

SERVICE QUALITY REPORT RELATING TO THE OPERATIONAL
SEPARATION OF TELSTRA FOR THE JUNE 2007 QUARTER

SEPTEMBER 2007

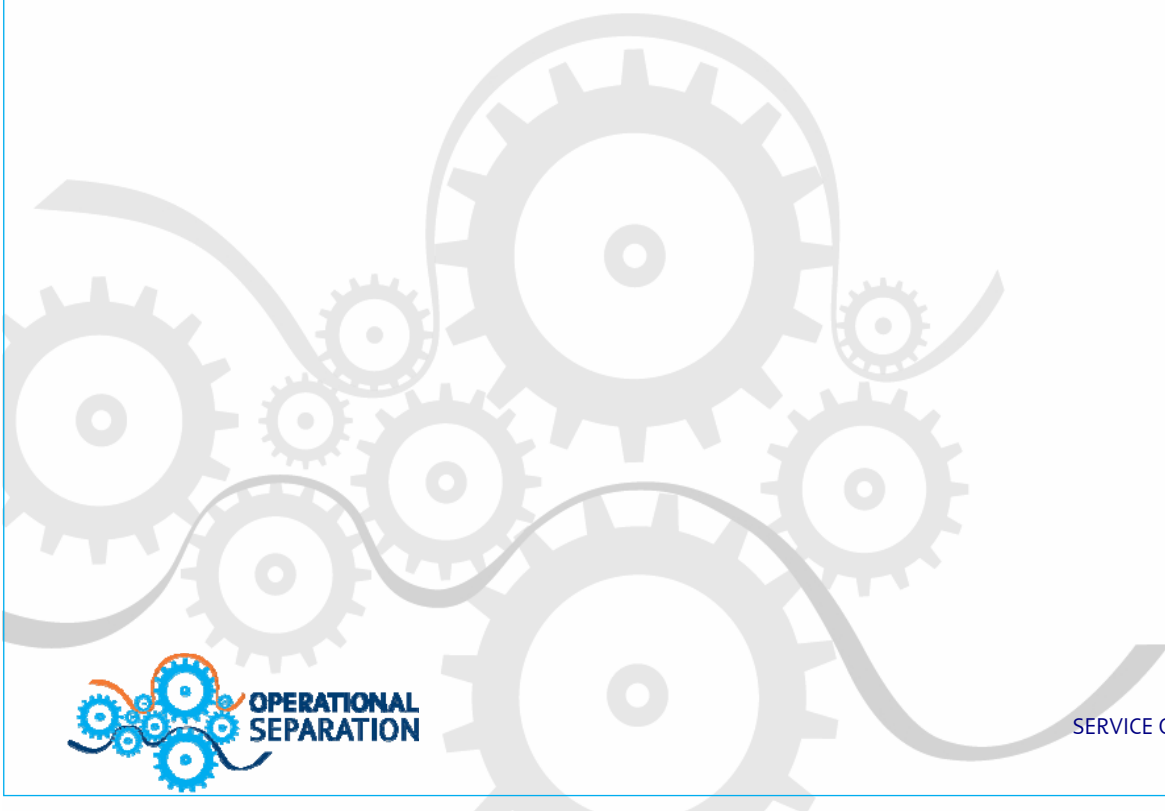


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Executive Summary

This is the third report that provides the quarterly results of Telstra's performance in achieving its commitments under the Operational Separation regulatory framework in respect of the equivalence of the operational quality of Designated Services supplied to wholesale customers and to the Retail Business Units.

In total there are 23 key performance measures reported upon in this document. The measures are reported separately for residential and business customers, where appropriate.

The first 19 metrics cover the quality of services supplied for the Designated Services (as determined by the Minister), those being:

1. Domestic PSTN Originating Access (metrics 1-7);
2. Domestic PSTN Terminating Access (metrics 1-7);
3. Local Carriage Service (metrics 1-7);
4. Wholesale ADSL Layer 2 Service (metrics 8-11);
5. Line Sharing Service (metrics 12-14);
6. Unconditional Local Loop (metrics 15-17); and
7. Domestic Transmission Capacity Service (metrics 18-19).

The last 4 measures relate to the timeliness of:

1. Billing (metric 20);
2. Access to exchanges (metrics 21-22), and
3. Resolution of complaints (metric 23).

The first 11 metrics, as well as metrics 18, 19 and 20 compare the performance of services delivered to the retail business units with the performance of services delivered to wholesale customers. The metrics for business and residential data are reported separately.

Metric 23 compares the percentage of wholesale customer and retail business unit complaints resolved within target.

Where the result for these metrics shows a variance greater than the reporting threshold of 2%, an explanation is provided in Section 3 of this report.

The remaining metrics, 12 to 17, 21 and 22, are measures for wholesale service delivery only. These metrics measure the percentages of services supplied to wholesale customers that meet the wholesale targets. All these metrics, apart from metric 12, contain combined data for business and residential customers because in most instances it is not possible for Telstra to distinguish the type of end customer that Telstra's wholesale customer provides a service to. A target of 90% is applicable to these metrics. Where this target is exceeded this is stated. Where the results show a variance of less than -2%, an explanation is provided in Section 3 of this report.

