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Public Policy and Communications

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Dear Richard

Telstra Corporation Limited - Response to request for further information

I refer to your letter of 12 March 2008 seeking further information from Telstra in relation to its applications of 12 October 2007 for exemption from the standard access obligations in respect of the declared wholesale line rental service ('WLR') and local carriage service ('LCS') ('**October Exemption Applications**').

Due to an internal administrative oversight, regulatory staff of Telstra who are directly involved in this matter did not become aware of the Commission's information request until Monday 31 March 2008. For this reason, Telstra was unable to respond to your letter until now.

As there is substantial overlap between the Commission's Information Request in relation to the first WLR/LCS Exemption Applications (to which Telstra responded on 14 March 2008) and the Commission's Information Request of 12 March 2008, Telstra has focused in this response on the additional information requested in Questions 1 and 2 of the latter Information Request, which relates specifically to the additional 16 exchange service areas ('ESAs') in the October Exemption Applications.

Telstra will formally respond to the remainder of the questions in the Commission's Information Request shortly. Telstra does not anticipate that its responses to those questions will differ substantially from the responses provided on 14 March 2008 to the Commission's information request of 17 December 2007.

Capitalised terms used but not defined in this letter have the meaning set out in the Exemption Applications.

1. **For each exchange service area (ESA) in the proposed Exemption Area, 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?**

Telstra is unable to provide the exact data requested by the Commission, as data of this type is not routinely recorded by Telstra. However, Telstra is able to provide the numbers of retail basic access services customers, disaggregated on an ESA by ESA basis, for the 16 ESAs in the Exemption Area as at: May 2007; June 2007; July 2007; August 2007; September 2007; October 2007; November 2007 and December 2007.

[c-i-c]

Examination of this data indicates that [c-i-c] in the 8 months from May 2007 to December 2007 (see Figure 1).

Figure 1: Changes in Retail Basic Access SIOs in the 16 Exemption Area ESAs, May 2007 to December 2007.

[c-i-c]

Nor does it appear likely that the number of retail basic access SIOs will [c-i-c] in any Exemption Area ESAs over the period for which the Commission has requested forecast data. This is confirmed from an examination of Telstra’s network-wide product forecasts for retail basic access SIOs over the next four years, as set out in Figure 2. [c-i-c]

Figure 2: Telstra’s network product forecasts for retail basic access SIOs.

[c-i-c]

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?**

Telstra is unable to provide the Commission with historic and forecast data in the form requested as data of this type is not routinely recorded by Telstra. However, Telstra can provide historic data for wholesale line rental (“WLR”) SIOs for each of the 16 Exemption Area ESAs as at: May 2007; June 2007; July 2007; August 2007; September 2007; October 2007; November 2007 and December 2007.

[c-i-c]

[c-i-c]

[c-i-c]

Figure 3: Changes in Wholesale Line Rental SIOs in 16 Exemption Area ESAs, May 2007 to December 2007

[c-i-c]

[c-i-c]

Forecast estimates for WLR SIOs in the Exemption Area

The likely number of WLR SIOs in the Exemption Area ESAs for 30 June 2008 and 30 December 2008 can be estimated through a linear extrapolation of the monthly WLR SIO data shown in Figure 3 (see Figure 5). This linear extrapolation predicts that by December 2008, Telstra will be supplying WLR to just over [c-i-c]% of SIOs currently being serviced within the 16 ESA Exemption Area.

Figure 5: Extrapolation of WLR SIOs in the 16 Exemption Area ESAs, June 2008, December 2008

[c-i-c]

Telstra's network-wide product forecasts for WLR SIOs also reveal [c-i-c] (Figure 6).

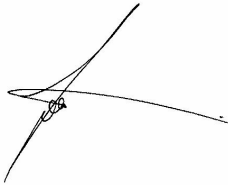
Figure 8: Telstra's network product forecasts for WLR SIOs

[c-i-c]

Telstra is happy for this version of its letter to be placed on the Commission's website.

If you have any further questions in relation to this matter, please contact Paul McLachlan on (02) 9298 5559.

Yours sincerely

A handwritten signature in black ink, appearing to be 'Tony Warren', written over a light grey rectangular background.

Tony Warren
Executive Director Regulatory Affairs
Public Policy and Communications

ANNEXURE A

Monthly estimates of Telstra retail basic access customers, 2007; and

Monthly estimates of Telstra wholesale WLR services, 2007