

EXPLANATORY STATEMENT

Key Performance Indicators (non-price terms and conditions) Record Keeping Rule

The KPI measures outlined in the RKR were determined by the Commission after undertaking a thorough investigation of the systems used by Telstra for the supply of services to its wholesale and retail customers. In particular, the Commission examined in some detail Telstra's ordering and provisioning systems and its fault rectification systems with respect to wholesale and retail services.

A number of meetings were also conducted with industry representatives to canvass the possible key performance measures that could be used to identify possible discriminatory behaviour by Telstra in dealings with its retail customers compared to its wholesale customers.

The Commission issued a discussion paper in April 2003 setting out the Telstra proposed KPIs that could be used to meet the Government's initial reporting requirement (that is, an initial report for the quarter ending on 30 September 2003 must be supplied to the Commission by no later than 30 November 2003).

Given the tight time-frames associated with reporting on the KPIs for non-price terms and conditions, the Commission considered that a RKR should be issued to Telstra as soon as practicable to inform it of the required form of the information that for the initial RKR and enable it to start collecting the necessary information for the initial report. To that end an RKR for Telstra's initial report was issued on 26 June 2003.

However, subsequent to this Telstra informed the Commission that it would be unable to comply, or had other significant matters of concern, with certain requirements of the RKR for its initial report. The Commission thereby commenced dialogue with Telstra for the purpose of making revisions to the RKR.

The major changes to the KPI RKR include the following:

- clarification that the service being compared is the provision of basic access to retail and wholesale end-customers;
- making provision that the commencement time for fault reporting and provisioning requests occur when it is entered into Telstra's information systems;
- removal of the requirement to report recurring faults as the same fault;
- clarification of end time for fault repairs and provisioning;
- introducing greater consistency with CSG standards;
- removal of the KPI for billing as this is covered by industry (ACIF) processes.

The revised KPI RKR for Telstra's initial reports follows. This was issued to Telstra on 15 August 2003.

In terms of future reports, the Commission believes that the KPIs will require further modification, enhancement and/or additions for two main reasons. First, to address those industry concerns that have not been incorporated into the initial RKR and secondly, to ensure that the KPIs develop into the effective regulatory regime as envisaged by Government in its accounting separation legislation.

To this end, the Commission intends to adopt a phased approach to the development of KPIs. The Commission, therefore, will continue to discuss with Telstra, and industry more generally, a number of possible options to improve the KPIs in order to effectively meet the Government's stated policy objectives. The principal objective being to compare Telstra's performance in providing services to its retail customers as compared to the supply of services to its wholesale customers. In other words, the KPIs should be capable of assessing Telstra's relative performance in the relevant non-price areas. They however should also serve to ensure maximum transparency is available to the public, industry and the Government in respect to the treatment by Telstra of its wholesale and retail customers and the standard of Telstra's services to these customers. In this context, the Commission considers that for future KPI reports (to be addressed in a new RKR), Telstra should be required to provide a further disaggregation of business customers to enable further transparency in relation to its provision of core services to its retail and wholesale customers.

It should be noted that, as the Ministerial Direction requires the Commission to publish the KPI information provided by Telstra, the Commission intends to issue a further RKR requiring Telstra to provide the underlying data used to produce its KPI report at the same time that this report is provided to the Commission. This requirement will be additional to both the annual audit requirements (as part of the regulatory accounting framework) and the accompanying record-keeping declaration about the accuracy of quarterly KPI information provided to the Commission for publication.

Telstra believes that disclosing the underlying data would provide substantial scope for misunderstanding and misleading interpretation of the data. The Commission considers that for the initial report only the variance data will be disclosed, while Telstra's concerns are further investigated in considerations for future reports.

Non Price Terms and Conditions
Key Performance Indicator (Initial Reports)
Record-Keeping and Reporting Rules

Section 151BU
Part XIB Trade Practices Act 1974

Australian Competition and Consumer Commission

August 2003

TITLE

1. These rules made by the Commission pursuant to section 151BU of the *Trade Practices Act 1974*, may be referred to as the Non Price Terms and Conditions Key Performance Indicator Record-Keeping and Reporting Rules ('the 'Rules').

COMMENCEMENT

2. These Rules shall take effect on 14 August 2003.

INTERPRETATION

3. *Definitions:*

"basic access" means connection from the Network Boundary Point at the customer or end-user premises (as relevant) to the local Telstra telephone exchange providing access to Telstra's public switched telephone network for the purpose of providing voice telephony at 3.1 kHz.

"business customer group" means the group of end-user customers that do not fall within the residential customer group.

"carriage service provider" has the same meaning as in the *Telecommunications Act 1997*.

"carrier" has the same meaning as in the *Telecommunications Act 1997*.

"Commission" means that Australian Competition and Consumer Commission.

"customer group" means the 'business customer group' or the 'residential customer group'.

"customer service guarantee" means the *Telecommunications (Customer Service Guarantee) Standard* made pursuant to sections 115, 117, 120 and 125 (3) (a) of the *Telecommunications (Customer Protection and Service Standards) Act 1999*.

