***Competition and Consumer Act 2010* (Cth)**

**NOTICE PURSUANT TO SUBSECTION 151BUA(2)**

**TO: Telstra Corporation Limited (ACN 051 775 556)**

**Level 10**

**400 George Street**

**SYDNEY NSW 2000**

**Category A: Disclosure to certain persons on certain terms and conditions**

1. Pursuant to subsection 151BUA(2)(d) of the *Competition and Consumer Act 2010* (Cth) (**CCA**), the Australian Competition and Consumer Commission (**ACCC**) gives notice to Telstra Corporation Limited (ACN 051 775 556) (**Telstra**) that it intends to make copies of:
   1. the report that Telstra provided to the ACCC on 25 November 2013 in response to the ACCC’s request on 13 September 2013 under Rule 15 of the *Building Block Model Record-Keeping Rule* (**Report**); and
   2. the material that Telstra provided to the ACCC on 10 February 2014, in response to the ACCC’s request on 17 January 2014 for further explanatory material (**Other Relevant Material**),

available for inspection and purchase electronically at no cost by a person specified in paragraph 2, on the terms and conditions specified in paragraph 3, as soon as practicable after 9 July 2014.

1. A person for the purposes of paragraph 1 is a person who is not employed at NBN Co Limited (ACN 136 533 741) (**NBN Co**)or a related party of NBN Co and is:
   1. employed:
      1. at a service provider who, for the purposes of section 152AG of the CCA, is an access seeker; and
      2. in a regulatory role or as an Australian legal practitioner to produce and provide submissions on behalf of that access seeker to the ACCC’s public inquiry into making final access determinations for the declared fixed line services and the wholesale ADSL service that was commenced on 1 July 2013 (**Fixed Line Services FAD Inquiry**); or
   2. a consultant or an adviser engaged by an access seeker referred to in paragraph (a)(i) above solely to assist in the production and provision of submissions to the Fixed Line Services FAD Inquiry.
2. The terms and conditions for the purposes of paragraph 1 are that a person must:
   1. execute the confidentiality undertaking that is included at Schedule 2 to this Notice;
   2. provide the ACCC and Telstra with a copy of the executed confidentiality undertaking;
   3. comply with the executed confidentiality undertaking at all times; and
   4. provide the ACCC with a secure e-mail address for receipt of the Report and the Other Relevant Material.

**Category B: Disclosure to the public**

4. Pursuant to subsection 151BUA(2)(c) of the CCA, the ACCC gives notice to Telstra that it intends to make copies of extracts of the Report and the Other Relevant Material, other than the extracts specified in Schedule 1 to this Notice, available for inspection by the public:

* 1. on the ACCC’s website at www.accc.gov.au and purchase electronically at no cost; or
  2. by appointment at the ACCC's Melbourne office at Level 35, 360 Elizabeth Street, Melbourne, Victoria and for purchase of a physical copy at $1 per page; or
  3. by appointment at the ACCC’s Sydney office at Level 20, 175 Pitt Street, Sydney, New South Wales and for purchase of a physical copy at $1 per page; or
  4. by appointment at the ACCC’s Canberra office at 23 Marcus Clarke Street, Canberra, Australian Capital Territory and for purchase of a physical copy at $1 per page.

as soon as practicable after 9 July 2014.

Dated this \_\_\_\_ day of \_\_\_\_\_\_\_\_\_\_\_\_\_ 2014

………………………………………

Rodney Graham Sims  
Chairman  
Australian Competition and Consumer Commission

**SCHEDULE 1**

**Specification of extracts   
for the purposes of paragraphs 1 and 4 of the Notice ISSUED TO TELSTRA CORPORATION LIMITED (ACN 051 775 556)   
PURSUANT TO SUBSECTION 151BUA(2)**

The information specified by these tables is as highlighted in the versions of the documents provided by Telstra to the ACCC on 17 April 2014.

