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Dear Ms Wicks

### Telstra's response to the Proposed Variation to the Building Block Model Record Keeping Rule

Telstra welcomes the opportunity to participate in the Commission's Proposed Variation to the Building Block Model Record Keeping and Reporting Rule (**RKR**) consultation process.

Telstra recognises the importance of the RKR in facilitating the setting of price terms for fixed line services and the Wholesale ADSL service. Telstra supports the inclusion of information related to the Wholesale ADSL service for the purpose of facilitating the setting of price terms for Wholesale ADSL in a consistent manner with the Fixed Line Services.

Telstra has some concerns with certain aspects of the proposed drafting of the amendments to the RKR. Telstra considers that these concerns (and suggested amendments) do not impact on the substance of the data sort, or operation of, the RKR.

#### *Proposed changes to definitions used in RKR*

The Commission has proposed a number of changes to the definitions used in the RKR as set out in Rule 4. Telstra considers that the proposed changes to the definitions of *Demand* and *Operating Expenditure* in rule 4 of the draft BBM RKR may lead to inconsistency with other parts of the BBM RKR. In Telstra's view it is not necessary for either of these terms to be defined within Rule 4, and these definitions could be removed to avoid the risk of inconsistency. Alternatively, and at the minimum, these definitions should be amended.

Telstra also proposes a small change to the proposed definition of *Peak Usage*.

The reasons for these amendments are set out below.

#### Demand

The Commission has proposed to amend the definition of Demand in Rule 4 of the RKR to add the phrase "and the Wholesale ADSL service". Telstra believes that the proposed amendment to the definition may lead to confusion and inconsistency with later rules in the RKR. In particular, Rule 8(c) and Rule 8(d) specifically refer to demand of specific services (*including retail ADSL services*), which is inconsistent with how it is defined in rule 4. Telstra would recommend either the deletion of the definition of "Demand", as demand is a commonly understood term and given the later Rules define demand to the context.

Alternatively, the definition of Demand could be replaced with a definition of Demand, defined as follows:

- (j) 'Demand' means the forecast quantity of ~~each of the Fixed Line Services and the Wholesale ADSL service~~ a service that will be acquired by Access Seekers.

This would require corresponding changes to rules 8(c) and (d), and (12) to ensure consistency with the definitions rule (at present, there is inconsistency in terms of how demand is referenced across these rules – for e.g. in rule 12, reference is made to “Forecast Demand” which is not currently defined).

#### Operating Expenditure:

The Commission has proposed to amend the definition of Demand in Rule 4 of the RKR to add the phrase “and the Wholesale ADSL service”. Telstra believes that the definition of Operating Expenditure in rule 4 by reference to ongoing direct and indirect operating expenditure relating to Fixed Line Services and Wholesale ADSL Services leads to confusion and inconsistency with later rules in the RKR. Rule 8(a) refers to the operating expenditure relating to more specific fixed line service categories, which is inconsistent with how it is defined (more broadly) in rule 4.

This creates confusion as to what is being referred to in rule 9(a) where the term “Operating Expenditure” is also used – it would appear that this operating expenditure as provided in rule 8(a), but this is not clear due to how the term is defined in rule 4. Further, rule 10 refers to an undefined term ‘Forecast Operating Expenditure’ and to actual ‘Operating Expenditure’ which leads to further confusion. To address these issues, Telstra would recommend the deletion of the definition of ‘Operating Expenditure’, as this is a commonly understood term and the data requirements are set out explicitly in later rules of the RKR. Alternatively, Operating Expenditure could be redefined as follows:

- (w) 'Operating Expenditure' means all ongoing direct and indirect operating expenditure ~~relating to Fixed Line Services and the Wholesale ADSL service provided by Telstra.~~

In addition, the term forecast should not be capitalised in rule 10.

#### Peak Demand

The Commission's proposed definition Peak Usage is set out at (x) in Rule 4. Telstra agrees with the construct put forward by the Commission as an appropriate definition to capture the broadband usage at peak times in cases where access seekers pay a separate charge for AGVC/VLAN capacity as well as in those cases where a separate charge for AGVC/VLAN is not levied.

However, with respect to the Commission's proposed drafting at (x)(ii), Telstra is concerned by the use of the phrase “as the average over” in specifying the manner in which Telstra is to report these data.

At present, Telstra does not record a monthly average for throughput at peak times. Rather a single measure for the month is recorded, representing the monthly peak.

Telstra suggests a simple change to Rule 4(x)(ii) would be to remove the phrase “as the average over” and replace this text with “for”. These changes are set out below:

- (x) 'Peak Usage' means the sum of:
- i. where Access Seekers pay a separate charge for AGVC/VLAN: AGVC/VLAN capacity, calculated on the specified date; and

- ii. where there is no separate charge for AGVC/VLAN: peak busy hour throughput, calculated as the average over for the month up to and including the specified date.

### *Conclusion*

Aside from the specific concerns raised above, Telstra broadly supports the proposed amendments to the BBM RKR. If you have any queries in relation to this submission, please contact Alister Montgomery on (03) 8649 2008.

Yours sincerely,



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