

# OPERATIONAL EQUIVALENCE REPORT FOR THE DECEMBER 2012 QUARTER

28 February 2013



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## 1. Executive summary

This Operational Equivalence Report has been prepared under clause 16.2 of the Structural Separation Undertaking (**SSU**) and sets out the quarterly results of Telstra's performance against the Equivalence and Transparency Metrics in Schedule 3 of the SSU.

In total, 21 Metrics are reported upon in this document. The first 18 Metrics relate to the operational quality and delivery standard of relevant Regulated Services, being:

- Basic Telephone Service (**BTS**) (Metrics 1-7);
- Wholesale ADSL Layer 2 Service (**WADSL**) (Metrics 8-11);
- Line Sharing Service (**LSS**) (Metrics 12-13);
- Unconditioned Local Loop Service (**ULLS**) (Metrics 14-16); and
- Domestic Transmission Capacity Service (**DTCS**) (Metrics 17-18).

The other three Metrics relate to:

- billing timeliness (Metric 19);
- access to Telstra Exchange Building Facilities (Metric 20); and
- Wholesale systems availability (Metric 21).

Metrics 1-11 and 17-19 compare Telstra's performance in relation to services delivered to Wholesale Customers with its performance in relation to services delivered to Retail Business Units. The remaining Metrics (i.e., Metrics 12-16 and 20-21) are measures for wholesale service delivery only. These Metrics measure Telstra's performance in relation to Wholesale Customers against specified service targets.

Metrics 1-12 are reported for business and residential end-customers separately.

Tables 1.1 to 1.7 below summarise the results for the December 2012 Quarter (**December Quarter**). In calculating these results, Telstra is entitled to apply certain conditions set out in paragraph 10 of Schedule 3 of the SSU (the **Conditions**). The only Condition that Telstra has applied in the December Quarter relates to Mass Service Disruptions (**MSDs**). Telstra believes that it is reasonable for its performance over the December Quarter to exclude MSDs as, by their very nature, MSDs prevent Telstra from provisioning services and rectifying faults, and impact Wholesale and Retail Customers within the geographic area in which the MSD is applied. As required under clause 16.2(a) (ii) of the SSU, Telstra has also calculated the results that would have been achieved for each Metric if the Conditions were not applied. These results are set out in section 4 below.

The Metrics reported in Tables 1.1, 1.2 and 1.3 below compare Telstra's performance in relation to services delivered to Wholesale Customers with its performance in relation to services delivered to Retail Business Units. For each of these Metrics, a positive result indicates that Telstra's performance in relation to services delivered to Wholesale Customers exceeds its performance in relation to Retail Business Units. A result of 0 indicates that the performance for Wholesale Customers equals the performance for Retail Business Units. A negative result indicates that the performance for Retail Business Units exceeds the performance for Wholesale Customers.

Table 1.6 and Table 1.7 include Average Performance Results or Average Cycle Times for the supply of the relevant service for Retail and Wholesale Customers.

Telstra's performance details and the information contained in this Operational Equivalence Report are based on the information available at the date the report is prepared. Telstra reserves the right to provide

any correction to this Report, should it later discover an error or other methodological issue with the calculation of the results or the explanations provided.

Unless explicitly stated, nothing in this Report is to be taken as any legal admission by Telstra that any of the circumstances described amount to a breach of any obligation under the SSU.

**Table 1.1: December Quarter results for Metrics comparing performance in relation to Wholesale Customers and Retail Business Units by end-customer type**

		Business Variance	Residential Variance
<b>Metric 1</b> Basic Telephone Service	The percentage of Basic Telephone Service customer installation orders provisioned in the relevant Quarter on or by the Service Level – previous service available for automatic connection (i.e. an In-place Connection)	0.34%	4.29%
<b>Metric 2</b> Basic Telephone Service	The percentage of Basic Telephone Service customer installation orders provisioned in the relevant Quarter on or by the Service Level – new service with available cabling and capacity where pre-provisioning work is not required	11.29%	6.42%
<b>Metric 3</b> Basic Telephone Service	The percentage of Basic Telephone Service orders provisioned in the relevant Quarter, on or by the Service Level – new service which requires additional cable or network capacity	0.74%	14.54%
<b>Metric 4</b> Basic Telephone Service	The percentage of Basic Telephone Service order appointments that are met in the relevant Quarter	0.63%	2.03%
<b>Metric 5</b> Basic Telephone Service	The percentage of Basic Telephone Service Faults that are rectified in the relevant Quarter, and copied to Telstra's data warehouse by the relevant data extraction date, on or by the Service Level	-3.04%	-3.38%
<b>Metric 6</b> Basic Telephone Service	The percentage of Basic Telephone Service Fault appointments that are met in the relevant Quarter	-0.37%	-0.07%
<b>Metric 7</b> Basic Telephone Service	The percentage difference in non-recurring Fault ratio	-0.16%	-0.39%
<b>Metric 8</b> Wholesale ADSL Layer 2 Service	The percentage of services provisioned within Service Level – where the customer or end-user has an existing and functioning basic telephone service capable of supporting ADSL services	0.66%	0.59%
<b>Metric 9</b> Wholesale ADSL Layer 2 Service	The percentage of services provisioned within Service Level – held orders	-3.48%	0.66%
<b>Metric 10</b> Wholesale ADSL Layer 2 Service	The percentage of Faults rectified within Service Level	2.01%	-0.07%
<b>Metric 11</b> Wholesale ADSL Layer 2 Service	The percentage of appointments kept	0.32%	-0.72%

**Table 1.2: December Quarter results for Metrics comparing Wholesale and Retail performance**

		Business Variance
<b>Metric 17</b> Domestic Transmission Capacity Service	The percentage of Domestic Transmission Capacity Service orders provisioned on or by the Service Level	3.96%
<b>Metric 18</b> Domestic Transmission Capacity Service	The percentage of Faults rectified within Service Level	-0.38%

**Table 1.3: December Quarter results for Metrics comparing Wholesale and Retail performance (combined results for business and residential end-customers)**

		Combined Business and Residential Variance
<b>Metric 19</b> Billing Timeliness	Billing Timeliness – Current charges generated in Telstra's systems presented on bill.	0.40%

Table 1.4 and Table 1.5 show Telstra's performance in relation to the delivery of services to Wholesale Customers against the service targets specified in the SSU.

