**IN THE MATTER OF UNDERTAKINGS DATED 23 DECEMBER 2005 LODGED BY TELSTRA CORPORATION LIMITED WITH THE AUSTRALIAN COMPETITION AND CONSUMER COMMISSION IN RESPECT OF UNCONDITIONED LOCAL LOOP SERVICE ("the Access Undertakings")**

# STATEMENT OF [c-i-c]

On 26 July 2006, I, **[c-i-c]**of 5/40 Creek Street, Brisbane in the State of Queensland, Manager, state as follows:

## Confidentiality

1. **[removed]**

## Definitions

2. In this statement the following abbreviations and terms have the following meanings:

   (a) **Access Seeker** – service provider such as Optus or Primus acquiring ULLS from Telstra;

   (b) **ACIF** – Australian Communications Industry Forum;

   (c) **Cutover** – the action taken by Telstra to complete the provisioning of ULLS;

   (d) **DAC** – Data Activation Centre. The DAC is part of Telstra Services. The DAC has a major role in the provision of ULLS, including involvement in Service Qualifications, reservation of cable, coordination of testing, coordination of the Cutover of ULLS between Telstra and the Access Seeker, notification to WCS of incomplete work (work that has not been completed on the due date, for example, because of failure at Cutover) and coordination of fault testing;

(e) **Service Qualification** – a process where Telstra checks:

(i) the availability of the ULLS from the end user side of the Customer Access Module (a device that provides ring tone, ring current and battery feed to customers' equipment) to the end user's Property Boundary Point excluding Lead-in cable; and

(ii) that the use on that ULLS of the Access Seeker-nominated Deployment Class complies with the ACIF Network Deployment Rules;

(f) **ULLS Request** – request from an Access Seeker for ULLS which does not form part of a request for a managed network migration;

(g) **ULLCIS –** ULL Carrier Interface System. ULLCIS is a Telstra system used for provisioning and Service Qualification of ULLS. It captures, validates and utilises information from an Access Seeker and provides automated transactions by file transfers between the Access Seeker and Telstra;

(h) **ULLS** – Unconditioned Local Loop Service;

(i) **WCS** – Wholesale Customer Service; and

(j) **WCTA** – Wholesale Customer Transfer Adelaide.

**Position at Telstra**

3. I am the **[c-i-c]**, within Telstra Wholesale at Telstra. I have held this position since 2004. **[c-i-c]** manages, amongst other things, provisioning and billing for ULLS. In this role I have responsibility for the ULLS provisioning process of all ULLS Requests.

4. As a result, I am familiar with the provisioning process for ULLS Requests.

**Background**

5. I have been asked to describe the work performed by WCS in respect of ULLS Requests.

**Provisioning of ULLS**

6. The ACIF Industry Code entitled "*ACIF C569:2005 ULLS – Ordering, Provisioning and Customer Transfer*" ("**the Code**") sets out the processes and procedures required to be followed by both Telstra and Access Seekers in relation to, amongst other things, ordering, provisioning and cancellation of ULLS. A copy of the Code is attached in Annexure A to this statement.

7. The ordering and provisioning process for ULLS Requests in summary is as follows:

   (a) the process commences with an Access Seeker submitting a Request for a ULLS at a particular site. Such Requests are contained in an electronic file transfer which Telstra receives via ULLCIS;

   (b) the file containing the ULLS Request is automatically validated by Telstra's systems which either confirm or reject the Request. This is an initial validation that:
      (i) checks that the Access Seeker has used the correct file format in the Request;
      (ii) if the Access Seeker chooses a copper pair associated with an existing PSTN service, verifies that the PSTN service is active and the current telephone number is in the correct Full National Number format;
      (iii) verifies that the service is non complex (complex products include but are not confined to ISDN, Line Hunt and Customnet Sprectrum);
      (iv) verifies that there are no pending orders in relation to the line or the existing service has not temporarily been disconnected;
      (v) validates that the Access Seeker has a point of interconnection presence in the relevant exchange;

   (c) if the Request is rejected at this initial stage, this is communicated by Telstra's systems in the file sent back to the Access Seeker via ULLCIS;

   (d) if the automatic validation confirms the Request, a Service Qualification (which is part of the ULLS Request validation) is undertaken by Telstra's systems. That Service Qualification:

(i) determines the availability of a ULLS at the site requested;

(ii) ensures that the ULLS can be delivered in accordance with the Access Seeker's nominated Network Deployment Class as provided in the ACIF Network Deployment Rules; and

(iii) reserves a cable pair for the provision of a particular ULLS;

(e) if the Service Qualification is successful in locating a suitable vacant copper pair or confirming that an existing in-use pair can satisfy the required deployment class, the Access Seeker will be advised that Service Qualification was successful via a file transfer in ULLCIS;

(f) if the Service Qualification is unsuccessful for any reason, the Access Seeker is provided with a rejection advice via ULLCIS;

(g) if the ULLS Request passes Service Qualification, the copper pair will be reserved in Telstra's systems and the provisioning phase will be commenced with the issue of an order for a ULLS, followed by any field or exchange work and end with advice of ULLS Cutover completion to the Access Seeker as follows:

(i) ULLCIS creates an order, which is submitted to the relevant Telstra systems used by the field workforce group and the DAC;
(ii) the requesting Access Seeker then receives notification from Telstra of a successful ULLS Request. The notification is in a file transfer via ULLCIS. For a new ULLS, the Access Seeker will have 5 business days to confirm or cancel the order;
(iii) the Access Seeker then confirms, in a file transfer via ULLCIS, whether or not it wishes to proceed with ULLS Cutover. If the Access Seeker wishes to confirm the order, it must provide Telstra with a ULLS Cutover Notification via ULLCIS. If the Access Seeker wishes to proceed, it will nominate a Cutover date in the

range of 5-30 business days for Bands 1 and 2 and 10 to 30 business days for Bands 3 and 4;

(iv) once a Cutover date has been provided to Telstra, the order will be progressed to the field workforce group where the ULLS will be provisioned and tested;

(v) upon successful completion of provisioning and testing, the Access Seeker receives a completion advice sent through a file transfer via ULLCIS;

(vi) if the Access Seeker decides to cancel the order and not proceed with the ULLS, the allocated cable pair will revert to vacant pair status or in use status where it is associated with an existing PSTN Service and can be used by the next available applicant. This will also occur if a Cutover notification from the Access Seeker is not received within 5 business days of the advice of the Service Qualification tests from Telstra.

8. WCS is involved in the ULLS provisioning process for ULLS Requests as follows:

(a) Pre-Request queries

Prior to processing a Request for ULLS, it is not uncommon for an Access Seeker to contact WCS (via telephone or email) with a Request related query. This may include queries in relation to address details, telephone numbers, appointments (for example where the Access Seeker requires an appointment urgently, or on a specific day)**,** deployment classes or dual-fed exchanges (that is, where one exchange is fed by two Main Distribution Frames ("**MDF**")). It may also include notification of upcoming urgent Requests by the Access Seeker. The reason why Access Seekers raise queries in relation to dual-fed exchanges is because they are aware that dual-fed exchanges require the Access Seeker to enter the correct MDF details in the ULLS Request for their Request to progress.

(b) Data alignment

Occasionally, during the validation process there may be a data alignment problem, for example where an Access Seeker has entered an address incorrectly in a Request. These issues usually come to the attention of the WCS via the Access Seeker, who may telephone or email the WCS to discuss a rejection of a Request so that when it is resubmitted the Request will be successful.

Where a data alignment issue arises as a result of a Telstra systems mismatch, it presents itself in a ULLCIS "Task List for Production Requests", which are transferred to WCS. WCS staff then check the relevant systems and remedy any internal system records to progress the order.

(c) File submissions

Occasionally ULLCIS experiences an unplanned outage or the file transfer process within ULLCIS ceases to work. On those occasions, WCS advises the relevant Telstra IT personnel and transfers the relevant files to Access Seekers via e-mail.

(d) Order creation

If the automated process described above fails to create an order, then WCS will create one manually by raising the relevant order in the appropriate Telstra system. This can happen, for example, when there has been an address mismatch, or if due to a temporary connection problem, ULLCIS has not been able to interface with another Telstra system.

(e) Rejects

Rejects may occur at any stage of the process, although the majority of rejects occur at the service qualification stage. When a ULLS order is rejected following the initial validation process, the Access Seeker often contacts WCS to find out why the rejection occurred and how it can be corrected in order for the order to proceed. This occurs for about 30% of

rejects for ULLS Requests, which in 2005 averaged close to 1200 per month.