The results for the June 2007 quarter (April, May and June 2007) are summarised in Table 1.1 and Table 1.2.

For the metrics in Table 1.1, a positive percentage indicates that the performance for wholesale customers exceeds performance for retail business units. A result of 0% indicates that the performance for wholesale customers equals the performance for retail business units. A negative percentage indicates that the performance for retail business units exceeds the performance for wholesale customers. The nature of Metric 7 is different from all other metrics in that it measures a negative characteristic: the ratio of wholesale faults to retail faults. Therefore for Metric 7, a positive percentage indicates that performance for retail business units exceeds the performance for wholesale customers, and a negative percentage indicates that the performance for wholesale customers exceeds performance for retail business units.

Table 1.1 June 2007 Quarter Results for Metrics Comparing Wholesale and Retail Performance by end customer type

			Business Variance	Residential Variance	Variance Explanation (where required)
Metric 1	Basic Telephone Service – Activation	The percentage of basic telephone service customer installation orders provisioned in the quarter on or by the performance standard – previous service available for automatic connection	1.18%	-0.78%	
Metric 2	Basic Telephone Service – Activation	The percentage of basic telephone service customer installation orders provisioned in the quarter, on or by the performance standard – new service with available cabling and capacity	6.22%	-2.11%	<p>Business variance due to: differences in order entry processes between wholesale and retail business units and consequent resource demands on the Retail businesses.</p> <p>Residential variance due to: Telstra's response to adverse weather impacts in a single region. As a result of excessive rainfall in that area Telstra invoked internal tools to meet customers' needs and prioritise the orders. Regulated Priority Assistance customers were connected first and best efforts were then made to meet the remaining orders subject to consideration of legislated CSG eligibility which also requires mandated timeframes be met. Orders which did not have CSG eligibility were given a lower priority. There was a significant volume skew to retail customers for these types of orders in this region in this month which had an undue impact on the overall result for this metric for this quarter.</p>
Metric 3	Basic Telephone Service – Activation	The percentage of basic telephone service orders provisioned in the quarter, on or by the performance standard – new service which requires additional cable or network capacity	1.36%	-6.43%	<p>Residential variance due to: the method of calculation of this variance and delays in infrastructure upgrades.</p> <p>For consistency we have continued to exclude from the calculation all retail situations where an interim service has been provided. No adjustment is made for situations where the interim was provided after the performance standard was missed. This impacts the variance in favour of Retail. We note that if these interims were excluded to allow a like with like comparison the variance reduces to -2.50%.</p> <p>The variance of -2.50% is explained by significant growth in two exchanges which required infrastructure upgrades to address the demand. There were delays in the supply of the required exchange materials which meant that orders were not completed within the performance standard for defined periods. This had a greater impact on wholesale than retail because of the high proportion of wholesale orders in these exchanges.</p>

			Business Variance	Residential Variance	Variance Explanation (where required)
Metric 4	Basic Telephone Service – Activation	The percentage of basic telephone service order appointments that are met in the quarter	0.27%	1.01%	
Metric 5	Basic Telephone Service – Faults and Maintenance	The percentage of basic telephone service faults that are rectified in the quarter, on or by the performance standard	0.85%	-1.30%	
Metric 6	Basic Telephone Service – Faults and Maintenance	The percentage of basic telephone service fault appointments that are met in the quarter	1.11%	0.41%	
Metric 7 *	Basic Telephone Service – Faults and Maintenance	The percentage difference in recurring Fault ratio	0.25%	-1.25%	
Metric 8	ADSL Activation	The percentage of services provisioned within performance standard – where the customer or end-user has an existing and functioning basis telephone service capable of supporting ADSL services	1.09%	1.64%	
Metric 9	ADSL Activation	The percentage of services provisioned within performance standard – held orders	-0.66%	0.37%	
Metric 10	ADSL – Faults and Maintenance	The percentage of faults rectified within performance standard	6.07%	4.80%	Business and Residential Variance due to: 1. Differences in the approach to fault diagnostics which isolate the root cause of the fault. This resulted in the Wholesale business unit isolating the root cause and as a consequence necessary repairs occurred in a shorter timeframe. 2. The lower number of site visits required to address wholesale faults as the scope of Telstra's responsibilities on these faults can be tested remotely and, where the fault is in our network, can more often be repaired remotely taking less time.
Metric 11	ADSL – Faults and Maintenance	The percentage of appointments kept	1.45%	-0.29%	
Metric 18 ^	Domestic Transmission – Activation	The percentage of domestic transmission capacity service orders provisioned on or by the target time	-4.17%	N/A	Variance due to: extremely small number of retail orders. Wholesale orders represent 95% of the total orders. This is a statistically insignificant result.
Metric 19 ^	Domestic Transmission – Faults and Maintenance	The percentage of faults rectified within target time	3.51%	N/A	Variance due to: extremely small number of retail orders. Wholesale orders represent 93% of the total orders. This is a statistically insignificant result.
			Combined Business and Residential Variance		Variance Explanation (where required)
Metric 20	Billing Timelines	Current charges generated in Telstra's systems presented on bill	0.02%		
Metric 23	Complaints	Percentage of complaints resolved within target time		-	Note: There were no recorded operational separation specific complaints from Telstra Wholesale customers or from retail business units during the period. A single complaint was received through the normal complaints handling process that referenced our Operational Separation obligations. This was resolved within 30 days

* Positive result for this metric only indicates result in favour of retail, negative result indicates result in favour of wholesale.