**Table 1.4: December Quarter results for Metrics comparing Telstra's performance against specified service targets by end-customer type**

		Business Variance	Residential Variance
<b>Metric 12</b> Line Sharing Service	The percentage of LSS completed within Service Level	8.22%	8.39%

**Table 1.5: December Quarter results for Metrics comparing performance against specified service targets (combined results for business and residential end-customers)**

		Combined Business and Residential Variance
<b>Metric 13</b> Line Sharing Service	The percentage of Faults rectified within Service Level	-1.41%
<b>Metric 14</b> Unconditioned Local Loop Service	The percentage of ULL Individual Cutovers completed on the Customer Required Date (CRD)	4.59%
<b>Metric 15</b> Unconditioned Local Loop Service	The percentage of appointments for ULL Individual Cutovers offered according to the Service Level – where there is an Intact metallic path at the relevant premises	9.32%
<b>Metric 16</b> Unconditioned Local Loop Service	The percentage of Faults rectified within the Service Level	-5.59%
<b>Metric 20</b> Access to Telstra Exchange Building Facilities	The percentage of Joint Completion Inspections (JCIs) completed on the Telstra Committed Date (TCD)	100%
<b>Metric 21</b> Wholesale systems availability	Availability of LOLO	99.94%

**Table 1.6: December Quarter results for Metrics for the Average Performance Results (average cycle times) in relation to Wholesale and Retail Business by end-customer type – in days**

		Business		Residential	
		Retail	Wholesale	Retail	Wholesale
<b>Metric 1</b> Basic Telephone Service	Basic Telephone Service customer installation orders provisioned in the relevant Quarter on or by the Service Level – previous service available for automatic connection (i.e. an In-place Connection)	0.36	0.40	0.48	0.30
<b>Metric 2</b> Basic Telephone Service	Basic Telephone Service customer installation orders provisioned in the relevant Quarter on or by the Service Level – new service with available cabling and capacity where pre-provisioning work is not required	3.95	3.25	3.06	2.23
<b>Metric 3</b> Basic Telephone Service	Basic Telephone Service orders provisioned in the relevant Quarter, on or by the Service Level – new service which requires additional cable or network capacity	21.63	18.41	18.14	12.88
<b>Metric 4</b> Basic Telephone Service	Basic Telephone Service order appointments that are met in the relevant Quarter	5.35	4.49	4.42	4.87
<b>Metric 5</b> Basic Telephone Service	Basic Telephone Service Faults that are rectified in the relevant Quarter, and copied to Telstra's data warehouse by the relevant data extraction date, on or by the Service Level	1.00	0.94	0.83	1.01
<b>Metric 6</b> Basic Telephone Service	Basic Telephone Service Fault appointments that are met in the relevant Quarter	1.16	1.21	1.08	1.59
<b>Metric 7</b> Basic Telephone Service	The difference in non-recurring Fault ratio	N/A	N/A	N/A	N/A
<b>Metric 8</b> Wholesale ADSL Layer 2 Service	Services provisioned within Service Level – where the customer or end-user has an existing and functioning basic telephone service capable of supporting ADSL services	0.65	1.67	0.75	1.55
<b>Metric 9</b> Wholesale ADSL Layer 2 Service	Services provisioned within Service Level – held orders	3.43	8.03	6.10	7.80
<b>Metric 10</b> Wholesale ADSL Layer 2 Service	Faults rectified within Service Level	1.14	0.95	1.17	1.29
<b>Metric 11</b> Wholesale ADSL Layer 2 Service	Appointments kept	1.27	1.13	1.21	1.61

**Table 1.7: December Quarter results for Metrics comparing Average Performance Results (average cycle times) for Wholesale and Retail**

		Retail	Wholesale
<b>Metric 17</b> Domestic Transmission Capacity Service	Domestic Transmission Capacity Service orders provisioned on or by the Service Level	3.56	16.82
<b>Metric 18</b> Domestic Transmission Capacity Service	Faults rectified within Service Level	0.44	0.18

## 2. Introduction

This Operational Equivalence Report sets out the quarterly results of Telstra's performance against the Equivalence and Transparency Metrics in Schedule 3 of the SSU. The results may be useful in assessing Telstra's compliance with the Interim Equivalence and Transparency (IET) arrangements in Part D of the SSU.

Most of the Metrics are designed to compare Telstra's performance in relation to services delivered to Wholesale Customers with its performance in relation to services delivered to Retail Business Units. The other Metrics compare Telstra's performance in supplying services to Wholesale Customers against specific service targets. To the extent that the results compare favourably, it indicates that the standard of service delivery that Telstra is supplying to Wholesale Customers meets or exceeds the IET arrangements in the SSU.

### 2.1. The interim equivalence and transparency measures in the SSU

On 20 June 2010, Telstra entered into a Financial Heads of Agreement with NBN Co for the roll-out of the NBN and the migration of customers from the legacy copper network to the new fibre network. As part of the migration process, Telstra agreed to structurally separate.

The legislative framework for Telstra's structural separation is set out in Division 2 of Part 33 of the *Telecommunications Act 1997* (Cth) (**Telecommunications Act**). Under s 577A of the Telecommunications Act, the ACCC may accept a written undertaking from Telstra providing for its structural separation on the Designated Day.<sup>1</sup> The ACCC must not accept an undertaking given by Telstra unless it is satisfied that it provides, in an appropriate and effective manner, for transparency and equivalence in relation to Telstra's supply of Regulated Services to its Wholesale Customers and Retail Business Units in the period before the Designated Day.<sup>2</sup>

On 29 July 2011, Telstra submitted an undertaking to the ACCC for approval under s 577A of the Telecommunications Act. Following extensive consultations with the ACCC and other interested parties, including industry participants, Telstra made a series of amendments to the undertaking. The amended undertaking (version dated 23 February 2012) was approved by the ACCC on 27 February 2012 (SSU), and came into force on 6 March 2012. A copy of the approved SSU is available at <http://www.telstrawholesale.com.au/about/structural-separation-undertaking/index.htm#tab-2>.

