



07 December 2020

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Dear Mr Riordan,

As you are aware, Private Payphones are those where the payphone hardware is privately owned and operated. They are installed at the discretion of the owner and often installed within a common area of a premises. A Private Payphone is different to a Public Payphone which are often located on footpaths and are owned and operated by Telstra under the Universal Service Obligation (USO).

Request for upfront forbearance in respect to enable the ability to conduct a partial exit of the Payphones and Customer-operated payphones Access Service Families

Telstra wishes to conduct a national product exit against a subset of payphone service types within the SS Classes of the Payphone and Customer-operated payphones Access Service Families. Specifically, we would like the ability to exit the payphone services that are provided to support payphones that are privately owned and operated (**Private Payphones (ELQ)**) without exiting services for payphones that Telstra is required to supply and operate in accordance with its Universal Service Obligation (**Public Payphones (ELP)**).

Under clause 4.4 of the Migration Plan, Telstra may undertake a business as usual product exit of a Direct Special Service. However, the payphone specific Access Services Families in Schedule 4 of the Migration Plan currently do not distinguish between Private Payphones and Public Payphones and consequentially capture both. That is:

- *(Retail) "Payphones" Access Service Family:* Within this family, Telstra Retail provides both Private Payphones (commonly referred to as ELQ products) and Public Payphones (commonly referred to as ELP products); and
- *(Wholesale) "Customer-operator payphones" Access Service Family:* Within this family, Telstra Wholesale provides Private Payphones (commonly referred to as ELQ and ELR products).

For clarity, there are only a few remaining services under the ELR product. We believe any exit of these few remaining services will occur organically and ahead of the exit of Private Payphones (ELQ).

Accordingly, we are requesting upfront forbearance to clause 22.3 to allow us to apply the equivalent notice obligation to only a subset of services within each of the SS Classes in order to enable Telstra to undertake a product exit that is targeted to services that are used to support the operation of Private Payphones (ELQ) whilst not including the services that are used to support the operation of Public Payphones (ELP).



Proposed pathway to enable differentiation between Public and Private Payphones in the Migration Plan

Telstra believes an amendment could be implemented into the next Migration Plan variation to facilitate differentiation of Public and Private Payphones (ELP, ELQ and ELR) and enable application of separate disconnection processes, whilst maintaining consistency with the Migration Plan Principles.

The approach would be to augment the existing SS Classes applicable to the Access Service Families of Payphones (Table 1 - Retail) and Customer-operated payphones (Table 2 - Wholesale). This would involve recognising that there are two different types of payphones within each Access Service Family, with each type split (as per other Special Services) across the five SS Classes of nbn access technologies. That is:

1. for Table 1, there would be 10 SS Classes – representing each of the 5 nbn fixed access technologies for both Public Payphones (ELP) and Private Payphones (ELQ); and
2. for Table 2 – there would be 10 SS Classes - representing each of the 5 nbn fixed access technologies for the two different variants of wholesale Private Payphone services (ELQ and ELR).

For ease of understanding, this would result in the relevant rows of Schedule 4 of the Migration Plan for the Access Service Families that represent Public and Private Payphones being augmented as follows:

Migration Plan Schedule 4 Table	Access Service Family	Current SS Classes	Proposed SS Classes
Table 1 (Retail)	Payphones	<ul style="list-style-type: none"> • Payphones – P • Payphones – N • Payphones – B • Payphones – H • Payphones – C 	<ul style="list-style-type: none"> • Public Payphones (ELP) – P • Public Payphones (ELP) – N • Public Payphones (ELP) – B • Public Payphones (ELP) – H • Public Payphones (ELP) – C • Private Payphones (ELQ) – P • Private Payphones (ELQ) – N • Private Payphones (ELQ) – B • Private Payphones (ELQ) – H • Private Payphones (ELQ) – C
Table 2 (Wholesale)	Customer-operated payphones	<ul style="list-style-type: none"> • Customer-operated payphones – P • Customer-operated payphones –N • Customer-operated payphones –B • Customer-operated payphones –H • Customer-operated payphones – C 	<ul style="list-style-type: none"> • Private Payphones (ELQ) – P • Private Payphones (ELQ) – N • Private Payphones (ELQ) – B • Private Payphones (ELQ) – H • Private Payphones (ELQ) – C • Private Payphones (ELR) – P • Private Payphones (ELR) – N • Private Payphones (ELR) – B • Private Payphones (ELR) – H • Private Payphones (ELR) – C