| Page | Description |
| --- | --- |
| Telstra, Final Access Determinations (FADs) Inquiry – confidential response to information request under the BBM RKR, 25 November 2013 | |
| Page 11, section 5.1.1(b), Figure 2 | Contributions to operating expenditure forecast estimates FY2014 |
| Page 11, section 5.1.1(b) | Estimate used in forecast of Telstra Operations’ contribution to relevant operating expenditure FY2014 |
| Page 12, section 5.1.1(b), Figure 3 | LOB contribution for FY 2014 |
| Page 13, section 5.1.1(b), Figure 4 | LOB contribution to CAN, Core and Indirect operating expenditure |
| Page 14, section 5.1.1(b), Customer Service Delivery LOB | FY2014 CSD total operating expenditure budget |
| Page 14, section 5.1.1(b), Customer Service Delivery LOB | FLSM asset categories/fixed line services estimated operating expenditure incurred by CSD for FY2014 |
| Page 14, section 5.1.1(b), Customer Service Delivery LOB | Estimate of percentage of CSD’s FY2014 operating expenditure budget contributed by FLSM asset categories/fixed line services |
| Page 14, section 5.1.1(b), Customer Service Delivery LOB | Commentary about how the CSD budget is tracking for FY2014 |
| Page 14, section 5.1.1(b), Customer Service Delivery LOB | Percentage of CSD’s Opex attributable to FLSM asset classes CAN Ducts and Pipes |
| Page 15, section 5.1.1(b), Networks LOB | FY2014 Networks LOB total operating expenditure budget |
| Page 15, section 5.1.1(b), Networks LOB | FLSM asset categories estimated operating expenditure incurred by Networks for FY2014 |
| Page 15, section 5.1.1(b), Networks LOB | Estimate of percentage of Network’s FY2014 operating expenditure budget contributed by FLSM asset categories/fixed line services |
| Page 16, section 5.1.1(b), Service Operations LOB | FY2014 Service Operations total operating expenditure budget |
| Page 16, section 5.1.1(b), Service Operations LOB | FLSM asset categories/fixed line services estimated operating expenditure incurred by Service Operations for FY2014 |
| Page 16, section 5.1.1(b), Service Operations LOB | Estimate of percentage of Service Operations FY2014 operating expenditure budget contributed by FLSM asset categories/fixed line services |
| Page 16, section 5.1.1(b), IT Services LOB | FY2014 IT Services LOB total operating expenditure budget |
| Page 16, section 5.1.1(b), IT Services LOB | FLSM asset categories estimated operating expenditure incurred by IT Services for FY2014 |
| Page 16, section 5.1.1(b), IT Services LOB | Estimated percentage of IT Services FY2014 operating expenditure budget contributed by FLSM asset categories/fixed line services |
| Page 17, section 5.1.1(b), IT Services LOB | Percentage of applications costs allocated to FLSM asset classes in forecasting |
| Page 17, section 5.1.1(b), IT Services LOB | Uplift factor applied to account for IT Services management |
| Page 18, section 5.1.1(b), Telstra Operations Business Unit Support, Table 2 | Estimates of relevant direct and indirect operating expenditure (FY 2011 to FY2013) and relevant commentary |
| Page 19, section 5.1.1(b), Telstra Operations Business Unit Support, Table 3 | Total attributable and unattributable costs for regulated fixed line services, FY2013 and relevant commentary |
| Page 19, section 5.1.1(b), Telstra Operations Business Unit Support | Estimate of percentage of unattributable costs to total costs for regulated fixed line services |
| Page 19, section 5.1.1(b), Telstra Operations Business Unit Support | Estimate of operating expenditure for LSS Equipment FY2014 and forecast of LSS SIOs for the regulatory period |
| Page 20 through to page 22, paragraph 5.1.1(d) | Basis for assumptions used in estimated operating expenditure between FY2014 and FY2019 |
| Page 22 through page 24, section 5.1.1(d) | Information and data relating to addressing network and customer faults |
| Page 24 through to page 25, section 5.1.1(d) | Information relating to estimates of operating expenditure beyond FY2014 |
| Page 27 through to page 28, section 5.2.1.1 | Explanation of calculations of estimates of month to month movements for ULLS SIOs |
| Page 28, section 5.2.1.1, Figure 16 | Total connections, total disconnections and SIOs for ULLS, June 2010 to June 2019 (Actuals and Forecasts) |
| Page 28, section 5.2.1.1, Table 9 | Impact of NBN on ULLS |
| Page 29, section 5.2.1.1, Table 10 | Allocation of ULLS forecasts into geographic bands and relevant commentary |
| Page 29, section 5.2.1.1, Figure 17 | Split of ULLS SIOs by ULLS Band, June 2010 to June 2013 (quarterly actuals), June 2014 to June 2019 (annual forecasts) and relevant commentary |
| Page 30, section 5.2.1.2 | Explanation of calculations of estimates of month to month movements for LSS SIOs |
| Page 31, section 5.2.1.2, Figure 18 | Total connections, total disconnections and SIOs for LSS, June 2010 to March 2019 (actuals and forecasts) LSS SIOs |
| Page 31, section 5.2.1.2, Table 11 | Impact of NBN on LSS |
