

Rectification Proposal for Systems and Processes for Service Qualification for the LSS and ADSL

Response from iiNet

1. Introduction

At the meeting of the Wholesale Telecommunications Consultative Forum on 25 June 2014 (**the Forum Meeting**), participants were invited to provide feedback to the ACCC regarding three rectification proposals submitted by Telstra pursuant to Telstra's Structural Separation Undertaking (SSU). iiNet welcomes this opportunity to provide feedback. iiNet's response to *Telstra's rectification proposal in respect of Telstra's Systems and Processes for Service Qualification for the LSS and ADSL (the SQ Rectification Proposal)* is set out below.

2. iiNet's response

iiNet is aware anecdotally of past repeated denials from Telstra that Telstra uses non-equivalent SQ processes as between Telstra Retail and wholesale customers. Given these repeated denials, iiNet is concerned that Telstra's SQ processes have been found to breach Telstra's equivalency obligations under the SSU. iiNet is also concerned that this breach (unlike the other two that were discussed during the Forum Meeting) appears to have only come to light as a result of an access seeker complaint rather than through Telstra's own diligence. iiNet acknowledges that this breach may be limited in terms of the actual number of services affected. However, given the harmful effects to competition that can result from non-equivalent SQ processes, iiNet submits that the SQ Rectification Proposal needs to be more robust than currently proposed. iiNet suggests that the following improvements be made:

- Telstra be required to obtain independent verification (e.g. through the ITA) that the breach is limited to FNN-based SQ searches and queries and that address-based SQ searches and queries are treated equivalently.
- When Telstra contacts the relevant Telstra Retail customers (**the Affected Retail Customers**) pursuant to section 3(e)(2) of the SQ Rectification Proposal, Telstra be required to specifically inform them that Telstra has breached its equivalency obligations: i.e. if Telstra simply calls the Affected Retail Customers and says "*Hi, just checking to see if everything is going well with your service...good...then I assume you don't want to change to another ISP*" the customer is less likely to request to migrate to the access seeker than if Telstra says: "*We are aware that you originally wanted your service to be connected with [access seeker] and that you were told that you couldn't have a service with [access seeker]. This was not correct. The reason why you were told this was because of a breach of our obligations under our structural separation undertaking. Due to this breach, we are required to pay [access seeker] compensation and to ask you if you would like to transfer to [access seeker] in accordance with your original choice of service provider*".
- Given the widespread use of fixed term contracts and the fact that Affected Retail Customers may suffer from customer inertia and may decide to remain with Telstra, in order to appropriately compensate affected access seekers, section 3(e)(7) of the SQ Rectification Proposal should be amended so that Telstra is required to pay:

- for those Affected Retail Customers who agree to transfer to the access seeker - \$5.10 per month until the transfer takes place; and
- for those Affected Retail Customers who do not agree to transfer to the access seeker (i.e. they decide to remain with Telstra) - \$61.20 (i.e. \$5.10 x 12 months).

iiNet Limited
9 July 2014