

Our Ref: 56849  
Contact Officer: Jaime Martin  
Contact Phone: (03) 9290 1477



**Australian  
Competition &  
Consumer  
Commission**

21 May 2015

Mr Paul Schoff  
Partner  
Minter Ellison Lawyers

GPO Box 3131  
Canberra ACT 2601  
23 Marcus Clarke Street  
Canberra ACT 2601  
tel: (02) 6243 1111  
fax: (02) 6243 1199  
www.accc.gov.au

**By email: [paul.schoff@minterellison.com](mailto:paul.schoff@minterellison.com); [justin.oliver@minterellison.com](mailto:justin.oliver@minterellison.com)**

Dear Mr Schoff

**NBN Co Limited application for re-authorisation (A91479-A91481) for revised arrangements concerning Optus' HFC network – further information request**

Thank you for the information previously provided to the ACCC by Optus on 2 and 14 April 2015.

In assessing NBN Co's application for revocation and substitution, the ACCC is assessing the public benefits and detriments that are likely to result from the inclusion of Optus' HFC network into the multi-technology mix NBN, which will include Telstra's HFC network assets regardless. This analysis includes an assessment of the potential competitiveness of Optus' HFC network as a stand-alone network, with or without upgrades.

To further assist the ACCC's consideration of this issue, the ACCC requests that Optus provide the information set out at Attachment A. The ACCC would be appreciate it if you could provide this information by **Thursday, 4 June 2015**.

In providing a response, please clearly identify any information Optus wishes to have excluded from the public register and provide brief reasons for any exclusion sought.

Please let us know if you consider any parts of this request to be too onerous and we can discuss whether there are ways of minimising the burden on Optus that still provide the ACCC with the information it needs to properly assess the application.

This letter will be placed on the ACCC's public register on 26 May 2015. If you consider that any question in this letter discloses information confidential to Optus please advise us before that date.

If you wish to discuss any aspect of this matter, please contact David Hatfield on (02) 6243 1266 ([david.hatfield@acccc.gov.au](mailto:david.hatfield@acccc.gov.au)) or Jaime Martin on (03) 9290 1477 ([jaime.martin@accc.gov.au](mailto:jaime.martin@accc.gov.au)).

Yours sincerely

A handwritten signature in blue ink, appearing to be 'Richard Chadwick'.

Dr Richard Chadwick  
General Manager  
Adjudication Branch

## **Attachment A – Information request, 21 May 2015**

### **Information request – investment criteria for network upgrades**

1. Please explain how Optus rolled out the upgrade to DOCSIS 3.0 in its HFC network, including:
  - a. The period over which the roll-out occurred (from commencement to completion).
  - b. Whether the upgrade was made on a whole-of-network basis or incrementally.
  - c. To the extent that the upgrade was incremental, what factors influenced where and when the upgrade occurred?
2. What types of investment criteria does Optus use when considering whether to undertake network upgrades (including on HFC, mobile and other relevant networks)? In particular, can you please outline:
  - a. Does the Optus Board consider payback period, and if so, what is an acceptable range for the payback period?
  - b. Does the Optus Board consider the period of time required to turn a profit on the investment, and if so, what is an acceptable range for this period?
  - c. Does the Optus Board consider internal rate of return (IRR), and if so, what IRR would be required for Optus to decide to go ahead with a particular network upgrade and over what timeframe would this be required?
  - d. Does the Optus Board make investment decisions on another basis? If so, please describe the criteria applied by the Board in deciding whether to invest?
  - e. Does the Optus Board often have to decide between multiple (mutually exclusive) options? If so, what criteria are applied in making these sorts of decisions?
  - f. Do these criteria vary by the investment amount? If so, please explain any differences.

### **Document requests – upgrading Optus' HFC network to DOCSIS 3.0**

3. Please provide any business cases associated with Optus' decision to rollout DOCSIS 3.0 in HFC areas.
4. Please provide any documents considered by the Optus Board and the associated Minutes, as well as any strategic documents considered by senior management which relate to the investment in DOCSIS 3.0 in HFC areas.