| Page 32 through to page 33, section 5.2.1.3, Figure 19 | WLR SIOs as at 30 June each year -2010 to 2019 (Actuals and Forecasts) and explanation of calculations used to estimate month to month WLR movements |
| Page 33, section 5.2.1.3, Figure 20 | Breakdown of WLR SIO movement between June 2013 and June 2014 forecast and relevant commentary |
| Page 33, section 5.2.1.3 | Commentary relating to the demand drivers |
| Page 34, section 5.2.1.3, Table 12 | Impact of NBN on WLR and relevant commentary |
| Page 35, section 5.2, Figure 21 | New Connections, In Place Connections and Cancellations for WLR, June 2011 to June 2018 (Actuals and Forecasts) and explanation of calculations of estimates of forecast values for New Connections, In Place Connections and Cancellations |
| Page 36, section 5.2.1.3, Figure 22 | Split of WLR SIOs by ULLS Band, June 2010 to June 2013 (quarterly actuals), June 2014 to June 2019 (annual forecasts) and relevant commentary |
| Page 36 through to page 38, section 5.2.1.4 | Explanation of calculations used to estimate total supply of basic access services, data relating to the calculations and relevant commentary |
| Page 38, section 5.2.1.4, Figure 24 | Split of total SIOs by ULLS Band, June 2010 to June 2013 (quarterly actuals), June 2014 to June 2019 (annual forecasts) and relevant commentary |
| Page 39, section 5.2.1.5 | Explanation of calculation of domestic PSTN Originating Access and Terminating Access call minutes |
| Page 39 through to page 40, section 5.2.1.5 | Explanation of calculation of Wholesale PSTN OA/TA and LCI call minutes |
| Page 40 through to page 41, section 5.2.1.5, Figure 25 | PSTN OTA Total Minutes (Actuals) Jun 11 –March 13 and relevant commentary around calculations |
| Page 41, section 5.2.1.5, Figure 26 | Wholesale PSTN OA/TA and LCI call minutes (Actuals and Forecasts) and relevant commentary |
| Page 41 through to page 42, section 5.2.1.5 | Explanation of calculation of ‘Other’ OTA call minutes |
| Page 42, section 5.2.1.5, Table 14 | Percentage of total OTA minutes attributable to Wholesale PSTN OTA and “Other” PSTN OTA and relevant commentary |
| Page 42 through to 43, section 5.2.1.5, Table 15 through to Table 16 | PSTN OTA Call minutes as a proportion of total OTA minutes (FY2011 – FY2019) and relevant commentary |
| Page 43, section 5.2.1.5, Table 16 | Total PSTN OTA minutes (actual and forecast) FY2011-FY2019 and relevant commentary |
| Page 43 through to page 44, section 5.2.1.5, Table 17 through to section 5.2.1.6 | ‘Other’ OTA call minutes (actual and forecast) FY2011-FY2019 and relevant commentary |
| Page 45 through to page 46, section 5.2.1.6, Figure 29 | Annual number of LCS calls, explanation of calculation of annual number of LCS calls and relevant commentary |
| Page 46, section 5.2.1.6 | Information regarding average call duration LCS |
| Page 46 through to page 47, section 5.2.1.6, Figure 30 | Average LCS Call Duration -2009/10 to 2018/19 (Actuals and Forecasts) and relevant commentary including explanation of calculation of LCS call times |
| Page 47 through to page 48, section 5.2.2.1 | Explanation of calculation of forecast estimates for WDSL SIOs and relevant commentary |
| Page 48 through to page 49, section 5.2.2.1, Figure 31 | Relative impact of WDSL SIO demand drivers (June 2013-June 2014) and relevant commentary |
| Page 49, section 5.2.2.1, Table 18 | Impact of NBN – WDSL assumptions and relevant commentary |
| Page 49, section 5.2.2.1, Figure 32 | Total WDSL Connections and Disconnections from July 2011 to April 2015 (Actuals and Forecasts) |
| Page 50, section 5.2.2.1 | Methodology relevant to allocating wholesale ADSL SIOs to three zones |
| Page 50, section 5.2.2.1, Figure 33 | Relative proportions of WDSL SIOs in Zones 2 and 3 from June 2014 to June 2019 (Actuals and Forecasts) |
| Page 50 through to page 52, section 5.2.2.2 | Explanation of calculation of the estimate of total amount of Peak Usage by Access Seekers for the Wholesale ADSL service |
| Page 52 through to page 53, section 5.2.2.2, Table 19 | Sample WDSL Peak Usage forecast and relevant commentary |
| Page 53 through to page 54, section 5.2.2.3 | Explanation of calculation of the estimate of total number of Retail ADSL SIOs supplied by Telstra and relevant commentary |
| Page 54 through to page 55, section 5.2.2.4, Table 20 | Retail ADSL Peak Usage (Mbps) (Actuals and Forecasts) June 2011 – June 2019 and relevant commentary (including assumptions) |
| Page 55 through to page 56, section 5.3(a) | Explanation of method used to determine forecasts of capital expenditure for each FLSM Asset Class |
| Page 56 through to page 57, section 5.3(b) | The assumptions used to determine forecasts of capital expenditure for each FSM Asset Class |
| Page 57 through to page 58, section 5.3(c) | The basis for the assumptions used to determine forecasts of capital expenditure for each FSM Asset Class |
| Page 59 through to page 60, Attachment 1 | NBN Forecast model assumptions and relevant commentary |

