

Our Ref: M2007/593
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**Australian
Competition &
Consumer
Commission**

12 March 2008

Dr Tony Warren
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Public Policy & Communications
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Dear Dr Warren

Telstra's local carriage service and wholesale line rental exemption applications dated 12 October 2007: Request for further information

I refer to the local carriage service (LCS) and wholesale line rental (WLR) exemption applications lodged by Telstra Corporation Limited (Telstra) on 12 October 2007 (October applications) and the meeting between Australian Competition and Consumer Commission (ACCC) staff and Telstra staff on 17 January 2008 regarding the October applications as well as Telstra's LCS and WLR exemption applications lodged on 9 July 2007 (July Applications).

I note that, as at the date of this meeting, Telstra had yet to respond to the ACCC's 17 December 2007 information request regarding the July Applications (Information Request). At this meeting ACCC staff requested that Telstra provide responses to the Information Request as though it applied to both the October Applications as well as the July Applications, given the commonality of issues relevant to both sets of applications.

I note that the ACCC is yet to receive a response to the Information Request as it applies to either the July applications or the October applications.

For the avoidance of doubt, the ACCC now requests that Telstra, pursuant to section 152AU of the *Trade Practices Act 1974* (the Act), provide the ACCC with the following information for the purpose of assessing Telstra's exemption applications in relation to the LCS and WLR service, which were lodged on 12 October 2007, pursuant to section 152AT of the Act.

1. For each exchange service area (ESA) in the proposed Exemption Area (as defined in the October applications), please provide the number of customers that acquire Telstra's retail basic access service, as at the date of this information request. What was the level of take-up of these services as at 30 June 2005, 30 June 2006 and 30

June 2007? What are Telstra's projected numbers for these services at 30 June 2008 and 30 June 2009?

2. For each ESA in the Exemption Area, please provide the number of wholesale line rental services and local carriage services sold by Telstra to access seekers, as at the date of this information request. What was the level of take-up of these services as at 30 June 2005, 30 June 2006 and 30 June 2007? What are Telstra's projected numbers for these services at 30 June 2008 and 30 June 2009?
3. For the Exemption Area, please provide the number of Telstra's retail customers that acquire:
 - a) retail line rental and local calls only
 - b) a fixed voice services bundle (retail line rental, local calls, national and international long distance calls, and fixed to mobile calls) only
 - c) a fixed voice services and broadband service bundle

as at the date of this information request.

What was the level of take-up of these services as at 30 June 2005, 30 June 2006 and 30 June 2007? What are Telstra's projected numbers for these services at 30 June 2008 and 30 June 2009?

4. Does Telstra market its fixed voice services and broadband retail offerings to end-users in the Exemption Area in a different way to geographic areas outside the Exemption Area? If so, what are key features of this marketing strategy and how does this differ from Telstra's marketing strategy in geographic areas outside the Exemption Area? How do ARPUs in the Exemption Area differ to geographic areas outside the Exemption Area? What was the level of ARPUs in the Exemption Area as at 30 June 2005, 30 June 2006 and 30 June 2007? What are Telstra's projected ARPUs in the Exemption Area at 30 June 2008 and 30 June 2009?
5. In which Exemption Area ESAs is there at least one other service provider offering a connecting fibre backhaul link?
6. In which Exemption Area ESAs is Telstra the only provider of PSTN switching? For which Exemption Area ESAs is Telstra the only provider with connecting fibre transmission capacity?
7. How many services within each Exemption Area ESA are on lines that are affected by pair gain systems or RIMs?
8. In which Exemption Area ESAs is the rack capacity or MDF capacity above 80 per cent? Above 90 per cent? At or near 100 per cent? What is the threshold before Telstra starts to provide an external interconnection cable (EIC) or builds an outside unit at a particular exchange? How many access seekers have taken up the EIC service? What are the terms and conditions of access associated with the EIC service?

9. Please provide details on any of Telstra's proposed network upgrades and modifications in the Exemption Area as at the date of this information request for the period until 1 July 2009. In particular, please provide details of:
- a) any IP core network upgrades – the date and locations at which Telstra's PSTN switching equipment is expected to be removed
 - b) any fibre upgrades to the customer access network – the date and locations, if any, at which Telstra intends to de-commission existing copper lines and replace these with optical fibre between the Local Exchange and Remote Access Units within its customer access network

How would these developments affect existing and potential DSLAM-based access seekers in the Exemption Area? Are there any notification and/or transitional mechanisms for access seekers in relation to these types of network upgrades? If so, please provide details of these provisions.

10. Telstra has previously stated that it has no immediate plans to establish a LSS to ULLS managed network migration process due to limited demand for such a service.¹ Is this still Telstra's position?
11. In relation to the information provided by Telstra in accordance with paragraphs 1-11 above, what parts of the information (if any) are confidential? In the event that Telstra claims confidentiality to any part of the information, Telstra should provide the ACCC with both a confidential and public version of the information; and set out what process Telstra intends to use for responding to any requests for access to the confidential information.

Please forward the requested information (in both hard and electronic format) to:

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As you are of course aware, in accordance with section 152AT(11)(b) of the Act, a day during any part of which this request (or part of this request) remains unfilled, is disregarded in calculating the period within which the ACCC must make a decision about the exemption applications.

I request that Telstra respond to the above by 26 March 2008.

¹ Telstra Corporation Limited, *LSS Re-declaration inquiry – Supplementary information*, dated 27 July 2007.

Should you have any questions regarding this request, please contact Sarah Sheppard on (03) 9290 1992.

Yours sincerely



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Michael Cosgrave
Group General Manager
Communications Group