



21 March 2016

Mr Grahame O'Leary
Director, Convergence and Mobility Branch
Infrastructure Regulation Division
Australian Competition and Consumer Commission
175 Pitt Street
Sydney 2000

By email: DTCS@acc.gov.au
cc: grahame.oleary@acc.gov.au
cc: scott.harding@acc.gov.au

Dear Grahame,

Public Inquiry to make a Final Access Determination for the Domestic Transmission Capacity Service – Consultation on Bass Strait Uplift

Thank you for the opportunity to comment on the Bass Strait Uplift, as part of the ACCC's DTCS Final Access Determination (FAD) Inquiry.

As noted in our previous submission to this inquiry, the DTCS FAD will have ongoing relevance to **nbn** because of its effect on the price of backhaul from **nbn**'s 121 (permanent) POIs for those **nbn** access seekers without their own backhaul infrastructure. Many of the relevant backhaul routes are covered by the current DTCS declaration (and therefore the DTCS FAD), and these include the routes to the mainland from **nbn**'s two Tasmanian POIs (Hobart and Launceston).

The Bass Strait Uplift to be determined in the Final DTCS FAD will have a significant impact on the regulated price of backhaul from the Hobart and Launceston POIs. **nbn** notes that this uplift will be applied to a base price as calculated using the pricing formula that the ACCC proposes to apply, under the FAD, until 31 December 2019 (a period of almost 4 years). **nbn** has previously indicated that the concentration of traffic on **nbn** POI routes may increase significantly over that time and that, to the extent that this (in combination with trend increases in overall backhaul traffic) leads to lower prices on deregulated routes, the FAD should be updated in due course to reflect these trends.

In its 5 July 2015 comments on the ACCC's Draft Consultant's report on the DTCS benchmarking model, **nbn** also encouraged the ACCC to engage in primary data collection in determining the Bass Strait Uplift, rather than relying on a potentially outdated figure from the previous 2012 DTCS FAD. **nbn** maintains that the ACCC should have regard to relevant data in determining an appropriate Bass Strait Uplift, consistent with the ACCC's benchmarking process, rather than determining the uplift arbitrarily.



nbn expects the ACCC to be transparent and fully explain in its statement of reasons (subject to any relevant confidentiality considerations) how it arrived at the particular value adopted for the Bass Strait Uplift in the Final DTCS FAD.

If you would like to discuss any aspects of this letter, please contact Matthew Cole, General Manager Access Regulation at matthewcole@nbnco.com.au or on (03) 9601 5231.

Yours sincerely

Caroline Lovell
Chief Regulatory Officer