

4 April 2013

Mr Sean Riordan
 General Manager
 Industry Structure & Compliance
 Communications Group
 Australian Competition and Consumer Commission
 Level 35, The Tower
 360 Elizabeth Street
 Melbourne Vic 3000
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Dear Mr Riordan

Request to Vary Telstra's Migration Plan to Defer the Commencement of the Cease Sale Obligations in Clause 17

As discussed with you previously, Telstra requests approval from the Australian Competition and Consumer Commission (the Commission) to a minor variation of the Migration Plan as allowed by s 577BF of the *Telecommunications Act 1997 (Cth)*. The effect of the variation would be to defer the Cease Sale Commencement Date from 1 May 2013 to 1 July 2013.

Telstra has obtained consent from NBN Co for this variation to the Migration Plan.

Also, as discussed with you, we believe that this proposed change is a minor change only to the Migration Plan, and that accordingly, the Commission should not need to consult with industry for a full 28 days prior to accepting the variation.

Details of the Requested Variation

Telstra proposes that the definition of Cease Sale Commencement Date appearing in the Migration Plan be amended as set out **below**.

Cease Sale Commencement Date	<p>means, for a Rollout Region, the date published by Telstra that will be on or after the later of:</p> <ul style="list-style-type: none"> (a) 1 May <u>July</u> 2013; and (b) 10 Business Days after the Ready for Service Date.
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The effect of the variation is to defer, by two months from 1 May 2013 to 1 July 2013, the earliest date by which Clause 17 has effect.

Reason for the Requested Variation

The variation is required for two reasons.

First, Telstra requires additional time to prepare and deploy Managed Service Qualification (MSQ) functionality. Telstra had previously anticipated that deployment could occur by April 2013, with Wholesale Customers having three weeks prior to the 1 May Cease Sale Commencement date to migrate to MSQ. However, unfortunately, Telstra has not been able to deploy the required functionality within that timeframe, and is now looking to deploy it on 27 May 2013.

Second, enquiries Telstra has made of its Wholesale Customers have revealed that most of them require more time to make the necessary changes to their processes and information technology systems ahead of the cease sale obligations applying, as well as to test the deployed changes to their information technology systems.

Accordingly, it is now clear that neither Telstra nor many of Telstra's Wholesale Customers will be ready for the implementation of cease sale by 1 May 2013. Telstra notes that its request to defer the Cease Sale Commencement date is consistent with Telstra's commitment in its letter to the ACCC of 13 November 2012, in which Telstra stated that it would approach the ACCC to seek a further delay to the commencement of cease sale if there were either a delay to the deployment of MSQ, or if the migration to MSQ was proving difficult for industry.

Telstra believes the proposed 1 July 2013 date for commencement of the Cease Sale obligations would provide sufficient time for Telstra and industry to meet these requirements. Telstra does not believe any earlier date would allow a smooth transition for Wholesale Customers onto MSQ.

There are clear benefits to end users of telecommunication services, Wholesale Customers and to Telstra from the requested variation to the Cease Sale Commencement Date.

Benefits to End-Users of Telecommunication Services

End-users will benefit from the deployment of MSQ, and its broader adoption by industry, because they can be better informed by their retail service provider of the services that are available to them at their requested address when enquiring about services at their address.

If the deferral of cease sale is not approved, Telstra's Wholesale Customers will not have migrated onto MSQ, which will lead to poor customer experiences for end users in NBN rollout regions as any orders they place for new services on the copper network will subsequently be rejected.

Benefits to Wholesale Customers

Wholesale Customers are required to make their own IT system changes to allow their ordering systems to interact appropriately with Telstra's updated ordering systems in the business to business IT environment, and to migrate to MSQ. Telstra has advised Wholesale customers of the changes they need to make to their IT systems. Many Wholesale Customers have taken steps to prepare for these IT changes, but it is clear that, even if Telstra were to deliver MSQ functionality in April, many customers would not be ready by the Cease Sale Commencement date of 1st May 2013.

The additional two months before the Cease Sale Commencement Date taking effect will assist Wholesale Customers to undertake the necessary preparations to have their IT systems changes deployed and tested by 1 July 2013.

Benefits to Telstra

Telstra requires the additional time to put in place the IT system changes required to deliver the MSQ functionality to industry. While Telstra had originally anticipated deploying this functionality by early April it recently became clear that this would not occur due to complexity with the IT solution required. Telstra is now seeking to deploy MSQ to Wholesale Customers at the end of May. A Cease Sale Commencement Date of 1 July 2013 will provide Telstra with sufficient time to deploy MSQ and for Wholesale Customers to migrate to the new functionality, in readiness for the introduction of cease sale. Our request for deferral is in accordance with our letter to the Commission of 13 November 2012, where we committed to seeking a deferral of the Cease Sale Commencement date if there was a further delay to the deployment of MSQ.

Requested Change is a Minor Variation

Telstra believes that the proposed change to the cease sale obligations is minor in nature for the following reasons:

- there is no material change to the manner in which the cease sale obligations operate in the Migration Plan;
- the nature of the variation is a simple delay to the timing of the start of the cease sale obligations;
- there is no change to the disconnection date for any Rollout Region passed by the fibre footprint;
- only a small set of Rollout Regions will be impacted;
- when the Commission agreed to a deferral of the Cease Sale Commencement Date in November 2012, the Commission considered it to be a minor variation; and
- the public benefit from approving the deferral to Cease Sale Commencement Date outweighs any public detriment there may be, if any.

Telstra will manage the program closely and continue to work with our Wholesale Customers to assist them to meet the proposed timeframe. Telstra has already commenced communicating the proposed deferral to its Wholesale Customers, subject to ACCC approval.

If you have any questions, please do not hesitate to contact Trish Cameron on (02) 61294635.

Yours sincerely



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