"fault" means a fault that arises on the network operated by Telstra in connection with a basic access service that is supplied to a Telstra retail customer or to a Telstra wholesale customer.

"network boundary point" means the point that is ascertained pursuant to section 22 of the *Telecommunications Act*.

"quarter" means a period of 3 months ending on 30 September, 31 December, 31 March or 30 June.

"RAF" means the *Telecommunications Industry Regulatory Accounting Framework*;

“residential customer group” means the group of end-user customers to which Telstra allocates an Exchange Line Non-business product code or an In Contact product code.

“specified retail service” has the meaning given in clause 5(1).

“specified wholesale service” has the meaning given in clause 5(1).

“subsidiary” means any entity that is a subsidiary of Telstra for the purposes of the RAF as it exists from time to time.

“Telstra” means Telstra Corporation Limited (ACN 051 775 556).

“Telstra retail” means the Telstra business units that supply services directly to end-user customers.

“Telstra wholesale” means the Telstra business units that contract to supply services to other carriers or carriage service providers.

APPLICATION

4. These rules apply to Telstra and, unless the Commission notifies otherwise, require it to keep records and report in respect of services that it supplies itself or which are supplied by a carrier or carriage service provider that is a subsidiary of Telstra.

RECORD KEEPING RULES

- 5 Telstra will establish and maintain written and electronic records containing information that compares the outcomes of Telstra’s performance for supply of specified retail services and specified wholesale services.
 - (1) *Specified retail and wholesale services:* The specified retail service concerning which Telstra will record this information is its supply of basic access to a Telstra retail customer. The specified wholesale service concerning which Telstra will record this information is its supply of basic access to a Telstra wholesale customer.
 - (2) *Customer aggregation:* Telstra will record this information in accordance with the customer group of the end-user customer to whom the service is supplied. To avoid doubt, the end-user customer is the person for whom the service is made available and may not be the person with whom the carrier supplying the end-user has the marketing relationship in respect of the service.
 - (3) *Terms of supply about which to keep records:* Telstra will keep records in respect of the terms of supply set out below. The records that are to be kept in respect of each of these terms are specified in clauses 6 to 7.
 - (a) faults and maintenance including appointments kept; and
 - (b) ordering and provisioning including appointments kept.

- 6 *Faults and maintenance:* Telstra will establish and maintain written and electronic records in respect of faults and maintenance.
- (1) *Records to be kept:* Telstra will record information in respect of each fault that is reported by a customer in respect of a specified retail service or a specified wholesale service. The information will comprise:
 - (a) the specified retail service or specified wholesale service to which the fault relates (which will be referred to as “the service” for the remainder of this clause 6(1));
 - (b) the customer group to which the end-user customer for the service belongs;
 - (c) the date and time on which the fault was entered into Telstra’s fault management information systems;
 - (d) the date and time when the service was restored;
 - (e) the date and time of the appointment (if any) that is made in respect of attendance at the end-user customer premises and whether Telstra kept the appointment; and
 - (f) whether or not the fault was rectified within the period allowed by the performance standard specified below.
 - (2) A single record will be created in respect of a fault on a specified retail service or specified wholesale service notwithstanding that there may be a number of causes for the fault on the service that require rectification.
 - (3) A separate record will be created for each specified retail service or specified wholesale service that is reported by a customer as affected by a fault, notwithstanding that the same cause has given rise to a fault on a series of such services.
 - (4) Whether or not an appointment is kept will be determined by applying the criteria that are specified in the customer service guarantee as it exists from time to time.
 - (5) *Performance standard:* Telstra will compare the time taken to repair faults against the time period that is allowed for fault rectification under the customer service guarantee as it exists from time to time.
 - (6) In calculating the period taken to correct the fault, the period will commence at the time on which the fault was entered into Telstra’s fault management information systems, and end at the time that the service was restored.
7. *Ordering and provisioning:* Telstra will establish and maintain written and electronic records in respect of ordering and provisioning of a specified retail service or a specified wholesale service.
- (1) *Records to be kept:* Telstra will record information in respect of each specified retail service or specified wholesale service (which will be referred to as “the service” for the remainder of this clause 7(1)) that is ordered. The information will comprise:
 - (a) the service to which the order relates;

- (b) the customer group to which the end-user customer for that service belongs;
 - (c) whether or not the ordered service can be provisioned by reconnecting a previous service that has been supplied to the end-user customer;
 - (d) whether or not additional cabling or capacity must be deployed so as to provision the ordered service;
 - (e) the Telstra retail customer or Telstra wholesale customer that placed the order;
 - (f) the date and time on which an order with complete information was recorded in Telstra's information systems;
 - (g) the date and time by which the order is required to be provisioned under the agreement that exists between Telstra and the Telstra retail customer or Telstra wholesale customer which has requested the provisioning (if applicable);
 - (h) the date and time on which the provisioning of the service is completed;
 - (i) the date and time of the appointment (if any) that is made in respect of attendance at the end-user premises and whether Telstra kept the appointment; and
 - (j) whether or not the service was provisioned within the period specified below in respect of the performance standard.
- (2) One record will be created in respect of each specified retail service or specified wholesale service that is ordered notwithstanding that a single order may relate to a series of such services.
 - (3) Whether or not an appointment is kept will be determined by applying the criteria that are specified in the customer service guarantee as it exists from time to time.
 - (4) *Performance standard:* Telstra will compare the time taken to provision a specified retail service or specified wholesale service that is ordered against the time period that is allowed for the connection of services under the customer service guarantee as it exists from time to time.
 - (5) In calculating the period taken to provision an ordered service, the period will commence at the time on which an order with complete information was recorded in Telstra's information systems, and end at the time that the provisioning of the service is completed.