(f) Cutover date changes / Escalations

The Access Seeker may wish the Cutover date to occur sooner than within 5 business days, for example, when a ULLS Request has been rejected multiple times. This occurs, on average, about 3 times per week. In those circumstances, the Access Seeker contacts WCS, which endeavours to schedule the Cutover date to meet the Access Seeker's time frames by checking workforce calendars in the relevant Telstra systems to identify if any earlier appointments are available. If none are readily available, WCS telephones the relevant manager in the Telstra Services Business Unit in order to arrange a suitable time, or escalates the Request to a higher level via an Escalation Process.

(g) Enquiries and escalations

WCS becomes involved in the process where the work by technical personnel has not commenced, or is not completed on the relevant day in the following circumstances:

(i) the Telstra technician has not performed the jumpering at the exchange on the Cutover date. In that regard WCS monitors Cutovers daily using ULLCIS status reports or is directly contacted by the Access Seeker. In those circumstances, WCS negotiates a suitable time for the Cutover to be completed with the Access Seeker and arranges with the relevant field workforce group to complete the order;

(ii) there is no Access Seeker site contact available upon the field workforce group staff member arriving at the customer's site. In that case, WCS is advised of this by the DAC. WCS will advise the Access Seeker by telephoning or e-mailing that Access Seeker, advising that the order has been placed into "held" status and that the Access Seeker will need to retarget;

(iii) there is no available lead-in cable to the site. Where there is no lead-in cable the Telstra technician cannot complete the job at the customer's end, even though jumpering at the exchange has been completed. WCS is advised of the lack of lead-in by the DAC. WCS will then telephone or e-mail the Access Seeker and advise it that no lead-in cable is available and if the Access Seeker wishes to proceed that it will have to follow the Missing Lead-in Process set out in section 11.7 of the Code, or withdraw the ULLS Request and resubmit another Request using a cable pair associated with an existing service as opposed to a vacant pair.

(h) Review of orders prior to billing

If, at any stage during the connection process, the technician amends the order, then the order is transferred to the WCS Group to be reviewed before being transferred to the billing area. This would happen, for example, where a technician performs work out of hours.

9. CSSW3 staff (customer service representatives) manage the day to day work described in paragraph 8 above. CSSW5 staff (senior customer service representatives) deal with the more complex work described in paragraph 8 above, manage the workload of the CSSW3 staff, investigate escalations, coach the CSSW3 staff, and liaise with more complex service delivery areas, such as when project management of multiple Cutovers is required, or when special security arrangements are required at a site for the technician to enter. The CSSW6 staff member (subject matter expert) is responsible for liaising with internal stakeholders to develop processes, code adherence, process adherence, and quality control. The CSSW8 staff member (team leader) is responsible for human resources management, staff performance and productivity, and for representing the team internally and externally in respect of customer service reviews and general customer service management issues such as escalations.

**WCS Group**

10. WCS has a dedicated ULLS Customer service team that predominantly focuses on ULLS service delivery and process improvement for ULLS Requests. A separate group, Wholesale Customer Transfer Adelaide ("**WCTA**") is responsible for

managed network migrations of ULLS. WCS manages the Held Order Management queues for WCTA. Held Order Management queues are collated to monitor orders that are not progressing. WCTA also occasionally makes an ad hoc request for assistance such as when there is a systems issue. On a conservative basis, I would estimate that, at the most, one full-time resource is required per month to deal with WCTA held orders and ad hoc requests by WCTA.

11. A significant amount of time of WCS is spent dealing with general inquiries from Access Seekers. I would estimate that, on average, WCS receives between 500 - 550 general inquiries (phone or e-mail) from Access Seekers per week. These inquiries relate to the issues set out above. In addition to these inquiries, WCS also initiates contact with Access Seekers to follow-up Access Seeker Requests that have not been progressed due to either being put into a "Held" status because the end user customer is not in attendance, the technician cannot obtain access to a MDF located at a customer's premises, or Cutover is missed due to technical workforce workload. As a result of WCS's follow up, the Requests are either withdrawn or progressed.

