

21 August 2015

Australian Competition and Consumer Commission
GPO Box 520
Melbourne Vic 3001

BY EMAIL: Market.indicators@acc.gov.au

Attention Mr Sean Riordan
General Manager – Industry Structure and Compliance

Dear Sean,

Proposed NBN Wholesale Market Indicators Report Discussion Paper

Macquarie Telecom welcomes the opportunity to provide feedback in response to Discussion Paper setting out the Proposed NBN Wholesale Market Indicators report.

Macquarie Telecom endorses the intention of the report to improve the stock of NBN market information to assist in promoting competition in the NBN Market. It is vitally important to track the competitive impact of the NBN as it rolls out, particularly in light of the consolidation in the market and increasing vertical integration of wholesale and retail operators.

Timely information about the state of competition as users switch to the NBN is necessary to guide regulators and policy makers in this period.

Macquarie agrees the information should be reported at various levels; nationally, by state, and by region as defined by NBN serving areas. This is important because it will provide insights into various markets, defined both by region and by product and technology.

We submit it is also crucial to report on the experience of access to Pols, which in our experience, is emerging as an impending serious point of potential competitive failure.

The competitive landscape has changed significantly from that in existence when, for example, the regulatory decision making that underpinned the determination of what was the appropriate number of Pols was made, both in the number of businesses providing wholesale services and the ownership of some of those that continue to wholesale. For example, key wholesaler AAPT

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and PIPE Networks are now part of the vertically integrated TPG group of companies.

There is now an emerging a commercial impediment at the POIs not offering competitive business grade backhaul. This represents a significant barrier to entry for operators, who may be able to access NBN but cannot access competitive backhaul. It is not clear that the wholesale market in 2015 is such that there are clear incentives for commercial investment to fill that point of market failure.

Macquarie Telecom considers that the ACCC should give consideration to whether the proposed break down into regions and states, and by technology will give the greatest insight possible over time into whether economically sustainable competition is supported at all Poles, whether last mile technologies have any impact on competition at the Poles, or whether competition might be being foreclosed by incumbents in some locations.

Macquarie agrees with the Commission's view that the information proposed for publication would be unlikely to harm the legitimate commercial interest of any CSP.

Should you have any queries concerning this submission please feel free to contact me.

Yours faithfully,

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