^ Business products

Table 1.2 compares the service delivery performance for wholesale customers against the target level of performance of 90%. A negative result indicates that Telstra performed below the target to the extent of the reported percentage.

Table 1.2 June 2007 Quarter Results for Wholesale Metrics compared against Wholesale service targets

			Business Variance	Residential Variance	Variance Explanation (where required)
Metric 12	SSS – Activation	The percentage of SSS completed within target time	Exceeded target	Exceeded target	
			Combined Business and Residential Variance		Variance Explanation (where required)
Metric 13	SSS – Activation	The percentage of SSS MNM completed within target time	N/A		Note: The data required for this metric is currently combined with metric 12 above. Telstra's databases are being updated to allow this data to be separated into single and Mass Network Migration cutovers.
Metric 14	SSS – Faults and Maintenance	The percentage of faults rectified within target time	1.72%		
Metric 15	ULL – Activation	The percentage of ULL Cutovers completed on or by agreed timeframe	Exceeded target		
Metric 16	ULL – Activation	The percentage of ULL MNM Cutovers completed on or by agreed timeframe	Exceeded target		
Metric 17	ULL – Faults and Maintenance	The percentage of faults rectified within target time	Exceeded target		
Metric 21	Access to Exchanges	The percentage of electronic access cards provisioned in the quarter on or by the performance standard	Exceeded target		
Metric 22	Access of Exchanges	The percentage of credential keys provisioned in the quarter on or by the performance standard.	Exceeded target		

It can be concluded from the results for the June 2007 quarter that Telstra does not engage in systematic discrimination in favour of retail business or retail residential customers at the expense of wholesale business and residential customers.

1. Introduction

This is the third report that provides the quarterly results of Telstra's performance in achieving our commitments under the Operational Separation regulatory framework in respect of the equivalence of the operational quality of Designated Services supplied to wholesale customers and to the Retail Business Units.

The aim of this report is to present publicly the results of Telstra's performance on service quality. Most of the key performance indicators (KPIs) are designed to compare the performance of services supplied to Telstra's wholesale customers with Telstra's retail business units in terms of the timeliness of various aspects of service delivery. For the remaining KPIs there is no equivalent retail service for comparison against the wholesale service. Instead the remaining KPIs compare performance against a wholesale service target. To the extent that the results compare favourably, the standard of service delivery that Telstra is supplying to wholesale customers meets or exceeds the regulatory requirements.

The KPIs cover ordering and provisioning in the connection of new services and the handling of faults for the Designated Services (as per the *Telecommunications (Operational Separation – Designated Services) Determination (No. 1) 2005*). The KPIs also cover specific metrics relating to billing to wholesale customers, access to exchanges, and complaint resolution between retail business unit and wholesale customer complaints, as required by Telstra's Operational Separation Plan.

This report is produced quarterly and is released approximately two months after the end of the relevant calendar quarters, which are January to March, April to June, July to September and October to December.

1.1 Background to Operational Separation

Operational Separation is implemented as a statutory condition of Telstra's carrier licence, specified in Part 8 of Schedule 1 to the *Telecommunications Act 1997*.

Operational Separation is designed to address concerns that arise from Telstra's ownership of the infrastructure which other telecommunications companies need to access and interconnect with in order to provide services to consumers. The

objective of Operational Separation is to promote transparency and equivalence in the supply by Telstra of key services to other telecommunications companies.

Under the legislative framework Telstra was required to prepare a draft plan for Operational Separation, undertake public consultation and submit the draft plan to the Minister for approval. The draft plan was required to meet the legislative requirements set out in Schedule 1 to the Telecommunications Act and in two Determinations made by the Minister under the Act: the *Telecommunications (Requirements for Operational Separation Plan) Determination (No. 1) 2005*; and the *Telecommunications (Operational Separation – Designated Services) Determination (No. 1) 2005*.

After consultation with Telstra and the ACCC, and taking into consideration the views of industry stakeholders and members of the public, the Minister approved Telstra's Operational Separation plan on 23 June 2006.

Telstra's Operational Separation Plan supports the provision of high quality wholesale services through the establishment of four strategies (Customer Responsiveness Strategy, Service Quality Strategy, Information Equivalence Strategy and Information Security Strategy), a Price Equivalence Framework and internal contracts.

This report contains the quarterly performance results of the KPIs detailed in the Service Quality Strategy.

A copy of Telstra's Operational Separation Plan, the four strategies, the Price Equivalence Framework and the internal contracts can be found on Telstra Wholesale's website:

http://telstrawholesale.com/custsupp/performance_separation.cfm.

1.2 Relationship to Accounting Separation

Operational Separation was introduced to extend the regulatory arrangements in place under Accounting Separation since 2003 with a more comprehensive set of obligations.

Accounting Separation is a set of rules that are implemented through a record keeping rule (RKR) developed by the ACCC under the Trade Practices Act 1974. These rules require Telstra to:

1. Prepare and report to the ACCC current cost and historic cost accounts for regulated services;
2. Measure and report KPIs to the ACCC for non-price terms and conditions (NPTC) that compare service performance between retail and wholesale supplied services; and
3. Perform and report to the ACCC imputation testing of core telecommunications services supplied to access seekers.