For the purpose of providing clarity, this change to the tables in Schedule 4 would be supported with additional and appropriate wording to clause 22 and clause 1 (c) within Schedule 4 of the Migration Plan to articulate the differences in the SS Classes.

In light of the difference between Private Payphones (which are supplied by Telstra to both Retail Customers and Wholesale Customers) and Public Payphones (which are supplied by Telstra to the Australian public at large), Telstra considers that additional flexibility is required when approaching the disconnection of the Payphones special services. Telstra considers that the introduction of new SS Classes achieves this as it



allows a separate SS Disconnection Process to be developed for Private Payphones that does not impact Public Payphones.

Permission to develop and consult upon the Special Service Disconnection process outside of the usual 6 month period following the product exit announcement for Private Payphones (ELQ)

Telstra had originally announced the product exit date for Private Payphones (ELQ) to both Wholesale Customers and Retail Customers in May 2019. This exit date was subsequently withdrawn in August 2020 prior to the commencement of any Managed Disconnection activities.

Telstra now seeks the ACCC's permission to develop a SS Disconnection Process under clause 22.5 that is applicable to the product exit of Private Payphones (ELQ) that Telstra had announced to Wholesale and Retail Customers in May 2019. As clause 22.5 of the Migration Plan allows the ACCC to agree to Telstra developing a SS Disconnection Process at a date that is later than 6 months after the date Telstra publicly announces a product exit, Telstra seeks to develop the SS Disconnection Process for the Private Payphone (ELQ) SS Classes within the 6 month period commencing from a future re-announcement by Telstra of a new disconnection date for Private Payphones (ELQ). Currently, Telstra is considering a revised announcement date in the first quarter of calendar year 2021. For clarity, Telstra intends to develop and consult upon the required SS Disconnection Process in accordance with clause 5.2 of the Migration Plan.

Telstra currently anticipates that the revised Disconnection Date for the Private Payphones (ELQ) SS Classes will be in the last quarter of calendar year 2021. Telstra notes that, as the original announcement of the product exit for Private Payphones (ELQ) was in May 2019, Wholesale Customers will essentially receive a combined notification period in excess of 24 months for the disconnection for Private Payphones (ELQ). As a result, when submitting the proposed changes for the Private Payphone (ELQ) SS Classes above, Telstra also proposes to provide clarification in the Migration Plan that, in light of the original disconnection announcement to Wholesale Customers in May 2019, more than 18 months' of notice has been provided to Wholesale Customers of the Disconnection Date for the Private Payphones (ELQ) SS Classes.

Next Steps:

Subject to any objection by the ACCC, upon ACCC agreement for regulatory forbearance and agreement that Telstra may develop the SS Disconnection Process for Private Payphone (ELQ) within the 6 month period commencing from a future re-announcement by Telstra of a new disconnection date for Private Payphones (ELQ), Telstra intends to progress towards re-announcing the product exit date for Private Payphones (ELQ) and incorporate the proposed variation (including the amendments to schedule 4) into the next Migration Plan variation.

In the event the ACCC does not permit Telstra to develop the disconnection processes outside of the required 6 month period, Telstra intends to proceed with the proposed pathway to implement the distinction between Public and Private Payphones for future flexibility.

Should you have any queries about this matter please contact Steven Kuluveovski (03 8694 5609 or steven.kuluveovski@team.telstra.com).

Yours sincerely

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