| Page | Description |
| --- | --- |
| Telstra, Final Access Determinations (FADs) Inquiry – confidential response to information request under the BBM RKR – Amended Excerpt, 10 February 2014 | |
| Page 29, section 5.1.2(b),  Identifying relevant projects | Figures relating to forecasts of total capital expenditure FY2014-15 |
| Page 29, section 5.1.2(b),  table 7 | Value of capital expenditure forecasts – excluded projects ($m) FY2014-15 |
| Page 33, section 5.1.2(c) | Amount of unforeseen capital expenditure relating to South Brisbane  Exchange Project |
| Page 34, section 5.1.2(c) | Amount of allowance for disaster rectification in forecasts |
| Page 34, section 5.1.2(i) (e) | Telstra’s overall capital expenditure |
| Page 35, section 5.1.2(i) (e) | Proportion of Telstra’s business represented by Telstra’s regulated services |
| Page 36, section 5.1.2(e),  Figure 13 | Value of capital expenditure in projects included in forecast for BBM RKR response (Actual and Forecast) and relevant commentary |
| Page 37, section 5.1.2(e) | Figures relating to the level of capital booked to the asset register |
| Page 37, section 5.1.2(e), Figure 14 | Data relating to summary of alternative approach to comparing forecasts and  relevant commentary |
| Page 37, section 5.1.2(e) | Figure related to medium-term capital expenditure/sales ratio |
| Page 39, section 5.1.2(e),  Capital Management Governance and Approval Delegations | Current figures relating to capital management governance thresholds |
| Page 40, section 5.1.2(e),  Business Case Requirements | Current financial hurdles to be met by investment proposals |
| Page 40, section 5.1.2(e),  Review and monitoring | Current threshold figures relating to variations in business case |
| Page 42 through to page 44, section 5.1.2(e),  Telstra’s policies | Current Telstra policies in relation to tendering or contracting out capital  expenditure projects |
| Page 44 through to page 45, section 5.1.2(f), Background and Table 8 | Figures relating to major drivers of forecast capital expenditure FY2014-  FY2019 |
| Page 45, section 5.1.2(f), Figure  15 | Fixed broadband data growth, June 2007-  April 2015 |
| Page 45, section 5.1.2(f) | Forecast of ADSL SIO volumes at June 2016 |
| Page 46, section 5.1.2(f) | Forecast percentage increase of demand at peak times on ADSL network |
| Page 46, section 5.1.2(f) | Commentary related to usage levels |
| Page 46, section 5.1.2(f) | Information about impact of investment |
| Page 46, section 5.1.2(f) | Actual number of SIOs backhaul congestion relief provided |
| Page 47, section 5.1.2(f), discretionary expenditure | Estimated percentage of forecast capex represented by discretionary expenditure |