The second requirement of Accounting Separation that is listed above corresponds to the metrics described and reported in this Service Quality Report under the Operational Separation framework. Details of the Accounting Separation record keeping rules are available on the ACCC website under monitoring and reporting in the communications section of their website.

Compared to the NPTC requirements of Accounting Separation, the Service Quality Strategy (SQS) has a broader scope and is more accurate than Accounting Separation. The SQS covers an additional 12 metrics and uses more precise data by including mass service disruptions, counting speed changes as speed changes, rather than as new services, and excluding interim services. Therefore, the service quality metrics for Operational Separation are superior to the KPIs of Accounting Separation, and for this reason Telstra believes that Accounting Separation should be removed immediately.

1.3 Purpose of the Report

This report is published to openly convey to the public, the industry, the Australian Consumer and Competition Commission and the government information about measures of Telstra's performance in meeting its service commitments under Operational Separation.

1.4 Contents of this report

This report contains the following sections:

- Section 2 contains the performance standards for each metric as published in the Service Quality Strategy;
- Section 3 details the results for this quarter and provides explanations for the results of metrics with variances which exceed the reporting threshold of 2%; and
- Section 4 compares the results for this quarter with the previous three quarters.

1.5 Description of the Key Performance Indicators (KPIs)

This report provides the quarterly results of Telstra's performance in achieving our commitments under the Operational Separation regulatory framework in respect of the equivalence of the operational quality of Designated Services supplied to wholesale customers and to the Retail Business Units.

In total there are 23 key performance measures reported upon in this document. The measures are reported separately for residential and business customers, where appropriate.

The first 19 metrics cover the quality of services supplied for the Designated Services (as determined by the Minister), those being:

1. Domestic PSTN Originating Access (metrics 1-7);
2. Domestic PSTN Terminating Access (metrics 1-7);
3. Local Carriage Service (metrics 1-7);
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5. Line Sharing Service (metrics 12-14);
6. Unconditional Local Loop (metrics 15-17); and
7. Domestic Transmission Capacity Service (metrics 18-19).

The last 4 measures relate to the timeliness of:

1. Billing (metric 20);
2. Access to exchanges (metrics 21-22), and
3. Resolution of complaints (metric 23).

The first 11 metrics, as well as metrics 18, 19, 20 and 23 compare the performance of services delivered to the retail business units with the performance of services delivered to wholesale customers. Where the result shows a variance greater than the 2% reporting threshold, an explanation is provided. The 2% reporting threshold is applied to business and residential data separately.

The remaining metrics, 12 to 17, 21 and 22, are measures for wholesale service delivery only. These metrics measure the percentages of services supplied to wholesale customers that meet the wholesale targets. All these metrics, apart from metric 12, contain combined data for business and residential customers because in most instances it is not possible for Telstra to distinguish the type of end customer that Telstra's wholesale customer provides a service to. A threshold of 90% is applicable to these metrics. Where the results show a variance of less than -2% an explanation is provided.

2. Key Performance Indicators and Performance Standards

The following table contains the performance standards for each metric as published in the Service Quality Strategy.

Table 2.1 Basic Telephone Service – Activation

Metric	Measure	Performance standard [#] (where applicable)
1	The percentage of basic telephone service customer installation orders provisioned in the quarter on or by the performance standard - previous service available for automatic connection (ie an In-place Connection).	2 Working Days ^{*^}
2	The percentage of basic telephone service customer installation orders provisioned in the quarter on or by the performance standard - new service with available cabling and capacity.	Urban - 5 Working Days ^{*^} Major Rural - 10 Working Days ^{*^} Minor Rural - 10 Working Days ^{*^} Remote - 15 Working Days ^{*^}
3	The percentage of basic telephone service orders provisioned in the quarter, on or by the performance standard - new service which requires additional cable or network capacity.	20 Working Days ^{*^}
4	The percentage of basic telephone service order appointments that are met in the quarter.	All locations - 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 Urban/Major Rural - appointment 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 registering their arrival time on their handhelds.

- * Measured from the Application Date which is the date Telstra receives a correct and valid application from the customer to the Completion Date which is 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
- # Excludes Interim Orders and Withdrawn Orders, and only applies to Basic Telephone Services supplied over the PSTN
- ^ Where the CRD or RCRD is longer than the performance standard, then the CRD or RCRD will be the performance standard (or Telstra commitment date).