The SSU commits Telstra to structural separation by the Designated Day and requires the company to comply with detailed IET measures when supplying Regulated Services in the period before the Designated Day. Upon commencement of the SSU, these IET measures replaced the Operational

<sup>1</sup> Section 577A(10) of the *Telecommunications Act 1997* (Cth) defines the 'Designated Day' as 1 July 2018 or, if the Minister, by written instrument, specifies another day, that day.

<sup>2</sup> Section 577A(3), *Telecommunications Act 1997* (Cth).

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Separation regime that had previously been imposed on Telstra as a statutory condition of Telstra's carrier licence.<sup>3</sup>

Under clause 16.2 of the SSU, Telstra is required to prepare, and provide to the ACCC and the ITA Adjudicator, an Operational Equivalence Report outlining its performance against 21 Equivalence and Transparency Metrics. The report must be produced quarterly, for each three month period starting from 1 January, 1 April, 1 July and 1 October each year (with the first report due for the Quarter commencing 1 April 2012).

## 2.2. Purpose of the Operational Equivalence Report

This Operational Equivalence Report is published to provide information to the public, the industry, the ACCC and the ITA Adjudicator about measures of Telstra's performance in meeting the IET requirements in Part D of the SSU.

## 2.3. Contents of the Operational Equivalence Report

This Operational Equivalence Report contains the following sections:

- Section 3 contains the performance standards for each Metric as published in the SSU; and
- Section 4 details the results for this Quarter, where the Conditions set out in paragraph 10 of Schedule 3 of the SSU have been applied (if any), and provides details of the results that would have been achieved for each Metric if those Conditions were not applied.

## 2.4. Description of the Equivalence and Transparency Metrics in the SSU

Twenty-one metrics are reported upon in this document. The first 18 metrics relate to the operational quality and delivery standard of relevant Regulated Services, being:

- Basic Telephone Service (**BTS**) (Metrics 1-7);
- Wholesale ADSL Layer 2 Service (**WADSL**) (Metrics 8-11);
- Line Sharing Service (**LSS**) (Metrics 12-13);
- Unconditioned Local Loop Service (**ULLS**) (Metrics 14-16); and
- Domestic Transmission Capacity Service (**DTCS**) (Metrics 17-18).

The other three Metrics relate to:

- billing timeliness (Metric 19);
- access to Telstra Exchange Building Facilities (Metric 20); and
- Wholesale systems availability (Metric 21).

Metrics 1-11 and 17-19 compare Telstra's performance in relation to services delivered to Wholesale Customers with its performance in relation to services delivered to Retail Business Units. For these metrics, a positive result indicates that Telstra's performance in relation to services delivered to Wholesale Customers exceeds its performance in relation to services delivered to Retail Business Units. A result of 0 indicates that the performance for Wholesale Customers is the same as the performance for

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<sup>3</sup> The Operational Separation regime was implemented under Part 8 of Schedule 1 of the *Telecommunications Act 1997* (Cth). Under clause 65 of Schedule 1 of the *Telecommunications Legislation Amendment (Competition and Consumer Safeguards) Act 2010* (Cth), Part 8 of Schedule 1 of the *Telecommunications Act 1997* (Cth) was automatically repealed immediately after an undertaking comes into force under s 577A of the *Telecommunications Act 1997* (Cth).



Retail Business Units. A negative result indicates that the performance for Retail Business Units exceeds the performance for Wholesale Customers.

Metrics 12-16 and 20-21 are measures for wholesale service delivery only. For these Metrics, Telstra reports on the variance between its actual performance and the service targets specified in the SSU.

Metrics 1-12 are reported separately for business and residential end-customers.

Further information on the Metrics is provided in section 3 below.

### 3. Equivalence and transparency measures and service levels

#### 3.1. Service levels

The following table contains the service levels for each Equivalence and Transparency Metric as set out in the SSU.

**Table 3.1: Basic Telephone Service – Equivalence and Transparency Metrics**

Metric	Measure	Service Level <sup>†</sup> (where applicable)
1.	The percentage of Basic Telephone Service customer installation orders provisioned in the relevant Quarter on or by the Service Level – previous service available for automatic connection (i.e. an In-place Connection)	Urban – 2 Clear Working Days Major Rural – 2 Clear Working Days Minor Rural – 2 Clear Working Days Remote – 2 Clear Working Days, each from the relevant order date <sup>A*</sup>
2.	The percentage of Basic Telephone Service customer installation orders provisioned in the relevant Quarter on or by the Service Level – new service with available cabling and capacity where pre-provisioning work is not required	Urban – 5 Clear Working Days Major Rural – 10 Clear Working Days Minor Rural – 10 Clear Working Days Remote – 15 Clear Working Day, each from the relevant order date <sup>A*</sup>
3.	The percentage of Basic Telephone Service orders provisioned in the relevant Quarter, on or by the Service Level – new service which requires additional cable or network capacity	Urban – 20 Clear Working Days Major Rural – 20 Clear Working Days Minor Rural – 20 Clear Working Days Remote – 20 Clear Working Days, each from the relevant order date <sup>A*</sup>
4.	The percentage of Basic Telephone Service order appointments that are met in the relevant Quarter	All locations – appointments between two particular times less than or equal to a 4 hour period – must be at the customer's premises no later than 15 minutes after the end time of the appointment  Urban / Major Rural – appointment window between to particular times greater than a 4 hour period but less than or equal to a 5 hour period – must be at the customer's premises no later than the end time of the appointment  Minor Rural / Remote – appointment window between two particular times greater than a 4 hour period but less than or equal to a 5 hour period and the technician is required to travel a long distance – must be at the customer's premises no later than 45 minutes after the end time of the appointment  Note – Response time is the end time of the calculation. It represents the time that the technician arrived for the appointment and is dependent on Telstra workforce or contractors making a record of their arrival time
5.	The percentage of Basic Telephone Service Faults	Urban – 1 Clear Working Day after the Fault report is logged