REPORTING REQUIREMENTS

- 8. Telstra will provide the Commission with reports, prepared in respect of each quarter containing information required to be kept by Telstra in accordance with these Rules.
 - (1) *Information and format:* A quarterly report will contain the information, and be in the format, specified in Schedule A to these rules from time to time.

- (2) *Faults and maintenance:* The report will, in respect of faults and maintenance, contain, firstly for the business customer group and, secondly, for the residential customer group, the following:
- (i) the difference between:
 - (a) the percentage of customer reported faults on specified retail services supplied to Telstra retail customers that are rectified in the quarter within the period allowed by the performance standard specified at clause 6; and
 - (b) the percentage of customer reported faults on specified wholesale services supplied to Telstra wholesale customers that are rectified in the quarter within the period allowed by the performance standard specified at clause 6; and
 - (ii) the difference between:
 - (a) the percentage of end-user customer appointments that are kept within the meaning of clause 6(4) in the quarter in respect of faults on specified retail services supplied to Telstra retail customers; and
 - (b) the percentage of end-user customer appointments that are kept within the meaning of clause 6(4) in the quarter in respect of the rectification of faults on specified wholesale services supplied to Telstra wholesale customers.
- (3) *Ordering and provisioning:* The report will, in respect of the provisioning of ordered services, contain, firstly for the business customer group and, secondly, for the residential customer group, the difference between:
- (a) the percentage of specified retail services that are provisioned for Telstra retail customers in the quarter within the period allowed by the performance standard specified at clause 7; and
 - (b) the percentage of specified wholesale services that are provisioned for Telstra wholesale customers in the quarter within the period allowed by the performance standard specified at clause 7.
- (4) The report will contain information in respect of the following classes of ordered services:
- (a) services that involve the re-connection of a service previously supplied to the end-user customer;
 - (b) services that involve the connection of a new service but which do not require additional cabling or network capacity; and
 - (c) services that involve the connection of a new service which requires additional cabling or network capacity.

- (5) The report will, in respect of all ordered services, contain, firstly for the business customer group and, secondly, for the residential customer group, the difference between:
 - (a) the percentage of end-user customer appointments that are kept within the meaning of clause 7(3) in the quarter in respect of the provisioning of specified retail services for Telstra retail customers; and
 - (b) the percentage of end-user customer appointments that are kept within the meaning of clause 7(3) in the quarter in respect of the provisioning of specified wholesale services for Telstra wholesale customers.
9. *Declaration:* Each report will be accompanied by a record-keeping declaration, being a statement by the Chief Executive Officer of Telstra, or a delegated authority, that the reports are accurate in the same terms as required under the RAF from time to time.
10. *Provision of report:* The report will be provided to the Commission no later than 2 months after the end of the quarter to which it relates by email to: telstrarkr@acc.gov.au
11. *Audit requirements:* The quarterly reports that are submitted in the course of a financial year will be audited in accordance with these rules.
 - (1) A single audit will be undertaken each year in respect of the reports that are prepared under this Record Keeping Rule and an audit report provided to the Commission. The audit report will contain the information required of an audit report by the RAF from time to time.
 - (2) The audit report will be provided to the Commission by no later than 30 November. The audit report will relate to the report prepared for the quarter ending 30 September and (except in respect of the 2003 audit report) for the three quarters that preceded the quarter ending 30 September.
 - (3) The Commission may after consulting Telstra specify terms of reference for the audit of the reports.
 - (4) The Commission may after consulting with Telstra require Telstra to undertake at its own cost a re-audit of a report with terms of reference specified by the Commission.
 - (5) The Commission may in consultation with Telstra specify the auditor to conduct an audit, or a pool of auditors from which the auditor is to be selected.

SCHEDULE A

TELSTRA KEY PERFORMANCE INDICATOR REPORT FOR {QUARTER}

| Term of supply | Key performance indicator(s) | |
|---|-------------------------------------|--------------------|
| | Business | Residential |
| Faults and maintenance | | |
| Difference in % of faults rectified within performance standard | | |
| Difference in % of appointments kept | | |
| Ordering and provisioning | | |
| Difference in % of services provisioned within performance standard – re-connections | | |
| Difference in % of services provisioned within performance standard – new services with existing cabling and capacity | | |
| Difference in % of services provisioned within performance standard – new services without existing cabling or capacity | | |
| Difference in % of appointments kept | | |