| Page | Description |
| --- | --- |
| Telstra, Final Access Determinations Inquiry – confidential response to information request under the BBM RKR, Comparison statement, 25 November 2013 | |
| Page 4, section 2.1.1 | Nominal annual increase percentage of 2012-13 expenditure forecast |
| Page 5, section 2.1.1, table 1 | Percentage nominal annual increase used to create forecast for direct capital expenditure |
| Page 7, section 2.1.1, table 3 | Figures relating to previous regulatory forecasts for direct capital expenditure for FY2013 |
| Page 8, section 2.1.1, table 4 | Figures relating to previous regulatory forecasts for direct capital expenditure (data equipment) for FY2013 |
| Page 11, section 2.1.2 | Written down value of the assets allocated to and applicable to internal wholesale products and external wholesale products as at end of June 2009 |
| Page 11, section 2.1.2, table 8 | Figures relating to previous regulatory forecasts for indirect asset capital expenditure for FY2013 |
| Page 12 and 13, section 2.2.1, table 9 | Actual capital expenditure for direct assets for FY2011, FY2012 and FY2013 |
| Page 13, section 2.2.1, table 10 | Actual capital expenditure for data equipment in FY2012 and FY2013 and explanation of why the actual capital expenditure for WDSL in FY2012 in Telstra’s June 2012 asset register differed from that contained in Telstra’s June 2013 asset register. |
| Pages 13 and 14, section 2.2.1, table 11 | New asset classes in FY2012 and FY2013 |
| Page 14, section 2.2.2, table 12 | Actual capital expenditure for indirect assets for FY2011, FY2012 and FY2013 |
| Pages 15 and 16, section 2.3.1, table 13 | Difference in actual direct capital expenditure and previous regulatory forecast direct capital expenditure for FY2011, FY2012, FY2013 and over the three year period and relevant commentary |
| Page 16, section 2.3.1, table 14 | Difference in actual and previous regulatory forecast data equipment direct asset capital expenditure for FY2012 and FY2013 and relevant commentary. |
| Page 16, section 2.3.2 | Written down value of indirect capital assets as at June 2009 in FY2009 dollars |
| Page 17, section 2.3.2, table 15 | Forecast and actual written down values and actual depreciation for FY2010 to FY2013 |
| Page 17, section 2.3.2 | Explanation of trends in written down values |
| Page 17, section 2.3.2 | Comparison of actual spending on indirect assets with forecast |
| Page 17, section 2.3.2, table 16 | Difference in actual to Previous Regulatory Forecasts for indirect asset capital expenditure for FY2011 to FY2013 |
| Page 18, 19 and 20, section 2.4 | Reasons for differences in forecasts to actual capital expenditure in relation to direct assets, data equipment and indirect assets |
| Pages 21 and 22, section 2.5, table 18 | Forecast capital expenditure for FY2014 showing previous regulatory forecast and Telstra’s new methodology |
| Page 24, section 3.1.1, table 20 | Actual operating expenditure for FY2006 to FY2010 |
| Page 25, section 3.1.1, table 22 | Figures relating to previous regulatory forecasts for operating expenditure for FY2013 |
| Page 25, section 3.1.1 | LSS data for operating expenditure from November 2010 |
| Page 26, section 3.1.1, table 23 | Previous Regulatory Forecast operating expenditure for LSS Equipment for FY2013 |
| Page 26, section 3.1.1 | Data equipment forecast operating expenditure for FY2013 in FY2009 real dollars |
| Page 27, section 3.1.1, table 24 | Forecast opex for FY2013 |
| Page 27, section 3.1.2 | The percentage of direct operating expenditure attributable to the CAN and Core networks including data equipment (but excluding LSS) |
| Page 27, section 3.1.2, table 25 | Previous Regulatory Forecast of indirect operating expenditure for FY2013 |
| Page 28, section 3.1.3, table 26 | Previous Regulatory Forecast operating expenditure (direct + indirect) for FY2013 in 2009 million dollars |
| Page 28, section 3.1.3, table 27 | Previous Regulatory Forecast direct + indirect operating expenditure for FY2013 in nominal million dollars |
| Page 30, section 3.2.1, table 28 | Actual direct operating expenditure from the RAF for FY2011 to FY2013 |
| Page 30, section 3.2.1 | Actual direct operating expenditure for data equipment in the RAF in FY2013 and the allocation of this to the FLSM data equipment asset class |
| Page 31, section 3.2.1, table 29 | Actual opex from the RAF, proportion of costs allocated to FLSM and actual opex allocated to FLSM |
| Page 31, section 3.2.2 | Mode of calculating actual indirect expenditure for CAN and CORE assets (excluding data equipment) |
| Page 31, section 3.2.2, table 30 | Actual indirect operating expenditure for FY2011 to FY2013 |
| Page 32, section 3.2.2, table 31 | Actual indirect opex (80% of direct opex), proportion of costs allocated to FLSM and actual indirect opex allocated to FLSM |
| Page 32, section 3.2.2, table 32 | Actual direct + indirect operating expenditure for FY2011 to FY2013 |
| Page 32, section 3.3 | Mode of calculating forecasts of indirect operating expenditure |
| Pages 33 and 34, section 3.3, table 33 | Comparison of Previous Regulatory Forecasts to actual direct operating expenditure for FY2011 to Fy2013 |
| Page 34, section 3.4 | Reason for differences in Previous Regulatory Forecasts to actual operating expenditure |
| Page 35, section 3.5, table 34 | Forecast comparison for opex FY2014 using the previous Regulatory Forecast method and Telstra’s new forecast method |
| Pages 36 and 37, secion 4.1 | Details of the Previous Regulatory Forecast for demand for each of the fixed line services |
| Page 37, section 4.1, table 35 | Previous Regulatory Forecast demand for fixed line services for Fy2013 and FY2014 |
| Page 39, section 4.2, table 36 | Comparison of Previous Regulatory Forecast demand to actual demand for Fy2011 to FY2013 by service  Excludes FY2011 and FY2012 actual demand data for ULLS, LSS and WLR SIOs, which should be made public. |
| Pages 39, 40, 41, 42 and 43 | Graphs comparing forecast to actual data and relevant commentary |
| Page 43 and 44, section 4.3 | Reasons for differences in Previous Regulatory Forecasts to actual costs |

