

29 March 2012

Mr Michael Cosgrave
Group General Manager
Communications Group
Australian Competition and Consumer
Commission
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Dear Mr Cosgrave

**Telstra's Structural Separation Undertaking
Schedule 3, paragraph 5 – request for extension**

Telstra refers to its Structural Separation Undertaking (**SSU**) which commenced on 6 March 2012. In Schedule 3, paragraph 5, metric 15, (relating to the Unconditioned Local Loop Service, Bands 1 and 2 exchanges only), Telstra has committed to offer, if a Wholesale Customer requests, an appointment that occurs three Clear Working Days after the date the request for the ULL Individual Cutover is received. Telstra has now become aware that it may not be in a position to fully meet some of the provisions in Schedule 3, paragraph 5 by the end of the Implementation Period as specified in clause 21.1 and requests the Implementation Period in that clause in relation to Schedule 3, paragraph 5 be varied to '2 months after the Commencement Date'. Reasons in support of this request for an extension are set out below.

Within three days of the SSU commencing, (i.e. on 9 March 2012), Telstra formally initiated a project to provide the required functionality.

Last week, Telstra sent an external announcement advising Wholesale Customers of its intention to reduce the ULLS lead times to three business days, by 1 April 2012 in accordance with the SSU (a copy of the deployment notice is **attached**). The purpose of the announcement was to notify and direct the attention of ULLS Wholesale Customers to any operational and IT system changes they would need to make in advance of the reduced lead times becoming available.

On Tuesday of this week (27 March 2012), the IT vendor that Telstra will use to make the necessary systems changes advised us that it will not be able to complete the work to support the functionality by 1 April 2012. Rather, having now completed the impact assessment, the IT vendor has advised that the project is more complex than originally advised (which was at the time the metric was being drafted). The IT vendor currently estimates it will only be able to change and deploy the software required to support the reduced lead times by the end of April 2012, however, this will be subject to satisfactory testing and technical deployment activities so may change. Any changes are expected to be insignificant.

At this stage, we believe there is only one ULLS Wholesale Customer who is likely to take advantage of a three business day commitment, having previously requested lead times at or about the current minimum of five days. Telstra Wholesale has discussed this issue with some parts of that Wholesale Customer and has received a preliminary response that a delay

is unlikely to affect the Wholesale Customer, however we are waiting to hear further from other parts of that Wholesale Customer. Generally requested lead times from most other ULLS Wholesale Customers are eight days or above.

While it might be possible to offer an email driven manual solution to Wholesale Customers, such a solution would require manual manipulation of reports to meet metric 14 of Schedule 3, paragraph 5. It would also involve Wholesale Customers having to set up new manually intensive processes for only a few weeks. We do not believe this is a reasonable option.

Telstra is focussed on implementing the various commitments set out in the SSU within the specified implementation periods. However, due to the above-mentioned circumstances, we may not be able to meet the commitment in Schedule 3, paragraph 5, metric 15 (and potentially as a consequence also metric 14). Telstra notes that, under clause 21.3 of the SSU, the ACCC may approve a request to vary a date that is specified in clause 21.1. Accordingly Telstra requests that the date for commencement of Schedule 3, paragraph 5 be varied to '2 months after the Commencement Date'.

We would like to keep our Wholesale Customers informed of this development and would appreciate your urgent response.

Please contact Adrian Virdun on (02) 8576 2735 with any questions.

Yours sincerely,



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