Metric	Measure	Service Level <sup>#</sup> (where applicable)
	that are rectified in the relevant Quarter, and copied to Telstra's data warehouse by the relevant data extraction date, on or by the Service Level	by Telstra <sup>^*</sup> Major Rural / Minor Rural – 2 Clear Working Days after the Fault report is logged by Telstra <sup>^*</sup> Remote – 3 Clear Working Days after the Fault report is logged by Telstra <sup>^*</sup>
6.	The percentage of Basic Telephone Service Fault appointments that are met in the relevant Quarter	All locations – appointments between two particular times less than or equal to a 4 hour period – must be at the customer's premises no later than 15 minutes after the end time of the appointment Urban / Major Rural – appointment window between two particular times greater than a 4 hour period but less than or equal to a 5 hour period – must be at the customer's premises no later than the end time of the appointment Minor Rural / Remote - appointment between two particular times greater than a 4 hour period but less than or equal to a 5 hour period and the technician is required to travel a long distance - must be at the customer's premises no later than 45 minutes after the end time of the appointment Note – Response time is the end time of the calculation. It represents the time that the technician arrived for the appointment and is dependent on Telstra workforce or contractors making a record of their arrival time
7.	The percentage difference in non-recurring Fault ratio	Percentage of basic telephone service Faults that are not re-reported within 60 calendar days

<sup>#</sup> Interim Orders and Withdrawn Orders are excluded.

<sup>^</sup> Measured from the date which Telstra receives a correct and valid application from the customer to the date recorded in Telstra's relevant provisioning system as the date when all of the relevant stages for that service through which an order can pass are completed or the clearance date if there was a Fault on the connected service.

<sup>\*</sup> Where CRD or RCRD is longer than the Service Level, then the CRD or RCRD will be the Service Level (or Telstra commitment date).

<sup>+</sup> Metric does not apply where a site visit to the customer's premises is required to determine whether a Fault is the cause of the service difficulty.

**Table 3.2: Wholesale ADSL Layer 2 Service – Equivalence and Transparency Metrics**

Metric	Measure	Service Level (where applicable)
8.	The percentage of services provisioned within Service Level – where the customer or end-user has an existing and functioning basic telephone service capable of supporting ADSL services	3 Clear Working Days from date entered into Telstra's provisioning system <sup>#</sup>
9.	The percentage of services provisioned within Service Level – held orders	20 Clear Working Days from date entered into Telstra's provisioning system <sup>#</sup>
10.	The percentage of Faults rectified within Service Level	Urban – by the end of the first Clear Working Day after the Fault report is logged by Telstra <sup>^*</sup> Major Rural and Minor Rural – by the end of 2 Clear Working Days after the Fault report is logged by Telstra <sup>^*</sup> Remote – by the end of 3 Clear Working Days after the Fault report is logged by Telstra <sup>^*</sup>
11.	The percentage of appointments kept	Appointment between two particular times less than or equal to a 4 hour period - must be at the customer's premises no later than 15 minutes after the end time of the appointment Appointment window between two particular times greater than a 4 hour period but less than or equal to a 5 hour period - must be at the customer's premises no later than the end

Metric	Measure	Service Level (where applicable)
		time of the appointment Appointment window between two particular times greater than a 4 hour period but less than or equal to a 5 hour period and the technician is required to travel a long distance - must be at the customer's premises no later than 45 minutes after the end time of the appointment Note – Response time is the end time of the calculation. It represents the time that the technician arrived for the appointment and is dependent on Telstra workforce and contractors making a record of their arrival time

# Where CRD or RCRD is longer than the Service Level, then the CRD or RCRD will be the Service Level (or Telstra commitment date).

^ Measured from the date the Fault call is received to the earlier of:

(A) the date and time that the tester enters an actual restore against the order; or

(B) the date and time the field technician enters as the restore time.

\* Metric does not apply where a site visit to the customer's premises is required to determine whether a Fault is the cause of the service difficulty.

**Table 3.3: Line Sharing Service – Equivalence and Transparency Metrics**

Metric	Measure	Service Level (where applicable)
12.	The percentage of LSS completed within Service Level	3 Clear Working Days <sup>#^*</sup>
13.	The percentage of Faults rectified within Service Level	Urban – By the end of the first Clear Work after the Fault report is logged by Telstra <sup>+&gt;</sup> Major Rural / Minor Rural – by the end of 2 Clear Working Days after the Fault report is logged by Telstra <sup>+&gt;</sup> Remote – By the end of 3 Clear Working Days after the Fault report is logged by Telstra <sup>+&gt;</sup>

# Where the CRD or RCRD is longer than the Service Level, then the CRD or RCRD will be the Service Level (or Telstra commitment Date).

^ Measured from the date Telstra enters the order into the relevant provisioning system to the last date recorded against the following states (where applicable) through which can order can pass:

(A) Plant assignment;

(B) Exchange building activation.

\* Does not apply where any field work or exchange work required to fulfil the activation is not part of a standard LSS activation order.

+ Measured from the date and time the Fault call was logged by Telstra (in Telstra's information technology systems) to the date and time the technician records that the Fault is repaired. If the call date and time is after 5pm, the baseline for calculating the Service Level moves to 9am the next Working Day.

> Does not apply where a site visit to the customer's premises is required to determine whether a Fault is the cause of the service difficulty.

**Table 3.4: Unconditioned Local Loop Service - Equivalence and Transparency Metric**

Metric	Measure	Service Level (where applicable)
14.	The percentage of ULL Individual Cutovers completed on the CRD	95% <sup>#^</sup>
15.	The percentage of appointments for ULL Individual Cutovers offered according to the Service Level – where there is an Intact metallic path at the relevant premises	For Band 1 and 2 exchanges only, if the Wholesale Customer requests, Telstra will offer an appointment that occurs 3 Clear Working Days after the date the request for the ULL Individual cutover is received. If the CRD is greater than 3 Clear Working Days, that date becomes the applicable Service Level <sup>^</sup>

Metric	Measure	Service Level (where applicable)
16.	The percentage of Faults rectified within the Service Level	Band 1 and 2 – by the end of the first Clear Working Day after the Fault report is logged by Telstra <sup>+</sup> Band 3 – by the end of 2 Clear Working Days after the Fault report is logged by Telstra <sup>+</sup> Band 4 – by the end of 3 Clear Working Days after the Fault report is logged by Telstra <sup>+</sup>

<sup>#</sup> Metric does not apply where any field work or exchange work required to fulfil the activation is not part of a standard ULLS activation order.

<sup>^</sup> Measured based on the CRD recorded in the relevant Telstra systems.