|  |  |
| --- | --- |
| Page | Description |
| Telstra, Final Access Determinations Inquiry – confidential response to information request under the BBM RKR, Excel Workbook, 25 November 2013 | |
| Excel workbook | All of the data in the spreadsheets:  Historic cost spreadsheet: Table B1: Historic cost by vintage  WDV spreadsheet: Table B2: Written down values by vintage  Forecast opex spreadsheet: Table C1: Forecast Operating Expenditure for the Regulatory Period  Forecast capex spreadsheet: Table C2: Forecast Capital Expenditure for the Regulatory Period  Asset lives spreadsheet: Table C3: Total asset lives for forecast Capital Expenditure during the Regulatory Period  Forecast demand spreadsheet: Table C4: Forecast Demand for the Regulatory Period |

| Page | Description |
| --- | --- |
| Telstra, Final Access Determinations (FADs) Inquiry – additional response to information request under the BBM RKR, 10 February 2014 | |
| Page 2, section 2 | Key contributors to direct and indirect operating expenditure |
| Page 3, section 2, table 1 | Breakdown of operating expenditure forecast, by contributing factor and FLSM Asset Class, FY2014 and relevant commentary |
| Pages 4 and 5, section 2, table 2 | Breakdown of direct CSD operating expenditure, by activity type FY2014, and relevant commentary |
| Page 5 through to page 6, section 2, table 3 | Breakdown of direct CSD operating expenditure, by expenditure type FY2014, and relevant commentary |
| Page 6, section 2 | Drivers of indirect operating expenditure |
| Page 6, section 2, table 4 | Breakdown of indirect CSD operating expenditure FY2014 and relevant commentary |
| Page 6, section 2, “Networks LOB” | Key cost categories for Networks LOB |
| Page 7, section 2, table 5 | Breakdown of direct Networks operating expenditure, by expenditure type, FY2014 and relevant commentary |
| Page 7, section 2 | Drivers of indirect operating expenditure |
| Page 7 through to page 8, section 2, table 6 | Breakdown of Networks indirect operating expenditure by driver, FY2014 and relevant commentary |
| Page 8, section 2, table 7 | Current proportion of system costs allocated to FLSM Asset Classes |
| Page 9, section 2, table 8 | Breakdown of direct ITS operating expenditure, by IT system, FY2014 and relevant commentary |
| Page 9, section 2 | Drivers of indirect operating expenditure |
| Page 9, section 2, table 9 | Breakdown of IT Services indirect operating expenditure FY2014 and relevant commentary |
| Page 9 through to page 10, section 2, Telstra Service Operations | TSO cost categories |
| Page 10, section 2, table 10 | Breakdown of direct TSO operating expenditure, by cost category, FY2014, and relevant commentary |
| Page 10, section 2 | Drivers of indirect operating expenditure |
| Page 10, section 2, table 11 | Breakdown of Service Operations indirect operating expenditure, FY2014 and relevant commentary |
| Page 11, section 2, table 12 | Breakdown of Operations Business Unit Support indirect operating expenditure, FY2014 |
| Page 11, section 2 | Drivers of indirect operating expenditure drivers |
| Page 11, section 2, table 13 | Breakdown of operating expenditure, by driver, FY2014 and relevant commentary |
| Page 12, section 2, table 14 | Breakdown of operating expenditure, by driver, proportions by FLSM Asset Class |
| Page 12, section 2 | Percentage of contribution of top 10 IMC codes to aggregate opex |
| Page 12, section 2, table 15 | Top 10 IMC codes by contribution to opex relevant to the FLSM Asset Classes |
