



28 July 2015

Ms J Goldwater
Australian Competition and Consumer Commission
Level 35 360 Elizabeth Street
Melbourne 3000

Dear Ms Goldwater

Wholesale ADSL

I refer to your letter dated 15 July 2015 and apologise for the late response.

TPG buys VLAN capacity in each capital city and we have it delivered across diverse accesses in Sydney, Melbourne and Brisbane.

The predominant decision to acquire more VLAN capacity is to manage traffic flows. We generally have some headroom but it is not because Telstra forces us to have it. Having said that, there may be scenarios where headroom on the Ethernet Accesses may be a defacto outcome.

In order to resell Wholesale ADSL, TPG must buy:

- (a) the DSL access ports (at the regulated rate) under the Wholesale ADSL Service Schedule,
- (b) VLAN capacity (otherwise known as AGVC) under the Wholesale ADSL Service Schedule (regulated rate) to enable the carriage of traffic from the DSL ports to a CBD point of interconnect.

In addition, we have to buy “Ethernet Accesses” for the VLANs to land on.

For TPG, the VLANs land on a Telstra Ethernet Access (for Standard Accesses) located in TPG POPs which we buy under a Telstra Wholesale Business Grade Ethernet Access Service Schedule. This service is not regulated.

They are used not just for Wholesale ADSL but also for other VLANs as well (for example, to DSLAMs where we do not have our own backhaul).

We have experienced an increase in bandwidth which we would consider as being most likely attributable to Netflix and similar streaming video services.

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Having a relatively small “off net” customer base, we generally have had sufficient capacity but this may change. For our on-net customers, most of whom are connected via our dark fibre network, we generally have adequate capacity to meet requirements. The issue most pointedly arises for TPG having regard to the pricing model of the NBN. Increased CVC is an outcome of the “Netflix” effect.

If I can be of further assistance, please let me know.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Tony Moffatt', with a stylized flourish at the end.

TONY MOFFATT
General Counsel