<sup>\*</sup> Measured from the date and time the Fault call was logged by Telstra (in Telstra's information technology systems) to the date and time the technician reports that the Fault is repaired. If the call date and time is after 5pm, the baseline for calculating the Service Level moves to 9am the next Working Day.

<sup>+</sup> Metric does not apply where a site visit to the customer's premises is required to determine whether a Fault is the cause of the service difficulty.

**Table 3.5: Domestic Transmission Capacity Service - Equivalence and Transparency Metrics**

Metric	Measure	Service Level (where applicable)
17.	The percentage of Domestic Transmission Capacity Service orders provisioned on or by the Service Level	Category 1 Order: Metro – 9 Clear Working Days <sup>#^</sup> Country – 19 Clear Working Days <sup>#^</sup>  Category 2 Order: Metro – 19 Clear Working Days <sup>#^</sup> Country – 39 Clear Working Days <sup>#^</sup>  Category 3 Order: Metro only – 24 Clear Working Days <sup>#^</sup>
18.	The percentage of Faults rectified within Service Level	Urban <sup>+</sup> – 1 Clear Working Day Rural <sup>+</sup> – 2 Clear Working Days Remote <sup>+</sup> – 3 Clear Working Days; of the Fault report being logged by Telstra <sup>*</sup>

<sup>#</sup> Measured from the date that Telstra received a correct and valid application from the customer to the date recorded in Telstra's IT systems that identifies the date when all of the relevant stages through which the order can pass are completed.

<sup>^</sup> Where the CRD or RCRD is longer than the Service Level, then the CRD or RCRD will be the Service Level (or Telstra commitment date).

<sup>\*</sup> Measured from the 'call date and time' which is the date and time the Fault call is logged by Telstra (in Telstra's IT Systems) to the earlier of:

(A) the date and time that the tester enters an actual restore against the order; or

(B) the date and time the field technician enters as the restore time.

If the call date and time is after 5pm, the baseline for calculating the Service Level moves to 9am the next Working Day.

<sup>+</sup> Refers to the location of the Fault, and not the location of the terminating points of the service.

**Table 3.6: Billing Timeliness - Equivalence and Transparency Metric**

Metric	Measure	Service Level (where applicable)
19.	Billing Timeliness – Current charges generated in Telstra's system presented on bill	Wholesale charges – not older than 95 days Retail charges – not older than 190 days

**Table 3.7: Access to Telstra Exchange Building Facilities - Equivalence and Transparency Metrics**

Metric	Measure	Service Level (where applicable)
20.	The percentage of JCI's completed on the TCD	90%

**Table 3.8: Wholesale systems availability - Equivalence and Transparency Metrics**

Metric	Measure	Service Level (where applicable)
21.	Availability of LOLO	98%

Further information in relation to the metrics, including relevant definitions, is provided in the SSU. A copy of the SSU is available at <http://www.telstrawholesale.com.au/about/structural-separation-undertaking/index.htm#tab-2>.

### 3.2. Approach to calculating results

Paragraph 10 of Schedule 3 of the SSU provides that, when calculating its performance in relation to each Metric, Telstra is not required to take into account:

- for Metrics 1-16 and 20-21, a ticket of work which is directly affected by NBN-related activities being undertaken by NBN Co or Telstra in any Rollout Region or which is in the course of being migrated to the NBN at any time during the Quarter;
- a failure to meet a Service Level which is caused by activities undertaken by Telstra in order to comply with the Migration Plan;
- a failure to meet a Service Level due to circumstances outside of Telstra's control;
- a failure to meet a Service Level due to the need for Telstra to redeploy staff or equipment from one or more areas to another area that has been affected by circumstances outside of Telstra's control, such as an area that has been affected by a natural disaster;
- circumstances where the Retail Customer or end-user of a Wholesale Customer causes delay or fails to keep an appointment with Telstra without giving at least 24 hours notice;
- a failure to meet a Service Level which the Retail Customer or Wholesale Customer has waived in writing; or
- any temporary planned outage or withdrawal of services necessary in order to maintain or upgrade a facility, service or network, where Telstra has given reasonable notice to the Retail Customer or Wholesale Customer of the outage or withdrawal.

For the December Quarter the only Condition that Telstra has applied relates to MSDs.

### 3.3. Methodology used to calculate Average Performance Results (average cycle) times

The average cycle time has been calculated to determine the average time taken by Telstra to complete the relevant task requested, where the Wholesale or Retail Customer requests the task to be undertaken by the standard provisioning time for that particular task. Accordingly, Telstra has adjusted the data used to calculate average cycle times by excluding requests that are outside the standard provisioning time for that task. This is a reasonable approach, as it gives a more accurate reading on Telstra's performance in completing tasks for customers, since it does not artificially distort the performance for either Wholesale or Retail Customers based upon customers requesting a longer-than standard timeframe for completion. (Telstra's performance on those tasks is still recorded in the Metrics themselves, as it would capture whether or not Telstra met the date requested by the customer.)

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Telstra's approach in calculating average cycle times is set out below.

### **Activation**

#### *Definition of Working Day:*

- Monday to Friday 8 am to 5 pm (except for Metric 17).
- Metric 17 measures Clear Working Days – a Working Day commencing on 8am on the next or preceding Working Day.
- Excluding public holidays (except for Metric 17).
- Public holidays are included in the measurement of Metric 17 on the basis that two exchanges are involved therefore if there is a public holiday where one exchange is located work could progress in the other exchange. A variation for national public holidays has not been included due to the complexity of the calculation.
- Excluding days where a MSD or Local Service Disruption (LSD) has been granted for the service (except for Metric 1 and 17).
- MSDs/LSDs are not factored into the measurement of Metric 17 as two exchanges are involved and both may not be impacted by the MSD/LSD.