| Page 13, section 2, table 16 | Breakdown of operating expenditure for top 10 IMC codes (in terms of opex), FY2014 |
| Page 13, section 2, table 17 | Breakdown of Telstra Wholesale expenditure by cost category, FY2013-4 |
| Page 14, section 2, Further Question 1 response | Estimated mark-up applied to FLSM Asset Classes |
| Page 14, section 2, Further Question 2 | Key drivers of the aggregate operating expenditure |
| Page 15, section 2, Further Question 2 response | Commentary relating to major factors impacting on changes in operating expenditure |
| Page 15, section 2 through to page 17, Further Question 2 response | Commentary relating to drivers of factors impacting on changes in operating expenditure. |
| Page 18, section 2, Further Question 2 response | Commentary relating to future key drivers in operating expenditure |
| Page 18 and 19, section 2, table 18 | RAF cost items used in calculation of LSS Equipment operating expenditure, FY2009 to FY2013 and relevant commentary |
| Page 19, section 2, table 19 | Breakdown of major LSS Equipment cost items by cost type, FY2013 |
| Page 19, section 2, Further Question 5 and response | Commentary relating to forecast of operating expenditure |
| Page 20, section 3 | Specific expenditure drivers |
| Page 20, section 3, table 20 | Breakdown of capital expenditure forecasts by expenditure driver FY2014 and relevant commentary |
| Page 21, section 3, Further breakdown of capital expenditure by investment program | Number of IMC programs contributing to the estimated capital expenditure within the relevant FLSM Asset Classes and percentage contribution of top 10 IMC programs to forecast capital expenditure |
| Page 21, section 3, table 21 | Top 10 IMC codes relevant to the FLSM capital expenditure forecasts and percentage component of capital expenditure |
| Page 22, section 3, table 22 | Aggregate capital expenditure by top 10 IMC codes relevant to the FLSM Asset Classes, FY2014 |
| Page 22, section 3, table 23 | Calculation forecast capital expenditure estimates, by top 10 IMC codes |
| Page 23, section 3, Figure 1 | Actual and forecast estimates for IMC 986, IMC 985 and IMC 430, FY2010 to FY2019 |
| Page 23, section 3, Figure 2 | Actual and forecast estimates for IMC 143, IMC 149 and IMC 358, FY2010 to FY2019 |
| Page 24, section 3, Figure 3 | Actual and forecast estimates for IMC 181, IMC 230, IMC 700 and IMC 388, FY2010 to FY2019 |
| Page 24, section 3, Further Question 6 | Reasons for refinement to the FLSM Mapping file |
| Page 25, section 4, Figure 4 | Forecast vs Actual - Unconditioned Local Loop Service (ULLS) SIOs, FY2010 to FY2013 |
| Page 26, section 4, Figure 5 | Forecast vs Actual - Wholesale Line Rental (WLR) SIOs, FY2010 to FY2013 |
| Page 26, section 4, Figure 6 | Forecast vs Actual Line Sharing Service (LSS) SIOs, FY2010 to FY2013 |
| Page 26, section 4, Figure 7 | Forecast vs Actual Wholesale ADSL (WDSL) SIOs, FY2010 to FY2013 |
| Page 27, section 4, Figure 8 | Forecast vs Actual Local Carriage Service (LCS) minutes, FY2010 to FY2013 |
| Page 27, section 4, Figure 9 | Forecast vs Actual Retail ADSL SIOs, FY2010 to FY2013 |
| Page 27, section 4, Figure 10 | Forecast vs Actual Retail Basic Access SIOs, FY2010 to FY2013 |
| Page 28, section 4, table 24 | Absolute Average Forecast Variation for each service and relevant commentary |
| Page 28, section 4, table 25 | Absolute Average Forecast Variation, one year time horizon, FY2011-FY2013 |

