone Hutchison Australia Pty Limited (VHA) welcomes the Australian Competition and Consumer Commission's (the **Commission**) Draft Final Report reviewing the declaration of the Domestic Transmission Capacity Service (**DTCS**).

VHA supports the principles underpinning the Commission's proposed variation to the DTCS service description. We agree with the Commission that the declaration of the DTCS should unambiguously cover all commonly used interface protocols used on transmission networks in Australia. To that end, the specific addition of Ethernet interface protocols and other commonly used interface protocols will clarify the scope of the declaration while ensuring that the Declaration's technology neutrality is preserved. We do however recommend the Commission make two amendments to the proposed service description and these are discussed below.

The DTCS is an essential input into a range of downstream services. While the DTCS can be delivered using a number of technologies, it is clear that Ethernet interface protocols are replacing earlier standards. That said, we expect the older Plesiochronous Digital Hierarchy (**PDH**) and Synchronous Digital Hierarchy (**SDH**) interface protocols to remain in use on some transmission links for the foreseeable future. Therefore, we broadly support the Commission's revised approach for ensuring that the DTCS service description remains technologically neutral moving forward.



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However, in the interest of preserving technology neutrality, VHA does not consider that the inclusion of 'symmetric' is required in the proposed service description and we recommend its deletion. To that end, the proposed service description should state:

The domestic transmission capacity service is a service for the carriage of certain communications from one transmission point to another transmission point via network interfaces on a permanent uncontended basis by means of guided and/or unguided electromagnetic energy...

We agree with the Commission's view that the proposed variation promotes the 'Long-term interest of end-users' (LTIE). We have previously put forward our views on the definition of the relevant markets and other matters that the Commission must have regard as set out in section 152AB of the *Trade Practices Act 1974*, specifically:

- promoting competition in markets for listed services;
- achieving any-to-any connectivity in relation to carriage services that involve communication between end-users; and
- encouraging the economically efficient use of, and the economically efficient investment in, infrastructure by which telecommunications services are supplied and any other infrastructure by which telecommunications services are, or are likely to become, capable of being supplied.

While we note that there has been some variation between the service description previously put forward by the Commission in its Discussion Paper of November 2009, reviewing the declaration for the DTCS, and the service description proposed in the Draft Final Report, many of our previously stated observations remain relevant to the Commission's consideration of this matter.

We do, however, note one exception with respect to our previous comments on economic efficiency. We previously expressed concern that explicit specification of three interface protocols – PDH, SDH and Ethernet – could unintentionally narrow the scope of a technology neutral service definition. We are therefore pleased by the Commission's observation that: "a DTCS service description which covers all relevant interface protocols used to provide the service will also serve to cover transmission services where there is a lack of effective competition irrespective of interface protocol". To that end, VHA recommends a minor variation to the proposed definition for "network interfaces" such that it states (proposed modification italicised):

network interfaces include, *but are not limited to*, Ethernet, Plesiochronous Digital Hierarchy (PDH) and Synchronous Digital Hierarchy (SDH) interface protocols used to provide a transmission rate of 2.048 Megabits per second or above which an access provider provides to itself or others

VHA's proposed modification would provide sufficient flexibility to accommodate any future changes in the interface protocols used to deliver transmission services. In any case, as we previously stated the Commission should generally consider the addition on new interface protocols



as a variation of a minor nature for the purpose of s152AO(3) of the *Trade Practices Act* 1974,
thereby forgoing the need for a further public inquiry.

Yours sincerely



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