#### *Rules:*

- Metrics 1, 2, 3, 4, and 17 Measure the average number of Working Days taken to complete the relevant task between the Application Date and Time on the one hand, and the Completion Date and Time.
- Metrics 8 and 9 measure the average number of Working Days taken to complete the relevant task between the Create Date and Time (i.e. the date/time when the task is entered on Telstra's provisioning system) on the one hand, to the Completion Date and Time.
- If the Application/Create Date and Time is on a Working Day (as defined above) then that is Day 0, the next Working Day of the life of the order would be day 1 and so on.
- If the Application/Create Date and Time is not on a Working Day, then the next Working Day following that Date is counted as Day 0.
- If the order is completed on the same day as the Application/Create Date and this is not on a Working Day (e.g. due to weekends, public Holidays, MSD/LSD), then the Cycle Time is 0.
- If the CRD or Revised Customer Required Date (RCRD) is greater than Standard Provisioning Time (SPT) then the Connection is not counted in the Cycle Time calculation.
- If the Completion Time is invalid or Null then the Connection is not counted in the Cycle Time calculation. This occurs in the rare event that no actual restoration date is logged onto the system. It prevents data errors being returned by the system.
- The provision of an interim service is taken into consideration in determining the measurement.

### **Assurance**

#### *Definition of Working Day:*

- Monday to Friday 8 am to 5 pm
- Excluding public holidays where the service is located
- Excluding days where a MSD or LSD has been granted for the service

#### *Rules:*

- The measurement is calculated as the average number of days taken to rectify the fault by measuring the number of Working Days between the Call Date/Time or the date/time when we receive it on our systems and the Restore Date.

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- If Call Date/Time is on a Working Day (as defined above) then that is Day 0, the next Working Day of the life of the fault would be day 1 and so on.
  - If Call Date/Time or the date/time when we receive it on our systems is outside a Working Day, then the next Working Day is Day 0.
  - If the order is completed on the same day as the Application/Create Date and this is not on a Working Day (e.g. due to weekends, public Holidays, MSDs/LSDs), then the Cycle Time is 0.
  - The provision of an interim service is taken into consideration in the measurement.

#### 4. Results for the December Quarter

Under the new reporting framework in the SSU, Telstra is required to prepare and provide to the ACCC and ITA Adjudicator an Operational Equivalence Report setting out the results for each Metric in the SSU. There is no requirement in the SSU that the Operational Equivalence Report include an explanation of any Variance in the results for those Metrics. Rather, the SSU envisages that this information will be provided in a separate report. Clause 16.3 of the SSU provides that, if the results for a Metric demonstrate a Reporting Variance (defined as a Variance of 2% or more (in negative terms) between, in the case of Metrics 1-11 and 17-19, performance levels for Wholesale Customers and Retail Business Units or, in the case of Metrics 12-16 and 20-21, Telstra's actual performance and the specified service target, Telstra is required to promptly investigate the cause(s) of the non-compliant result and at the same time as Telstra provides an Operational Equivalence Report for the Quarter, it must separately provide to the ACCC and the ITA Adjudicator an accompanying confidential report. The accompanying confidential report is to set out for each non-compliant result a reasonably detailed explanation of the reason(s) for the Reporting Variance and, if Telstra determines that the result is due, in whole or in part, to any non-compliance by Telstra with Part D of the SSU, the steps being taken to investigate and/or rectify the non-compliance, including an estimated timeframe for rectification.

Although there is no requirement to provide Variance explanations in the public report, Telstra will provide a summary explanation in instances where Retail performance exceeded Wholesale performance by more than the 2% tolerance limit (for comparative Metrics) or where the Wholesale performance has not met the specified performance targets by more than 2% for those Metrics which are not calculated in reference to the Retail performance. Additional detail will be provided in the separate, confidential report prepared for the ACCC and the ITA Adjudicator under clause 16.3 of the SSU.

Note: The measurement of Telstra's performance and whether Variance explanations are required is determined by considering the performance results with the Conditions applied, in accordance with clause 16.2(d).

The tables in this section set out the results for the December Quarter. Note that a positive outcome means Telstra's performance for Wholesale Customers was greater than its performance for Retail Customers.

Two sets of results have been provided in the tables below. With the first set of results Telstra has applied the Conditions. With the second set of results Telstra has not applied the Conditions.

With the first set of results, the only Condition that Telstra has applied relates to MSDs. Telstra excluded from the calculation the areas where a MSD applied. Each MSD used in the calculation met the requirements of the Australian Communications & Media Authority (ACMA). There are stringent guidelines under which a MSD is approved as an exemption to the Customer Service Guarantee. The exemption process is explained in sections 22-27 of the Telecommunications (Customer Service Guarantee) Standard 2011, which can be found on the ACMA website [http://www.acma.gov.au/WEB/STANDARD..PC/pc=PC\\_1712](http://www.acma.gov.au/WEB/STANDARD..PC/pc=PC_1712)

Details on MSDs that are relevant to the December Quarter are provided in the table below. This information has been extracted from the public notices available on Telstra's internet site at <http://www.telstra.com.au/abouttelstra/commitments/mass-service-disruption/>.

Code	Start	End	Location	Disruption	Estimated Impact
20121227-NSW-E-C-P-CENTRAL-NORTH-&-SOUTH	27/12/2012	11/01/2013	Central North and Central South NSW	Extreme Weather Conditions	Approximately 6,400 services.
20121213-WA-S-C-P-PERTH-&-REGIONAL-&-SE-COASTAL-WA	13/12/2012	18/01/2013	Perth, Greater Perth, Central Wheat Belt, Lower West, South West, Great Southern, South and South East Coastal Districts.	Extreme Weather Conditions	Approximately 12,500 services.



