



**Australian
Competition &
Consumer
Commission**

GPO Box 520
Melbourne Vic 3001

Level 35, The Tower
360 Elizabeth Street
Melbourne Vic 3000

tel: (03) 9290 1800
fax: (03) 9663 3699

www.accc.gov.au

Our ref: 46860
Your ref:
Contact officer: Jane McGinnes
Contact phone: 03 9290 1493

5 December 2013

Ms Jane van Beelen
Executive Director, Regulatory Affairs
Public Policy and Communications
Telstra Corporation Limited
Level 11, 400 George Street
SYDNEY NSW 2000

By email: jane.vanbeelen@team.telstra.com

Copy to: Tracy.thomas@team.telstra.com; Iain.Little@team.telstra.com;
alister.montgomery@team.telstra.com

Dear Ms van Beelen

Re: Final Access Determination (FAD) Inquiry - information request under the BBM RKR

I am writing in regard to the information provided by Telstra on 25 November 2013 as its response to the request made by the Australian Competition and Consumer Commission (ACCC) pursuant to Rule 15 of the Building Block Model Record Keeping and Reporting Rule (BBM RKR).

Your letter accompanying the response noted that this is the first time Telstra has provided forecast capital expenditure, operating expenditure and demand pursuant to the BBM RKR and that consequently Telstra experienced certain difficulties in responding to Rules 10(c), 11(b) and 12(c). We acknowledge the effort Telstra has taken to satisfy the information request by providing a Comparison Statement detailing the actual capital expenditure, operating expenditure and demand for the 2011, 2012 and 2013 financial years and a comparison of that data with the forecasts used in the July 2011 final access determinations (FADs).

We have reviewed the information provided by Telstra to satisfy the requirements under Rules 7 to 12 of the BBM RKR and are of the view that:

- Subject to certain minor clarifications, the data provided in the Excel spread sheet entitled 'BBM RKR request – Telstra's response' meets the requirements of the rules as set out in Tables A1, B1-2 and C1-4 of the BBM RKR.
- The explanatory statement addresses each requirement of the rules. However, in many instances, further detail and supporting evidence on the assumptions and data used will be required to enable the ACCC to form a view on the reasonableness of the forecasts and methodology set out in the explanatory statement.

I also note that the forecasts provided are based on the previous government's NBN policy and NBN Co's rollout schedule as at 30 June 2013. It is anticipated that changes to both the NBN architecture and rollout schedule will be made prior to the ACCC making the FADs for the fixed line services. In order for the ACCC to determine prices that account appropriately for the impacts of the NBN, it will be necessary for Telstra to provide amended forecasts and explanatory information to adjust for changes made to the NBN architecture and rollout that are relevant to its forecasts. I note that Telstra staff indicated a willingness to provide this further information at a meeting with ACCC staff on 3 December 2013.

In light of the foregoing, the ACCC is of the view that it is able to accept Telstra's response of 25 November 2013 to its request pursuant to Rule 15 of the BBM RKR made on 13 September 2013 as complying with the requirements of the BBM RKR subject to provision of the following:

- amended forecasts for capital expenditure, operating expenditure and demand to account for the impact of the NBN to reflect changes made by NBN Co, along with explanatory information on those amendments
- response to ACCC requests for further information to clarify and support the response provided on 25 November 2013.

Finally, with respect to your comments regarding the confidentiality of the information provided by Telstra in its response, the ACCC is preparing a draft disclosure notice for consultation under section 151BUA of the *Competition and Consumer Act 2010*. I will be writing separately in regard to that process.

Please contact Ms Jane McGinnes either by email at jane.mcginnes@acc.gov.au or by phone on (03) 9290 1493 if you would like to discuss this matter.

Yours sincerely



Michael Cosgrave
Group General Manager
Communications Group