

**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 2 August 2006, I, [c-i-c] of Level 6, 255 Elizabeth St, Sydney in the State of New South Wales, Manager, state as follows:

1 [removed]

**Background**

2 I am a Sales Director in Telstra Wholesale at Telstra. I have been in that role since [c-i-c]. In that role, I am responsible for the management and performance of a sales team consisting of Sales Managers and Account Managers engaged in the sale, to Telstra's wholesale customers, of the Telstra suite of wholesale products. Unbundled Local Loop Service is one of those products.

3 The Telstra Wholesale sales team also includes Solutions Engineers who provide other members of the team, and wholesale customers directly, with advice and assistance on matters relating to the technical aspects of Telstra's wholesale products.

**Telstra Wholesale sales team**

4 I am one of [c-i-c] Sales Directors in the Telstra Wholesale sales team. The [c-i-c] Sales Directors report to the Managing Director of Sales.

5 There are [c-i-c] Sales Managers and [c-i-c] Manager of Solutions Engineers that report directly to [c-i-c] of the [c-i-c] Sales Directors, of which I am one. Reporting to the [c-i-c] Sales Managers are [c-i-c] Account Managers and reporting to the Manager of Solutions Engineers are [c-i-c] Solutions Engineers. There are also [c-i-c] Account Managers reporting directly to the other [c-i-c] Sales Directors. All of

the Account Managers manage customer accounts and the Solutions Engineers support the Account Managers.

**Unconditioned Local Loop Service (“ULLS”) related activities**

- 6 There are currently [c-i-c] customers who acquire ULLS from Telstra. I expect this figure to increase to [c-i-c] in 2006/07 given that there are currently [c-i-c] customers that have agreed contractual terms for the supply of ULLS but are yet to order a service.
- 7 There are [c-i-c] Sales Managers and [c-i-c] Account Managers who are responsible for ULLS activities. The Manager of Solutions Engineers and the [c-i-c] Solutions Engineers support the [c-i-c] Account Managers responsible for ULLS activity. Throughout this statement I refer collectively to these people as the ULLS Sales Team. [c-i-c] of the Account Managers are at level [c-i-c] and the other [c-i-c] are at level [c-i-c]. [c-i-c] of the Sales Managers are at level [c-i-c] and the other three are at level [c-i-c]. All the Solutions Engineers and the manager of Solutions Engineers are at level [c-i-c].
- 8 [c-i-c] Sales Directors, including myself are responsible for supervising those staff members. These [c-i-c] Directors are at level [c-i-c].
- 9 In or about June 2006, I made inquiries of the [c-i-c] Sales Managers, the [c-i-c] Account Managers and the Manager of Solutions Engineers who service and support ULLS acquirers. Based on the responses to those enquiries, I believe that the ULLS-related activities undertaken by members of the ULLS Sales Team as part of their regular duties fall into the following broad areas:

(a) **Initial Consulting**

An access seeker’s decision to acquire ULLS is typically preceded by a number of initial meetings between their representatives and Telstra Wholesale staff. These meetings are typically initiated and attended by the customer’s Account Manager and Solutions Engineers for the purpose of establishing the best fit to the access seeker’s business requirements. Depending on the access seeker’s level of expertise these meetings may be followed by subsequent meetings with subject matter experts to explain at a high level what the ULLS service is and how the associated processes work. These meetings are typically organised by and attended by the Solutions

Engineer but may involve presentations on ULLS interconnect options, IT Systems, Churn Processes, Porting and Diversions by the respective subject matter experts. A typical scenario is for a series of two to three one hour meetings which are attended by up to six Telstra staff, typically including the Account Manager and a Solutions Engineer.

(b) **Contract development**

Contracts for ULLS are made up of multiple schedules, and each contract needs to be developed to meet the requirements of each particular customer. For long-term customers, a ULLS Sales Team member will typically spend ten to fifteen hours customising the contract to suit the customer's requirements. Additionally, the Solution Engineer would typically be engaged to assist the customer to understand some of the technical issues contained in the contract schedules. This exercise takes approximately two hours per schedule per customer.

(c) **Contract negotiation**

A number of activities must be undertaken by members of the ULLS Sales Team in relation to contract negotiation including:

(i) **Price negotiation**

Although the majority of pricing is pre-determined for declared products, such as ULLS, there are a number of charges that typically require negotiating, for example Telstra owned customer premises equipment or internal cabling maintenance.

(ii) **General negotiation of clauses**

Because ULLS customers are highly sophisticated, they tend to question almost every clause in the agreement and associated manuals. The outcome of this is a very lengthy negotiation which typically requires a member of the ULLS Sales Team, with other Telstra staff, to meet with the customer three to six times (on average for one and half to two hours per meeting). However, for larger customers this can continue for a much a longer period.

(iii) **Operational issues negotiation**

There are two operational manuals for ULLS, the Ordering and

Provisioning Manual and the Operations and Maintenance manual. These manuals are critical for any prospective acquirer of ULLS because they determine the practicalities of how the parties work with each other on a daily basis. For high demand access seekers these manuals may be individually negotiated and customized. This involves between three to six personnel from each party, excluding legal support. The Telstra representative from the ULLS Sales Team typically includes the relevant Account Manager. Discussions regarding the manuals may also be instigated by smaller demand access seekers. Aspects that may be reviewed, negotiated or discussed include:

(A) **Physical processes**

This involves reviewing Telstra's ULLS work processes, that is, reviewing each step of the physical process of connecting and disconnecting a ULLS so that the access seeker can appreciate what changes may be necessary to its existing processes.