Table 2.2 Basic Telephone Service – Faults and Maintenance

Metric	Measure	Performance standard [#] (where applicable)
5	The percentage of basic telephone service Faults that are rectified in the quarter, on or by the performance standard.	<p>Urban - 1 full Working Day after report of fault ^{^*}</p> <p>Major Rural and Minor Rural - 2 full Working Days after report of fault ^{^*}</p> <p>Remote - 3 full Working Days after report of fault ^{^*}</p>
6	The percentage of basic telephone service Fault appointments that are met in the quarter.	<p>All locations - 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</p> <p>Urban/Major Rural - appointment 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</p> <p>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</p> <p>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 registering their arrival time on their handhelds.</p>
7	The percentage difference in recurring Fault ratio.	Percentage of basic telephone service Faults that are re-reported in 60 calendar days in the quarter

- [^] Where the CRD or RCRD is longer than the performance standard, then the CRD or RCRD will be the performance standard (or Telstra commitment date).
- ^{*} Measured from the “call date and time” which is the date and time the fault call was logged by Telstra (in Telstra’s IT Systems) to the date and time the technician records that the Fault is repaired. If the call date and time is after 5pm of a Working Day, the baseline for calculating the performance standard moves to 9am the next Working Day.
- [#] Only applies to Basic Telephone Services supplied over the PSTN.

Table 2.3 Wholesale Layer 2 Service - Activation

Metric	Measure	Performance standard ^{^*} (where applicable)
8	The percentage of services provisioned within performance standard - where the customer or end-user has an existing and functioning basic telephone service capable of supporting ADSL services.	3 Working Days
9	The percentage of services provisioned within performance standard - held orders.	20 Working Days

[^] Where the CRD or RCRD is longer than the performance standard, then the CRD or RCRD will be the performance standard (or Telstra commitment date).

^{*} Measured from the Creation Date which is the date Telstra enters the order into the relevant provisioning system to the Completion Date which is the last date recorded against the following stages (where applicable) through which an order can pass:

- Plant assignment;
- Exchange activation.

Table 2.4 Wholesale Layer 2 Service – Faults and Maintenance

Metric	Measure	Performance standard (where applicable)
10	The percentage of Faults rectified within performance standard.	Urban - by the end of the first full Working Day after the fault report is received* Major Rural and Minor Rural - by the end of 2 full Working Days after the fault report is received* Remote - by the end of 3 full Working Days after the fault report is received*
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 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 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

^{*} Measured from the "Call Date" which is the date the fault call is received to the earlier of:

- the date and time that the tester enters an actual restore against the order; or
- the date and time the field technician enters as the restore time.

Table 2.5 Line Sharing Service - Activation

Metric	Measure	Performance standard (where applicable) ^*
12	The percentage of LSS completed within target time.	3 Working Days
13	The percentage of LSS MNM completed within target time.	Based on customer agreed date

* Measured from the Creation Date which is the date Telstra enters the order into the relevant provisioning system to the Completion Date which is the last date recorded against the following stages (where applicable) through which an order can pass:

- Plant assignment;
- Exchange activation.

^ Where the CRD or RCRD is longer than the performance standard, then the CRD or RCRD will be the performance standard (or Telstra commitment date).

Table 2.6 Line Sharing Service – Faults and Maintenance

Metric	Measure	Performance standard (where applicable)*
14	The percentage of Faults rectified within target time.	Urban - by the end of the first full Working Day after the fault report is received Major Rural and Minor Rural - by the end of 2 full Working Days after the fault report is received Remote - by the end of 3 full Working Days after the fault report is received

* Measured from the “call date and time” which is the date and time the fault call was logged by Telstra (in Telstra’s IT Systems) to the date and time the technician records that the Fault is repaired. If the call date and time is after 5pm of a Working Day, the baseline for calculating the performance standard moves to 9am the next Working Day.

Table 2.7 Unconditional Local Loop Service - Activation

Metric	Measure	Performance standard (where applicable)*
15	The percentage of ULLS Individual Cutovers completed on or by agreed timeframe.	Based on customer agreed date selected from the following timeframes and corresponding to the following ULLS bands: Band 1 and 2 - between 5 and 30 clear Working Days Band 3 and 4 - between 10 and 30 clear Working Days
16	The percentage of ULLS MNM Cutovers completed on or by agreed timeframe.	Based on customer agreed date selected from the following timeframes and corresponding to the following ULLS bands: Band 1 and 2 - between 5 and 30 clear Working Days Band 3 and 4 - between 10 and 30 clear Working Days

* Measured from the Application Date which is the date Telstra receives the ULLS cutover notification advice from the Access seeker to the Completion Date which is 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.

Table 2.8 Unconditional Local Loop Service – Faults and Maintenance

Metric	Measure	Performance standard (where applicable)*
17	The percentage of Faults rectified within the target timeframe.	<p>Band 1 and 2 - by the end of the first full Working Day after the report is received</p> <p>Band 3 - by the end of 2 full Working Days after the report is received</p> <p>Band 4 - by the end of 3 full Working Days after the report is received</p>

* Measured from the “call date and time” which is the date and time the fault call was logged by Telstra (in Telstra’s IT Systems) to the date and time the technician records that the Fault is repaired. If the call date and time is after 5pm of a Working Day, the baseline for calculating the performance standard moves to 9am the next Working Day.

Table 2.9 Domestic Transmission Capacity Service – Activation

Metric	Measure	Performance standard (where applicable)*^
18	The percentage of Domestic Transmission Capacity Service orders provisioned on or by the target timeframe.	<p>Category 1 Order: Metro - 9 Working Days Country - 19 Working Days</p> <p>Category 2 Order: Metro - 19 Working Days Country 39 - Working Days</p> <p>Category 3 Order: Metro only - 24 Working Days</p>

* Measured from the Application Date which is the date that Telstra received a correct and valid application from the customer to the Completion Date which is 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

^ Where the CRD or RCRD is longer than the performance standard, then the CRD or RCRD will be the performance standard (or Telstra commitment date).

Table 2.10 Domestic Transmission Capacity Service – Faults and Maintenance

Metric	Measure	Performance standard (where applicable)**
19	The percentage of Faults rectified within the target timeframe.	<p>Urban - 1 Working Day</p> <p>Rural - 2 Working Days</p> <p>Remote - 3 Working Days</p>

* 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:

- the date and time that the tester enters an actual restore against the order; or
- the date and time the field technician enters as the restore time.

If the call date and time is after 5pm of a Working Day, the baseline for calculating the performance standard moves to 9am the next Working Day.

* The applicable performance standard is dependent on the location of the fault, and not the location of the terminating points of the service.

Table 2.11 Billing Timeliness

Metric	Measure	Performance Standard
20	Billing Timeliness - Current charges generated in Telstra's systems presented on bill.	Wholesale charges - not older than 95 days Retail charges - not older than 190 days

Table 2.12 Access to Exchanges

Metric	Measure	Performance Standard*
21	The percentage of electronic access cards provisioned in the quarter on or by the performance standard.	5 clear Business Days
22	The percentage of credential keys provisioned in the quarter on or by the performance standards.	20 clear Business Days

* Measured from the date of receipt of a valid and complete application form.

Table 2.13 Resolution of Complaints

Metric	Measure	Performance Standard*
23	The percentage of complaints resolved within target	30 clear Business Days

Further details, including definitions, are provided in the Service Quality Strategy available on Telstra's website at

http://www.telstrawholesale.com.au/custsupp/performance_separation.cfm

Note that certain conditions pertaining to the application of these metrics are detailed in the Service Quality Strategy.

3. Results for June 2007 Quarter

The tables in this section detail the results for the June 2007 quarter. Metrics reported in tables 3.1, 3.2, 3.3, 3.4, 3.9, 3.10 and 3.11 compare the performance of services delivered to the retail business units with the performance of services delivered to wholesale customers. For these metrics, a result of, for instance, 1%, means that the percentage of wholesale services that met the target, from all services delivered to wholesale customers, surpassed the percentage of retail services that met the target, from all services delivered to retail business units, by 1%. Similarly, for these metrics, a result of, for instance -1.5%, means that the percentage of retail services that met the target, from all services delivered to retail business units, surpassed the percentage of wholesale services that met the target, from all services delivered to wholesale customers, by 1.5%.

Note that metric 7 measures a negative characteristic so a positive difference for metric 7 means that wholesale customers experienced a higher recurring fault ratio than did retail business units and would indicate an inferior level of service for wholesale customers.

Where the result for a metric exceeds the reporting threshold of 2%, an explanation of the reasons for the variance is provided.

Tables 3.5, 3.6, 3.7, 3.8, and 3.12 contain measures which compare service delivery performance for wholesale customers against a target. A 90% target applies to the results for the metrics in these tables. Where this target is exceeded this is stated. Results that lie below -2% warrant an explanation of the causes leading to missing the target.

Table 3.1 Results for Basic Telephone Service - Activation

Metric	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	Variance Explanation (where required)
1	The percentage of basic telephone service customer installation orders provisioned in the quarter on or by the performance standard - previous service available for automatic connection (ie an In-place Connection).	1.18%	-0.78%	
2	The percentage of basic telephone service customer installation orders provisioned in the quarter on or by the performance standard - new service with available cabling and capacity.	6.22%	-2.11%	<p>Business variance due to: differences in order entry processes between wholesale and retail business units and consequent resource demands on the Retail businesses.</p> <p>Residential variance due to: Telstra's response to adverse weather impacts in a single region. As a result of excessive rainfall in that area Telstra invoked internal tools to meet customers' needs and prioritise the orders. Regulated Priority Assistance customers were connected first and best efforts were then made to meet the remaining orders subject to consideration of legislated CSG eligibility which also requires mandated timeframes be met. Orders which did not have CSG eligibility were given a lower priority. There was a significant volume skew to retail customers for these types of orders in this region in this month which had an undue impact on the overall result for this metric for this quarter.</p>

Metric	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	Variance Explanation (where required)
3	The percentage of basic telephone service orders provisioned in the quarter, on or by the performance standard - new service which requires additional cable or network capacity.	1.36%	-6.43%	<p>Residential variance due to: the method of calculation of this variance and delays in infrastructure upgrades.</p> <p>For consistency we have continued to exclude from the calculation all retail situations where an interim service has been provided. No adjustment is made for situations where the interim was provided after the performance standard was missed. This impacts the variance in favour of Retail. We note that if these interims were excluded to allow a like with like comparison the variance reduces to -2.50%.</p> <p>The variance of -2.50% is explained by significant growth in two exchanges which required infrastructure upgrades to address the demand. There were delays in the supply of the required exchange materials which meant that orders were not completed within the performance standard for defined periods. This had a greater impact on wholesale than retail because of the high proportion of wholesale orders in these exchanges..</p>
4	The percentage of basic telephone service order appointments that are met in the quarter.	0.27%	1.01%	

Table 3.2 Results for Basic Telephone Service – Faults and maintenance

Metric	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	Variance Explanation (where required)
5	The percentage of basic telephone service Faults that are rectified in the quarter, on or by the performance standard.	0.85%	-1.30%	
6	The percentage of basic telephone service Fault appointments that are met in the quarter.	1.11%	0.41%	
7	The percentage difference in recurring Fault ratio.	0.25%	-1.25%	

Table 3.3 Results for Wholesale Layer 2 Service - Activation

Metric	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	Variance Explanation (where required)
8	The percentage of services provisioned within performance standard - where the customer or end-user has an existing and functioning basic telephone service capable of supporting ADSL services.	1.09%	1.64%	
9	The percentage of services provisioned within performance standard - held orders.	-0.66%	0.37%	

Table 3.4 Results for Wholesale Layer 2 Service – Faults and Maintenance

Metric	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	Variance Explanation (where required)
10	The percentage of Faults rectified within performance standard.	6.07%	4.80%	Business and Residential Variance due to: <ol style="list-style-type: none"> 1. Differences in the approach to fault diagnostics which isolate the root cause of the fault. This resulted in the Wholesale business unit isolating the root cause and as a consequence necessary repairs occurred in a shorter timeframe. 2. The lower number of site visits required to address wholesale faults as the scope of Telstra's responsibilities on these faults can be tested remotely and, where the fault is in our network, can more often be repaired remotely taking less time.
11	The percentage of appointments kept.	1.45%	-0.29%	

Table 3.5 Results for Line Sharing Service - Activation

Metric	Measure	Business Customers Variance between actual and performance target	Residential Customers Variance between actual and performance target	Variance Explanation (where required)
12	The percentage of LSS completed within target time.	Exceeded target	Exceeded target	
13*	The percentage of LSS MNM completed within target time.	N/A	N/A	Note: The data required for this metric is currently combined with metric 12 above. Telstra's databases are being updated to allow this data to be separated into single and Mass Network Migration cutovers.

* Note that Telstra expects that separate data for metrics 12 and 13 will be reported in the September quarter report.

Table 3.6 Results for Line Sharing Service – Faults and Maintenance

Metric	Measure	Variance between actual and performance target	Variance Explanation (where required)
14	The percentage of Faults rectified within target time.	1.72%	

Table 3.7 Results for Unconditional Local Loop Service - Activation

Metric	Measure	Variance between actual and performance target	Variance Explanation (where required)
15	The percentage of ULLS Individual Cutovers completed on or by agreed timeframe.	Exceeded target	
16	The percentage of ULLS MNM Cutovers completed on or by agreed timeframe.	Exceeded target	

Table 3.8 Results Unconditional Local Loop Service – Faults and Maintenance

Metric	Measure	Variance between actual and performance target	Variance Explanation (where required)
17	The percentage of Faults rectified within the target timeframe.	Exceeded target	

Table 3.9 Results for Domestic Transmission Capacity Service – Activation

Metric	Measure	Variance between performance for wholesale customers and retail business units	Variance Explanation (where required)
18*	The percentage of Domestic Transmission Capacity Service orders provisioned on or by the target timeframe.	-4.17%	Variance due to extremely small number of retail orders. Wholesale orders represent 95% of the total orders. This is a statistically insignificant result.

* This service applies to business customers only

Table 3.10 Results for Domestic Transmission Capacity Service – Faults and Maintenance

Metric	Measure	Variance between performance for wholesale customers and retail business units	Variance Explanation (where required)
19*	The percentage of Faults rectified within the target timeframe.	3.51%	Variance due to extremely small number of retail orders. Wholesale orders represent 93% of the total orders. This is a statistically insignificant result.

* This service applies to business customers only

Table 3.11 Results for Billing Timeliness

Metric	Measure	Variance between performance for wholesale customers and retail business units	Variance Explanation (where required)
20	Billing Timeliness - Current charges generated in Telstra's systems presented on bill.	-0.02%	

Table 3.12 Results for Access to Exchanges

Metric	Measure	Variance between actual and performance target	Variance Explanation (where required)
21	The percentage of electronic access cards provisioned in the quarter on or by the performance standard.	Exceeded target	
22	The percentage of credential keys provisioned in the quarter on or by the performance standards.	Exceeded target	

Table 3.13 Results for Resolution of Complaints

Metric	Measure	Variance between performance for wholesale customers and retail business units	Variance Explanation (where required)
23*	The percentage of complaints resolved within 30 days	-	Note: There were no recorded operational separation specific complaints from Telstra Wholesale customers or from retail business units during the period. A single complaint was received through the normal complaints handling process that referenced our Operational Separation obligations. This was resolved within 30 days

* There were no recorded operational separation complaints from Telstra wholesale customers or from retail business units.

4. Results for the Last Four Quarters

This report is the third of a series and data for only three quarters is reported. Subsequent reports will show the trends in reported metrics over to prior periods building up to a total of four quarters.

Section 4.1 presents the results for the metrics which compare Telstra's performance in service delivery to retail business units with the performance in service delivery to wholesale customers. Each of the metrics in section 4.1 compare actual performance against the performance standards listed in section 2.

Section 4.2 presents the results for the metrics which compare Telstra's performance in service delivery to wholesale customers against the target of 90%. Each of the metrics in section 4.2 compare actual performance against the performance standards listed in section 2.

4.1 Metrics Comparing Wholesale with Retail Performance

Tracking performance over a year reveals trends, transitional or seasonal variations in performance over time. Table 4.1a, Table 4.1b and Table 4.1c show the metric results comparing the performance in delivery of wholesale and retail services for residential and business customers. Table 4.1d shows the metric results comparing complaint resolution between wholesale customer and retail business unit complaints.

For the metrics in Table 4.1a, Table 4.1b and Table 4.1c a positive percentage indicates that the performance for wholesale customers exceeds performance for retail business units. A result of 0% indicates that the performance for wholesale customers equals the performance for retail business units. A negative percentage indicates that the performance for retail business units exceeds the performance for wholesale customers.

The nature of Metric 7 is different from all other metrics in that it measures a negative characteristic: the ratio of wholesale faults to retail faults. Therefore for this metric only a positive percentage indicates that performance for retail

business units exceeds the performance for wholesale customers, and a negative percentage indicates that the performance for wholesale customers exceeds performance for retail business units.

Table 4.1a Performance for Residential Customers

	Dec-06	Mar-07	Jun-07	Sep-07	Average
Metric 1	-0.64%	-0.48%	-0.78%		-0.63%
Metric 2	-0.12%	-1.42%	-2.11%		-1.22%
Metric 3	2.02%	-6.07%	-6.43%		-3.49%
Metric 4	1.11%	0.95%	1.01%		1.02%
Metric 5	-1.44%	-0.84%	-1.30%		-1.19%
Metric 6	0.31%	-0.27%	0.41%		0.15%
Metric 7	-0.27%	-1.32%	-1.25%		-0.95%
Metric 8	1.67%	1.58%	1.64%		1.63%
Metric 9	0.49%	0.28%	0.37%		0.38%
Metric 10	1.48%	4.59%	4.80%		3.62%
Metric 11	0.11%	0.20%	-0.29%		0.01%

Table 4.1b Performance for Business Customers

	Dec-06	Mar-07	Jun-07	Sep-07	Average
Metric 1	-0.09%	0.16%	1.18%		0.42%
Metric 2	1.22%	4.41%	6.22%		3.95%
Metric 3	12.29%	-6.70%	1.36%		2.32%
Metric 4	1.25%	1.24%	0.27%		0.92%
Metric 5	1.48%	0.49%	0.85%		0.94%
Metric 6	0.71%	0.02%	1.11%		0.61%
Metric 7	0.61%	0.22%	0.25%		0.36%
Metric 8	1.27%	1.56%	1.09%		1.31%
Metric 9	0.00%	-2.13%	-0.66%		-0.93%
Metric 10	-2.90%	6.44%	6.07%		3.20%
Metric 11	-1.84%	-0.48%	1.45%		-0.29%
Metric 18	-9.62%	-3.78%	-4.17%		-5.86%
Metric 19	1.58%	-1.11%	3.51%		1.33%

Table 4.1c Performance for Combined Residential and Business Customers

	Dec-06	Mar-07	Jun-07	Sep-07	Average
Metric 20	-0.02%	-0.14%	-0.02%		-0.06%

Table 4.1d Performance for Complaint handling

	Dec-06	Mar-07	Jun-07	Sep-07	Average
Metric 23	-	-	-		-

Note: There were no recorded operational separation complaints from Telstra wholesale customers or from retail business units for the reported quarters.

4.2 Metrics Comparing Wholesale Performance Against Target

Table 4.2a and Table 4.2b show the metric results comparing the performance of service delivery to wholesale customers against the target level of performance of 90%. A negative result indicates that Telstra performed below the target to the extent of the reported percentage.

Table 4.2a Performance for Metric 12 Residential and Business

	Dec-06	Mar-07	Jun-07	Sep-07
Metric 12 Residential	Exceeded	Exceeded	Exceeded	
Metric 12 Business	Exceeded	Exceeded	Exceeded	

Table 4.2b Performance for Combined Residential and Business Customers

	Dec-06	Mar-07	Jun-07	Sep-07
Metric 13	N/A	N/A	N/A	
Metric 14	-12.17%	-16.29%	Exceeded	
Metric 15	Exceeded	-1.29%	Exceeded	
Metric 16	Exceeded	Exceeded	Exceeded	
Metric 17	Exceeded	-2.65%	Exceeded	
Metric 21	Exceeded	Exceeded	Exceeded	
Metric 22	Exceeded	Exceeded	Exceeded	

Glossary and Acronyms

ACCC	Australian Competition and Consumer Commission
ADSL	Asynchronous Digital Subscriber Line
CRD	Customer Required Date
DSLAM	Digital Subscriber Line Access Multiplexer
IWP	Internal Wholesale Price
IT	Information Technology
KPIs	Key Performance Indicators
LCS	Local Carriage Service
LSS	Line Sharing Service
MNM	Mass Network Migration
PSTN	Public Switched Telephone Network
PEF	Pricing Equivalence Framework
RAF	Regulatory Accounting Framework
RCRD	Revised Customer Required Date
SSS	Spectrum Sharing Service
ULLS	Unbundled Local Loop Service