

11 May 2012

Mr Michael Cosgrave
Group General Manager
Communications Group
Australian Competition and Consumer Commission
Level 35, The Tower
360 Elizabeth Street
Melbourne Vic 3000
Email: michael.cosgrave@acc.gov.au

Copy to:

Mr Ed Seymour
Industry Structure Section
Communications Group
Australian Competition and Consumer Commission
Email: ed.seymour@acc.gov.au

Dear Mr Cosgrave

Telstra's Structural Separation Undertaking

Telstra is pleased to advise that it believes it has implemented in full, according to the terms of the Structural Separation Undertaking (SSU), the provisions relating to:

1. **Incentives and Employee Benefits:** the requirement for employees of Wholesale and Network Services Business Units to have incentive remuneration that reflects solely the objectives and performance of their own Business Unit (and possibly those of another Business Unit which is not a separated Business Unit). Note however that the grandfathering arrangements in Clause 8.6(c)(iii) allow existing incentives to continue for staff until their expiry;
2. **Overarching Equivalence Commitments** under Clauses 9 and 9A;
3. **TEBA processes** under clause 12.6 and Schedule 12;
4. **Wholesale Customer Facing Systems:** the commitment to establish and maintain systems such as LOLO and the Wholesale Customer Portal under clause 13;
5. **Price Equivalence and Transparency:** the commitment to maintain equivalence and transparency in relation to the supply of Regulated Services by means of a Rate Card with Reference Prices under clause 18 and Schedules 8, 9 and 10); and
6. **Accelerated Investigation Process:** the availability of a process to expeditiously investigate non-price Equivalence Complaints received from Wholesale Customers, as outlined in Clause 19 of the SSU.

As you are aware, the implementation of the Independent Telecommunications Adjudicator (ITA) Process is underway, but the appointment of the individual to act as the ITA Adjudicator has not as yet been made or accepted by such individual, and the ITA Process has therefore yet to commence in accordance with clause 20.1(c) of the SSU. I note that, while Telstra does not agree with the ACCC's view that operation of the ITA Process should have commenced on 6 May 2012 (given the interdependencies on decisions by parties beyond Telstra's control, including the ACCC), Telstra has asked for an extension of time for commencement of this obligation to remove any doubt or concern about the timing of the implementation of the process.

Please contact Christine Williams on (07) 3455 3112 or by email to christine.e.williams@team.telstra.com with any questions in relation to this letter.

Yours sincerely



Jane van Beelen
Executive Director – Regulatory Affairs
Corporate Affairs
jane.vanbeelen@team.telstra.com