(B) **IT processes**

This includes reviewing and negotiating how the electronic interface between the parties functions, the timing of file transfers, the frequency of file transfers, the number of file transfers and the volume of transactions that make up a file, as well as the ordering and provisioning of the data link required to carry the file securely. Additionally, access to other IT interfaces that provide information which access seekers use to determine their target end users (from their own customer base) is also reviewed and negotiated.

(C) **Service Provisioning processes**

This involves Telstra staff, including the customer's Account Manager, reviewing the provisioning processes, from the raising of service orders by the customer, through to the actual physical work and the service order clearance by the field workforce. It also involves negotiating when the

field workforce will attend an end user's premises, what material is provided to end users, for example, the content of missed appointment notices, and what work is essential or non-essential, for example, the pre-testing of cable pairs.

(D) **Trouble report management**

This involves Telstra staff, including the customer's Account Manager, reviewing and negotiating the mechanisms for reporting faults and any alternate reporting mechanisms, including the number of end user faults that can be reported in a phone call. It also involves reviewing and negotiating the information that needs to be passed from the access seeker to Telstra, including certain fault test results which the access seeker is obliged to provide to Telstra.

(E) **Billing**

This involves reviewing and negotiating changes to the bill delivery mechanism and/or the bill format.

(d) **Contract variation**

The parties from time to time review many different parts of the agreement, including the manuals. As a result, meetings are attended by a ULLS Sales Team member and the access seeker to consider and negotiate proposed changes. These changes could arise as a result of Telstra changing a process that impacts all access seekers, or as a result of an access seeker wanting a change that benefits themselves but that impacts other access seekers too.

(e) **Contract maintenance**

Agreements can contain review clauses under which the parties are required to meet to discuss and review the matters described at paragraphs 9(c)(iii)(A), (B), (C) and (D) or prices at various points in time. In the case of processes, this requires internal assessment of any changes to processes and includes ongoing performance measurement. The relevant Account Manager is part of the Telstra team involved in this assessment as any changes to processes may have implications for the ULLS contract.

**(f) Dealing with disputes, including mediation**

Typically, disputes are raised with operational staff in the first instance and can be escalated to members of the ULLS Sales Team. This involves an Account Manager discussing and negotiating with the access seeker. It also includes investigating the situation, reviewing and responding to emails, and attending meetings and mediations in relation to these matters. Disputes may be escalated to a Sales Manager or a Sales Director.

**(g) Contract related issues**

This can involve a variety of issues which arise outside of the formal contract maintenance process. For example, operational issues (such as ordering, provisioning or fault management) which may have implications for the contractual arrangement with the access seeker. Typically these matters would come to the attention of the Account Manager for review or action.

**(h) Dealing with regulatory issues including ACCC actions & arbitrations**

This involves providing information to other sections of Telstra to assist in the preparation of submissions to the ACCC. This includes reviewing and responding to emails, and attending meetings in relation to these matters. This is typically dealt with by a Sales Manager with assistance from Account Managers.

**(i) Dealing with commercial issues including internal business planning & reporting, and pricing**

This typically involves an Account Manager, and a Sales Manager if an issue is escalated, discussing and negotiating with internal groups in relation to volume forecasts and expected revenue at the customer level. This also includes reviewing and responding to emails, and attending meetings in relation to these matters.

**Time spent on ULLS related activities**

10 In response to my enquiries of the Sales and Account Managers, I was informed and I believe that the [c-i-c] Sales Managers referred to in paragraph 7 above, currently spend on average approximately [c-i-c] of their time on the various activities listed

in paragraph 9 above. Cumulatively, this equates to [c-i-c] of [c-i-c] Sales Manager's time being spent on ULLS-related activities.

- 11 I was also informed and I believe that the [c-i-c] Account Managers referred to in paragraph 7 above, currently spend on average approximately [c-i-c] of their time on the various activities listed in paragraph 9 above. Cumulatively, this equates to [c-i-c] of an Account Manager's time being spent on ULLS-related activities.
- 12 In response to my enquiries of the Manager of the Solutions Engineers, I was informed and I believe that the equivalent of [c-i-c] of a Solutions Engineer's time is being spent on ULLS-related activities. The Manager of Solutions Engineers spends [c-i-c] of his time on supervisory activity. Hence, approximately [c-i-c] of the Manager of Solutions Engineers' time is spent on supervisory activity relating to staff involved in ULLS activity.
- 13 I believe that the figures at paragraphs 10, 11 and 12 are representative of the level of activity performed by those Sales and Account Managers and Solutions Engineers over the last six month period. If the current level of ULLS activity were maintained, I would expect the level of ULLS-related activities by the Sales Managers, Account Managers and Solutions Engineers to remain the same
- 14 If, as set out at paragraph 6, the number of ULLS acquirers increases to [c-i-c] in 2006/07, then I would expect an increase in the workload of the existing members of the ULLS Sales Team.
- 15 I spend approximately [c-i-c] of my time in a supervisory capacity on ULLS related activities. I calculated this percentage in the following way:
  - (a) I supervise [c-i-c] staff, including [c-i-c] personal assistant, [c-i-c] Sales Managers and [c-i-c] Account Managers;
  - (b) I spend [c-i-c] of my time supervising my staff. Allocating [c-i-c] of my time across the [c-i-c] staff results in approximately [c-i-c] of my time on supervisory activities per staff member;
  - (c) of those [c-i-c] staff members, the equivalent of [c-i-c] people are involved in ULLS related activities; and
  - (d) applying [c-i-c] to [c-i-c] persons results in approximately [c-i-c]

16 I have made inquiries of the other [c-i-c] Sales Directors who have advised me of the percentage of time spent by them on supervising staff engaged in ULLS related activities. Using that information I have calculated that, cumulatively, [c-i-c] of [c-i-c] Sales Director's time is spent on supervising ULLS related activities.

**DATED:** 2 August 2006

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[c-i-c]