Code	Start	End	Location	Disruption	Estimated Impact
20121205-VIC-S-C-P-MELBOURNE-AND-GREATER-MELBOURNE	05/12/2012	14/12/2012	Melbourne and Greater Melbourne	Extreme Weather Conditions	Approximately 9,000 services.
20121204-NSW-E-C-P-NORTH-WEST-SLOPES-&-PLAINS-&-TABLELANDS	04/12/2012	14/12/2012	Northern Tablelands and Northwest Slopes and Plains Districts	Extreme Weather Conditions	Approximately 650 services.
20121204-VIC-S-C-P-BALLARAT-CENTRAL-DISTRICT-VIC	04/12/2012	21/12/2012	Central District of Victoria	Extreme Weather Conditions	Approximately 800 services.
20121203-NT-S-C-P-ALICE-SPRINGS-EXTENSION	03/12/2012	28/12/2012	Alice Springs	Extreme Weather Conditions	An additional 100 services.
20121203-SA-S-C-P-REGIONAL-SA	03/12/2012	14/12/2012	Eastern Eyre Peninsula, Flinders, Mid North, Riverland, Murraylands, Mount Lofty Ranges and Upper Southeast Districts of South Australia.	Extreme Weather Conditions	Approximately 650 services.
20121203-NT-S-C-P-ALICE-SPRINGS	03/12/2012	14/12/2012	Alice Springs	Extreme Weather Conditions	Approximately 200 services.
20121130-NSW-E-C-P-CENTRAL-NSW-&-COASTAL-NSW-&-SYDNEY	30/11/2012	14/12/2012	Sydney Metropolitan, Greater Sydney, Hunter and Central Tablelands Districts	Extreme Weather Conditions	Approximately 12,500 services.
20121126-WA-S-C-P-GOLDFIELDS-&-SE-COASTAL-DISTRICTS	26/11/2012	14/12/2012	Goldfields and South East Coastal Districts of Western Australia	Extreme Weather Conditions	Approximately 250 services.
20121123-WA-S-C-P-CENTRAL-WEST-&-WHEAT-BELT-WA	23/11/2012	07/12/2012	Central West and Central Wheat Belt Districts of Western Australia	Extreme Weather Conditions	Approximately 400 services.
20121122-VIC-S-A-P-WARRNAMBOOL-&-SOUTH-WEST-DISTRICT-EXTENSION	22/11/2012	07/12/2012	Warrnambool and surrounding South West District	Damage not caused by Telstra	Approximately 13,000 services.
20121122-VIC-S-A-P-WARRNAMBOOL-&-SOUTH-WEST-DISTRICT	22/11/2012	30/11/2012	Warrnambool and surrounding South West District	Damage not caused by Telstra	Approximately 61,000 services.
20121119-QLD-E-C-P-SOUTH-EAST-QLD-AND-NORTHERN-RIVERS-NSW	19/11/2012	30/11/2012	Brisbane Metropolitan, Southeast Coast, Wide Bay and Burnett, Darling Downs and Granite Belt Districts of Queensland and the Northern Rivers and Mid North Coast Districts of New South Wales	Extreme Weather Conditions	Approximately 12,250 services.
20121107-SA-S-C-P-ADELAIDE-METROPOLITAN,-LOWER-EYRE-AND-EASTERN-PENINSULA,-FLINDERS,-NORTH-EAST-PASTORAL,-RIVERLAND,-MURRAY-LANDS,-MID-NORTH-AND-MOUNT-LOFTY-RANGES-OF-SOUTH-AUSTRALIA	07/11/2012	16/11/2012	Lower Eyre and Eastern Peninsula, Flinders, North East Pastoral, Riverland, Murray Lands, Mid North, Mount Lofty Ranges and Adelaide Metropolitan Districts	Extreme Weather Conditions	Approximately 3,550 services.

**Table 4.1: Results for Basic Telephone Service**

Measure	Business Customers Variance between performance for Wholesale Customers and Retail Business Units		Residential Customers Variance between performance for Wholesale Customers and Retail Business Units	
	Applying the Conditions in para 10, Sch 3, SSU	Not applying the Conditions in para 10, Sch 3, SSU	Applying the Conditions in para 10, Sch 3, SSU	Not applying the Conditions in para 10, Sch 3, SSU
<b>Metric 1</b> The percentage of Basic Telephone Service customer installation orders provisioned in the relevant Quarter on or by the Service Level – previous service available for automatic connection (i.e. an In-place Connection)	0.34%	0.34%	4.29%	4.29%
<b>Metric 2</b> The percentage of Basic Telephone Service customer installation orders provisioned in the relevant Quarter on or by the Service Level – new service with available cabling and capacity where pre-provisioning work is not required	11.29%	11.81%	6.42%	6.96%
<b>Metric 3</b> The percentage of Basic Telephone Service orders provisioned in the relevant Quarter, on or by the Service Level – new service which requires additional cable or network capacity	0.74%	1.78%	14.54%	15.55%

Measure	Business Customers Variance between performance for Wholesale Customers and Retail Business Units		Residential Customers Variance between performance for Wholesale Customers and Retail Business Units	
	Applying the Conditions in para 10, Sch 3, SSU	Not applying the Conditions in para 10, Sch 3, SSU	Applying the Conditions in para 10, Sch 3, SSU	Not applying the Conditions in para 10, Sch 3, SSU
<b>Metric 4</b> The percentage of Basic Telephone Service order appointments that are met in the relevant Quarter	0.63%	0.63%	2.03%	2.03%
<b>Metric 5</b> The percentage of Basic Telephone Service Faults that are rectified in the relevant Quarter, and copied to Telstra's data warehouse by the relevant data extraction date, on or by the Service Level	-3.04%	-4.14%	-3.38%	-4.34%
<p>The variance between the performance for Business Customers of Wholesale Customers and Retail Business Units is primarily due to:</p> <ul style="list-style-type: none"> <li>The incorrect allocation of the key/corporate customer severity levels by contact centre staff for a proportion of Telstra Retail business services for approximately one month of the Quarter. This matter was addressed during October/November 2012. The extent to which this impacted the outcome is currently unclear.</li> <li>The inadvertent removal of a reference table that automatically recognised Wholesale business services following an IT systems change. This resulted in Wholesale Customer business faults being allocated standard priority for just over half the Quarter, although the extent of the impact of this on the outcome for the Metric is currently unclear. This matter was addressed in mid November 2012.</li> <li>The number of Priority Assistance (PA) tickets of work primarily in the Residential sector but also to some extent in the Business sector. PA tickets of work receive the highest priority in terms of allocation of resources which has a consequential impact on resource availability across all remaining work types.</li> <li>Some tickets of work for fault rectification are prioritised because they involve emergency issues or situations of potential harm (eg where damage to Telstra plant may pose a risk to the public (e.g. wires down or damaged pit) and Community Emergency &amp; Essential Services faults). Telstra's review found that the volume of orders for these was higher for Retail than for Wholesale which may have contributed to the outcome.</li> </ul> <p>High workloads resulted in Telstra field workforce going into contingency mode of operating. The adverse weather conditions and the Warrnambool fire contributed to the high workloads. The availability of timeslots to book appointments are limited during high workload periods as the increased volume of high priority work (e.g. PA) takes precedence.</p> <p>Telstra has initiated a program of work to manage Wholesale tickets of work that are "at risk" of missing the relevant Service Levels to enable those fault tickets to be identified and, where possible, meet the applicable Service Level.</p> <p>Note: Explanation relates to performance results with the Conditions applied.</p>				
<b>Metric 6</b> The percentage of Basic Telephone Service Fault appointments that are met in the relevant Quarter	-0.37%	-0.37%	-0.07%	-0.07%
<b>Metric 7</b> The percentage difference in non-recurring Fault ratio	-0.16%	-0.16%	-0.39%	-0.39%