## SCHEDULE 2

**CONFIDENTIALITY UNDERTAKING**

**IN FAVOUR OF**

**TELSTRA CORPORATION LIMITED (ACN 051 775 556)**

I, [NAME]…………………………………………………………………….. of

[COMPANY/ORGANISATION NAME] (**xxx**)

undertake to Telstra Corporation Limited (ACN 051 775 556) (**Telstra**) that:

1. Subject to the terms of this Undertaking, I will keep confidential at all times the information and material that is specified in Schedule 1 to the Notice issued to Telstra by the Australian Competition and Consumer Commission (**ACCC**) pursuant to subsection 151BUA(2)(d) of the *Competition and Consumer Act 2010* (Cth) (**CCA**) on 11 June 2014 (**Confidential Information**).
2. I acknowledge that:
   1. this Undertaking is given by me to Telstra in consideration for the Confidential Information being made available to me for the Approved Purpose (as defined in paragraph 3 below);
   2. all intellectual property in (or in any part of) the Confidential Information is and will remain owned by Telstra; and
   3. by reason of this Undertaking, no licence or right is granted to me, or any other employee, agent, officer or member of [xxx], or any person engaged by [xxx] for the Approved Purpose in relation to the Confidential Information, except as expressly provided in this Undertaking.
3. I will only use the Confidential Information for the purposes of making submissions on behalf of [xxx] to the ACCC’s public inquiry into making final access determinations for the declared fixed line services and the wholesale ADSL service that was commenced on 1 July 2013 (**Fixed Line Services FAD Inquiry**) (**the Approved Purpose**).
4. To the extent that any submission or other document is submitted to the ACCC or given to any person by me or [xxx] as permitted by this Undertaking and which contains any Confidential Information, I will:
   1. clearly mark that document as a confidential submission or confidential document containing the Confidential Information and that is subject to this Undertaking; and
   2. clearly identify the Confidential Information within the submission or document;
   3. comply with any reasonable request or direction from the ACCC or Telstra regarding the Confidential Information.
5. I will not disclose any of the Confidential Information to any other person save for disclosure to:
   1. any person who:
      1. is a person for the purposes of paragraph 2 of the Notice issued to Telstra by the ACCC pursuant to subsection 151BUA(2)(d) of the CCA on 11 June 2014; and
      2. has signed a confidentiality undertaking in the form of this Undertaking or another form acceptable to the ACCC and Telstra for the Approved Purpose; and
      3. has served a copy of the signed undertaking on the ACCC and Telstra;
   2. any secretarial, administrative and support staff who perform purely administrative tasks and who assist me or any person referred to in paragraph 5(a) for the Approved Purpose; and
   3. other persons, if required to do so by law, but then only:
      1. if I notify the ACCC and Telstra of that request within 7 days of receiving the request;
      2. to the person(s) to whom I am obliged to provide the Confidential Information;
      3. to the extent necessary as required by law; and
      4. if I notify the recipient of the Confidential Information that the information is confidential and is the subject of this Undertaking to Telstra.
6. I may disclose any recommendations that I may form which are based on the Confidential Information to the executive management or the Board of [xxx], for the purposes of obtaining approval to provide a submission to the ACCC in relation to the Fixed Line Services FAD Inquiry, provided that the Confidential Information cannot be identified or derived from those recommendations.
7. I will establish and maintain security measures to safeguard the Confidential Information from unauthorised access, use, copying, reproduction or disclosure and will protect the Confidential Information using the same degree of care as a prudent person would use to protect their own confidential information.
8. Except as required by law, within 14 days after whichever of the following first occurs:
   1. the conclusion of the Fixed Line Services FAD Inquiry; or
   2. my ceasing to be employed or retained by, an officer, a member or a representative of [xxx]; or
   3. my ceasing to work for or represent [xxx] in respect of the Approved Purpose,

I will destroy or deliver to Telstra the Confidential Information and any documents or things (or parts of documents or things), constituting, recording or containing any of the Confidential Information in my possession, custody, power or control, other than electronic records stored in IT systems that cannot be destroyed or deleted.

1. Nothing in this Undertaking shall impose an obligation upon me in respect of information:
   1. that is in the public domain; or
   2. that has been obtained by me otherwise than from:
      1. the ACCC;
      2. Telstra;
      3. another person who has signed a confidentiality undertaking; or
      4. another person who has an obligation of confidence in relation to the Confidential Information (or any part of it),

provided that the information has not been obtained by me by reason of, or in circumstances involving, any breach of this Undertaking, any other confidentiality undertaking in favour of Telstra for the Approved Purpose, or by any other unlawful means.

1. I acknowledge that damages are not a sufficient remedy for any breach of this Undertaking and that Telstra is entitled to specific performance or injunctive relief (as appropriate) as a remedy for any breach or threatened breach of this Undertaking, in addition to any other remedies available to Telstra at law or in equity.
2. The obligations of confidentiality imposed by this Undertaking survive the destruction or delivery to Telstra of the Confidential Information pursuant to paragraph 8 above.
3. I acknowledge that this Undertaking is governed by the law in force in the State of New South Wales and I agree to submit to the non-exclusive jurisdiction of the court of that place.

Signed:

Name:

Dated:

Witness signature:

Witness name: