

## NBN Select Committee Questions on Notice

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1. Mr Husic: In relation to the agreement, you have said that the RFD is on track for the 30 April submission. However, it took effect from 7 March once the definitive, binding agreements between Telstra and NBN took effect. What will happen for any employees that might be affected in the interim? How will they be treated? You have identified 6500 out of a 15,000 ops workforce that would be automatically eligible for training. What happens in the interim?

**Answer:**

Telstra must only use the funding from the Retraining Funding Deed for costs associated with the development and delivery of training courses to Telstra Employees in accordance with the requirements and objectives of the Deed, and in accordance with the Training Plan approved by the DBCDE.

The Retraining Funding Deed came into effect on 7 March 2012. It requires a draft Training Plan be developed and submitted to the Department by 30 April 2012 for approval and for prior and ongoing consultation with unions and the Department on retraining arrangements.

Until Telstra receives approval of the Training Plan from the Department, there is no retraining curriculum to be implemented under the terms of the Retraining Funding Deed. In the meantime, Telstra will consider the circumstances of individual employees affected by organisational change on a case by case basis.

2. Mr HUSIC: There are people being made redundant in the switched data network, which we have previously discussed. They work with copper or with HFC. There are a whole range of different platforms they are working on in network diagnostics and complex faults where that work is being offshored. From what I have seen of the RFD, those employees affected by the redundancies taking place now are probably eligible to be retrained. I am keen to know how that group of people would be picked up in the short term, bearing in mind you have a longer term game plan for retraining.

**Answer:**

On March 26, 2012, employees working within the Switch Data Network function were notified that three full-time positions in that area would be made redundant.

Given the draft Training Plan is not yet approved, and that these employees were not impacted by the decommissioning of the copper network or the deactivation of the HFC network as a consequence of the rollout of the National Broadband Network (NBN), Telstra considered the circumstances of these three employees on a case by case basis.

In this instance, the first employee was redeployed to another part of Telstra's business, the second employee has moved into a short term role while redeployment opportunities are being sought and the third employee voluntarily decided to accept a redundancy.

3. What I am keen to find out—and what you are indicating you will find out—is whether Telstra will retrain people in the terms of the RFD if they are found to be redundant now because of decisions Telstra is making that may be related to the fact that you are transitioning from a copper world to a fibre one?

**Answer:**

As outlined above, Telstra must only use the funding from the Retraining Funding Deed for costs associated with the development and delivery of training courses to Telstra Employees in accordance with the requirements and objectives of the Deed, and in accordance with the Training Plan approved by the DBCDE.

As the draft Training Plan is not scheduled to be provided to the DCBDE for consideration until 30 April 2012, and employees are not being affected as yet by the decommissioning of the copper network or the deactivation of the HFC network as a consequence of the rollout of the NBN, there is no retraining curriculum to be implemented under the terms of the Retraining Funding Deed. However, Telstra will consider the circumstances of individual employees, including the potential for redeployment within Telstra's business and to undergo existing Telstra retraining.

4. These are networks that cover banks, emergency services, mines—these are complex networks, where the work is being off-shored. Wipro is going to be getting the bulk of that work. They have got people here that I understand are basically going back to India, observing what is being done here and will do that work for Telstra over there. The people that are being made redundant here, the Telstra employees—and I certainly welcome your commitment to retrain them—do not have that option, from what I understand, of retraining. I am concerned that opportunities under the RFD are being missed and that those retraining opportunities are not being pursued.

**Answer:**

We understand that Mr Husic is referring to work within the Network Applications and Services business (NA&S), where 255 roles were proposed to be made redundant over a three year period. This was announced in early December 2011.

Mr Husic is correct in stating that these employees do not have the option of training under the RFD given the draft Training Plan has not been approved by the Department. However, other opportunities are being considered for these employees. This includes applying for fifty newly created or vacant jobs within the NA&S group, where affected employees are given preference. Additional redeployment opportunities within Telstra are also being sought and some employees have already transitioned to these new opportunities. It should be noted that when staff are redeployed during the normal course of business, they may receive retraining, which is funded by Telstra. Telstra has a training budget of \$46m per annum.

5. Mr HUSIC: Who within Telstra will be accountable for the oversight and implementation of the RFD?

Mr Shaw: If I am wrong I will come back to you, Mr Husic, but I think it is within the HR area. It has been the lead area in terms of managing the deed. That is the part of the business that

looks at our overall redeployment, retraining, redundancy arrangements. It should sit there, but if I have got that wrong I will certainly correct the record with you.

**Answer:**

The Human Resources department within Telstra implements the RFD. The NBN Transition Team within Telstra is responsible for its oversight.

6. Mr HUSIC: I know that you are still finalising the details of the plan itself before its submission on 30 April. I understand that you will be engaging RTOs to conduct that work. Could you explain how those RTOs will be identified and also, for want of a better term, the geographic spread of the availability of those RTOs too? You have got 6½ thousand staff that have been identified for retraining. They are obviously in different parts of the country. I would be interested to know how you are going to assign resources on a national basis, as far as you are able to, given it is early days.

**Answer:**

Telstra is an Enterprise Registered Training Organisation (RTO), which is an organisation that is registered as an RTO but the principal business of the enterprise is not training and development, yet its primary target learning population are its employees. As such, Telstra will be responsible for the accreditation for a large proportion of the training to be delivered. Actions are in place to ensure that Telstra will have subject matter experts with the requisite training qualifications and industry competency, up skilled to deliver the required training and assess the competency of Telstra employees.

Where external training is required, Telstra will identify suitable RTOs via standard procurement practices, utilising Telstra's contracted master vendor, Ross Managed Training Services. Telstra expects to engage the master vendor early in the planning phase for each financial year to ensure that early visibility of the training delivery requirements are understood and planned for.

Telstra has a long history of delivering training to all geographic locations nationally. This training is planned and delivered as part of the "business as usual" training plan. Resources for NBN retraining delivery will be planned on an annual and quarterly basis and factored into the Training Plan to cover the wide geographic area where Telstra employees are located. It is expected that some employees will be required to travel to training in different locations.

7. Mr HUSIC: What is the type of work that those 6½ thousand identified employees are currently undertaking? Again, this is a very specific issue, but one of the concerns is that a lot of your employees are in an older age bracket; they have probably been with Telstra for a number of years. What is the average age of the employees that are being targeted?

Mr Shaw: That sort of statistical information about the workforce impact is something I will have to take away and get some advice on and come back to you.

Mr HUSIC: But the types of employees you identified in the eligible workgroup for the work that is being done at the moment?

Mr Shaw: As I understand it, in that operational side of the business, in the network maintenance and the like, there are specific categories of employee. Again, I would rather come back with some definitive advice to make sure that we give you the full picture.

**Answer:**

The description of work undertaken by employees in the Automatically Eligible Workgroup is outlined in the RFD:

- copper and HFC based field workforce which undertakes installation and maintenance and construction and maintenance activity on Telstra's Customer Access Network
- direct field support workforce which conducts copper/HFC based field workforce support, including workforce management, workforce and resource planning, and construction program management;
- Support of copper/HFC operations workforce which provides design of projects, management of damages, network integrity, plant assigning, customer network improvements and contract management; and
- Wholesale copper service workforce which provides the interface between retail service providers and Telstra in relation to copper services.

The average age of the group within Telstra Operations who are automatically eligible for retraining is 45. This is consistent with the average age of the broader Telstra Operations workforce which is 44.

8. Mr TURNBULL: What success have you had with getting EFTPOS services to operate over the NBN?

Dr Warren: That is a very good question. I know we have not started to migrate EFTPOS services yet over the NBN. As you know, under the definitive agreements there were a couple of services like that for which we have carve-outs from the decommission time frame, because we want to make sure we get those kind of services up and running. From memory, EFTPOS is one of those ones we have to really think through how we are going to do that. But there are a couple of these business grade services that we are working on. It is an iterative process as you can imagine because we need to be certain of the NBN product specs going forward. That is an evolving topic.

Mr TURNBULL: You do not have a technical solution to that at this stage?

Dr Warren: Not that this stage, no. I will correct the record if I am wrong, but I am pretty certain that I am right.

**Answer:**

Telstra currently provides technical solutions that allow banks to provide EFTPOS products to their customers across 3 main access technologies: ISDN, PSTN and mobile (via both GPRS and more recently, Telstra's Next G mobile network).

We are currently working to develop a technical solution to allow banks to provide EFTPOS products to their customers via IP over fibre (to be known as Argent IP). We expect to have a solution for our customers well in advance of any copper disconnection. It's important to

note there is an 18 month window from when NBN Co declares an area “fibre ready” and when the copper is disconnected. The provision of EFTPOS services is a competitive one so while we won’t reveal how we intend to migrate services to fibre we are comfortable that we have plans in place for our customers to make the move.

9. Mr TURNBULL: That is a lot more then the NBN has at this point, actually, because you got started sooner. After the optical network terminal is installed on the customer's premises, there is work, expenditure and time to be undertaken to make sure that all the customers devices are operative, isn't there?

Dr Warren: Yes, there is.

Mr TURNBULL: That is right. Am I right in understanding that you have taken it on yourself—that is to say Telstra's part—to undertake the cost of making sure that all the customer's devices are working after the installation of the ONT?

Dr Warren: Yes, that is true. Obviously we are forcing a migration of the customer base from a copper service to a fibre service. We have had to make sure that the impact on the customer is minimised, so we do spend some time with the customers making sure that their devices work, the ONT is properly placed and the customers are happy.

Mr TURNBULL: How much time are you actually spending in terms of your own people?

Dr Warren: It varies dramatically, obviously, it varies dramatically between premises.

Mr TURNBULL: Do you have an average figure?

Dr Warren: I can take that on notice. I do not have a specific average, but it takes a bit of time.

**Answer:**

Telstra regrets that it is unable to advise on the average time spent in making sure all customer devices are working after the installation of the ONT. While Telstra has collected some data on installation times for the South Brisbane project, this information is not segmented in a way that would reveal an average post ONT installation time.

10. Mr TURNBULL: Very quickly, do you know how many premises in greenfield sites Telstra has connected in the last year?

Dr Warren: No, I do not. We can take that on notice for you. It should not be that hard to find out.

**Answer:**

Telstra has installed approximately 35,000 copper lead-ins in Greenfields estates over the past 12 months.

11. Mr FLETCHER: From Telstra's point of view, what do you anticipate happening to that group of customers? How many are taking home line budget today?

Dr Warren: I do not know that number, though I will certainly reveal it. It is not a small bucket of customers. I think the point you are going to is a good one. Obviously we see the population of voice-only customers declining over time. We think that, if the promise of the NBN comes to fruition, we will see more and more people who are essentially bundled customers. So we see voice-only as a business that is quite important now, but it will decline over time going forward. As Mr Shaw pointed out, we saw that as part and parcel of the overall transaction.

**Answer:**

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12. Mr HARTSUYKER: For people connecting to the NBN tomorrow or in the months ahead is full number portability currently available? Are there any restrictions on number portability for people transitioning to the NBN, as opposed to copper customers?

Dr Warren: It is a very good question. If you do not mind, it is one I want to get the answer to. My understanding is that there is full number portability. I think what is interesting is the churn process, whereby if we then have separate moves after that, how does that churn process work? Our customers on the NBN at the moment keep their number, but I will—

Mr HARTSUYKER: Sorry, when you say your customers on the NBN—

Dr Warren: A customer that moves onto the NBN would have the same—

Mr HARTSUYKER: Yes, from copper.

Dr Warren: From copper to fibre would have the same number. On voice they are still on copper—that is right. But moving forward—it is a very good question. It is one I will check and find out for you.

**Answer:**

*For people connecting to the NBN tomorrow or in the months ahead is full number portability currently available?*

Answer : Yes.

*Are there any restrictions on number portability for people transitioning to the NBN, as opposed to copper customers?*

Answer: No.

*Additional information*

When a customer seeks to have an existing telephone number ported as part of a migration from copper based voice services onto the NBN Co Fibre, Retail Service Providers (RSPs) will use existing industry number portability processes. Porting transactions occur between carriers and will need to be coordinated as part of the NBN activation/transfer steps by the RSP to whom the customer is transferring. These arrangements mirror what happens today where customers are able to retain their existing telephone number.

Communications Alliance, the telecommunications industry self regulatory body, has proposed that RSPs and NBN Co work together to coordinate similar number portability processes (as currently set out in the industry Local Number Portability Code of Practice) when a customer who is already migrated onto the NBN Co fibre network changes their service provider.

The Communications Alliance is currently planning a live trial of a new service transfer process aimed at testing the NBN transfer and coordinated number portability processes. The outcomes of this trial will be used to determine what changes will be made to existing industry processes.