**Table 4.2: Results for Wholesale ADSL Layer 2 Service**

Measure	Business Customers Variance between performance for Wholesale Customers and Retail Business Units		Residential Customers Variance between performance for Wholesale Customers and Retail Business Units	
	Applying the Conditions in para 10, Sch 3, SSU	Not applying the Conditions in para 10, Sch 3, SSU	Applying the Conditions in para 10, Sch 3, SSU	Not applying the Conditions in para 10, Sch 3, SSU
<b>Metric 8</b> The percentage of services provisioned within Service Level – where the customer or end-user has an existing and functioning Basic Telephone Service capable of supporting ADSL services	0.66%	0.45%	0.59%	0.67%
<b>Metric 9</b> The percentage of services provisioned within Service Level – held orders	-3.48%	-3.48%	0.66%	0.66%
	Insufficient volumes render this Metric/result statistically invalid. The Variance equated to two orders missing target due to the unavailability of ports at the exchange. Note: Explanation relates to performance results with the Conditions applied.			
<b>Metric 10</b> The percentage of Faults rectified within Service Level	2.01%	2.46%	-0.07%	0.02%
<b>Metric 11</b> The percentage of appointments kept	0.32%	0.32%	-0.72%	-0.72%

**Table 4.3: Results for Line Sharing Service**

Measure	Business Customers Variance between actual performance and service target		Residential Customers Variance between actual performance and service target	
	Applying the Conditions in para 10, Sch 3, SSU	Not applying the Conditions in para 10, Sch 3, SSU	Applying the Conditions in para 10, Sch 3, SSU	Not applying the Conditions in para 10, Sch 3, SSU
<b>Metric 12</b> The percentage of LSS completed within Service Level	8.22%	8.04%	8.39%	8.17%

Measure	Variance between actual performance and service target Applying the conditions in para 10, Sch 3, SSU	Variance between actual performance and service targets Not applying the conditions in para 10, Sch 3, SSU
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Measure	Variance between actual performance and service target	Variance between actual performance and service targets
	Applying the conditions in para 10, Sch 3, SSU	Not applying the conditions in para 10, Sch 3, SSU
<b>Metric 13</b> The percentage of Faults rectified within Service Level	-1.41%	-4.40%

Table 4.4: Results for Unconditioned Local Loop Service

Measure	Variance between actual performance and service target	Variance between actual performance and service targets
	Applying the conditions in para 10, Sch 3, SSU	Not applying the conditions in para 10, Sch 3, SSU
<b>Metric 14</b> The percentage of ULL Individual Cutovers completed on the CRD	4.59%	4.49%
<b>Metric 15</b> The percentage of appointments for ULL Individual Cutovers offered according to the Service Level – where there is an Intact metallic path at the relevant premises	9.32%	9.32%
<b>Metric 16</b> The percentage of Faults rectified within the Service Level	-5.59%	-11.67%
	<p>High workloads over the December Quarter are the primary cause for the variance. During high workload periods the number of available slots to book tickets within the target completion date is limited.</p> <p>Telstra has initiated a program of work to manage tickets of work that are at risk of missing the relevant Service Levels to enable those fault tickets to be identified and, where possible, meet the applicable Service Level. This is expected to be implemented by the end of February 2013.</p> <p>The December Quarter result represents an improvement on the June and September 2012 Quarter results.</p> <p>Note: Explanation relates to performance results with the Conditions applied.</p>	

Table 4.5: Results for Domestic Transmission Capacity Service

Measure	Variance between performance for Wholesale Customers and Retail Business Units	Variance between performance for Wholesale Customers and Retail Business Units
	Applying the conditions in para 10, Sch 3, SSU	Not applying the conditions in para 10, Sch 3, SSU
<b>Metric 17</b> The percentage of Domestic Transmission Capacity Service orders provisioned on or by the Service Level	n/a Telstra has opted not to utilise any conditions to determine DTCS activation performance	3.96%
<b>Metric 18</b> The percentage of Faults rectified within Service Level	-0.38%	-1.50%

**Table 4.6: Results for Billing Timeliness**

Measure	Variance between performance for Wholesale Customers and Retail Business Units Applying the conditions in par 10, Sch 3, SSU (not applicable)	Variance between performance for Wholesale Customers and Retail Business Units Not applying the conditions in para 10, Sch 3, SSU
<b>Metric 19</b> Billing Timeliness – Current charges generated in Telstra's system presented on bill	n/a	0.40%

**Table 4.7: Results for access to Telstra Exchange Building Facilities**

Measure	Variance between actual performance and service target Applying the conditions in para 10, Sch 3, SSU (not applicable)	Variance between actual performance and service targets Not applying the conditions in para 10, Sch 3, SSU
<b>Metric 20</b> The percentage of JCl's completed on the TCD	n/a	100%

**Table 4.8: Results for wholesale systems availability**

Measure	Variance between actual performance and service target Applying the conditions in para 10, Sch 3, SSU (not applicable)	Variance between actual performance and service targets Not applying the conditions in para 10, Sch 3, SSU
<b>Metric 21</b> Availability of LOLO	n/a	99.94%

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## Glossary and Acronyms

ACCC	Australian Competition and Consumer Commission
ADSL	Asynchronous Digital Subscriber Line
CRD	Customer Required Date
IET	Interim Equivalence and Transparency
IT	Information Technology
LOLO	LinxOnline Ordering
LSS	Line Sharing Service
NBN	National Broadband Network
RCRD	Revised Customer Required Date
SSU	Structural Separation Undertaking
ULLS	Unconditional Local Loop Service