12. WCS track the number of Cutovers of ULLS performed by WCS staff per day. Given the labour intensiveness of the process including the number of calls/e-mails received by WCS from Access Seekers, the target, which staff are expected to achieve **[c-i-c]** connections per customer service representative per month. During the 2005/06 financial year, the number of Cutovers attained by WCS customer service representatives were, **[c-i-c]** per staff member per month, which is equivalent to **[c-i-c]** Cutovers on an annual basis.

13. As the number of ULLS connections increases and as Access Seekers become less reliant on WCS, I expect that on average WCS staff members will achieve an increase in Cutover rate of **[c-i-c]** in 2006/2007, and 2007/08. Achieving these efficiencies will depend on Access Seekers reducing the number of inquiries as a percentage of ULLS connections, thus reducing the time required to be spent by WCS per ULLS Cutover.

**Number of staff in the WCS Group**

14. Set out in the table below is the estimated number of staff in the WCS group for the 2005/06, 2006/07 and 2007/08 periods.

| No of Staff | | | |
|---|---|---|---|
| | **2005/06** | **2006/07** | **2007/08** |
| Customer service representative[1] | **[c-i-c]** | **[c-i-c]** | **[c-i-c]** |
| Senior customer service representative [2] | **[c-i-c]** | **[c-i-c]** | **[c-i-c]** |
| Subject matter expert[3] | **[c-i-c]** | **[c-i-c]** | **[c-i-c]** |
| Team leader[4] | **[c-i-c]** | **[c-i-c]** | **[c-i-c]** |
| **Total** | **[c-i-c]** | **[c-i-c]** | **[c-i-c]** |

15. I set out below the assumptions upon which my staffing estimates are based:

| Year | Forecast number of ULLS Orders | Other assumptions |
|---|---|---|
| 2005/06 | **[c-i-c]** | **[c-i-c]** |
| 2006/07 | **[c-i-c]** | **[c-i-c]** |
| 2007/08 | **[c-i-c]** | **[c-i-c]** |

16. I calculated the estimated number of staff for 2005/06, 2006/07 and 2007/08 based on the forecasted growth of ULLS Requests over 2005/06, 2006/07 and 2007/08. I am informed by **[c-i-c]**, and believe that these figures were the organic growth component of the official quarter 1 ULLS forecast for 2005/06, calculated by him.

17. In or about November 2005 I calculated an estimate of the number of staff for 2005/06, 2006/07 and 2007/08, erroneously using a subset of demand forecasts which was lower than the official quarter 1 ULLS forecasts for 2005/06 referred to in the above paragraph ("**the November estimate**"). However, for the purpose of calculating the November estimate, my assumptions regarding the number of Cutovers per full-time customer service representative per annum were the same as those identified at paragraph 15 above.

[1] c-i-c.
[2] c-i-c.
[3] c-i-c.
[4] c-i-c

18. The November estimate is set out at paragraph 11(b)(ii) of Annexure B to "Telstra's Confidential Submission in Response to the ACCC's Discussion Paper in Respect of ULLS dated January 2006" and is **[c-i-c]** at paragraph 14 above.

19. Based on my experience, I believe that the growth of ULLS Requests will result in a corresponding increase in volumes of enquiries and escalations with which the WCS has to deal. The main reason for this is because Access Seekers do not always provide complete and accurate details for all of their end users. This means that WCS resources are required to assist Access Seekers in this regard.

20. The additional requirements for management and customer support which I have factored in are based on **[c-i-c]**team leader for approximately every **[c-i-c]** staff members, and **[c-i-c]** senior customer service representative for approximately every **[c-i-c]**customer service representatives. **[c-i-c]** subject matter expert is also required. Because the subject matter expert's work is driven by regulatory changes, and industry and contractual requirements, this requirement is independent of the number of staff in the team and the number of connections.

21. I refer to paragraphs 5.36-5.37 of the "Optus Submission to the ACCC on Telstra's ULLS Undertakings dated March 2006" in which Optus cites the 2001 CMPI/AAS report and concludes that it is not appropriate for Telstra to recover costs associated with any more than ten staff members once connections have reached 100,000 per annum.

21. Based on the reasons outlined in paragraphs 10 to 20 above, **[c-i-c]**

**DATED: 26 July 2006**

**……..**

**[c-i-c]**

**ANNEXURE A TO THE STATEMENT OF [c-i-c]: *ACIF C569:2005 ULLS - ORDERING, PROVISIONING AND CUSTOMER TRANSFER***