Telstra Submission to Senate Inquiry into Telstra Corporation and Legislation Amendment Bill 2021

Introduction

In November 2020 Telstra announced a proposed legal restructure of its business. The restructure is a key component of the T22 strategy we announced in 2018 and our new T25 strategy announced in September 2021.

It is an important next step in our drive to increase the transparency of our infrastructure assets, improve management focus on our infrastructure and customer businesses, and consequently provides us more flexibility to create additional value for our shareholders over time.

It also recognises the world has changed significantly in the last eighteen months. The pandemic has accelerated digitisation in the home, the workplace, and economies more broadly. It has also reinforced the importance and value of the telecommunications infrastructure and connectivity that enables that digitisation.

The restructure involves the establishment of Telstra Group Limited (New Telstra Corp) as the new head entity of the Telstra Group, the movement of entities under Telstra Group Limited (New Telstra Corp) and the transfer of some assets and liabilities between those entities and to Telstra Group Limited (New Telstra Corp).

The restructure is an internal legal re-organisation and will not impact on the products, plans or services we offer to our customers, our ability and commitment to meet our existing regulatory and security obligations, or our infrastructure investments, including our commitments to our regional Australian customers.

The Telstra Corporation and Other Legislation Amendment Bill 2021 (the Bill) is the Government's response to our legal restructure. It proposes to amend relevant Commonwealth legislation so that it appropriately reflects our new structure once it is implemented.

Telstra recognises the significant role we play in providing critical connectivity across Australia, as well as the importance of certain regulatory obligations we must meet as part of that. In drafting the Bill, the Government has applied a principle of regulatory equivalence – that is the regulatory obligations that currently apply to Telstra would also apply to entities in the new corporate group in effectively the same way.

We understand that approach, and support passage of the Bill, subject to some amendments to authorisation and other provisions (detailed below).

Background

Telstra is Australia's leading telecommunications and technology company, offering a full suite of traditional and next generation telecommunications products. This includes a connectivity, technology and content services and solutions in Australia, as well as connectivity and enterprise services globally.

Our origins date back to 1901, when the Postmaster-General's Department was established by the Australian Government to manage all domestic telephone, telegraph, and postal services, and to 1946, when the Overseas Telecommunications Commission was established by the Australian Government to manage international telecommunications services.

Since then, Telstra has undergone many changes and was incorporated as an Australian public limited liability company in November 1991 and was the monopoly provider of fixed line telephony services in Australia.

The privatisation of Telstra by the Australian Government was completed in 2006, and Telstra is now the most widely held stock on the Australian Stock Exchange, with around 1.2 million shareholders.

Telstra is a vastly different company to the one it was when privatised. We are no longer the wholesale provider of broadband and telephony services, having transferred that business and responsibility to nbn co over the last decade. Since privatisation, Telstra has also invested around $50 billion, with a significant proportion of that investment going into building the retail fixed and mobile networks that keep Australian consumers and businesses connected. Today we have built, and run, the largest 3G, 4G and 5G mobile networks in the country, delivering industry leading connectivity to over 18.8 million retail mobile services.

Telstra now competes in the mobile and fixed voice and data markets with a large number of companies. Like other providers, we are subject to a broad regulatory framework that involves regulatory instruments in the form of legislation, regulations, and other legislative and notifiable instruments. Due our historic position as the incumbent fixed line provider, Telstra is also subject to a number of specific obligations that are included in various legislation, including the Universal Service Obligation for the provision of voice services.

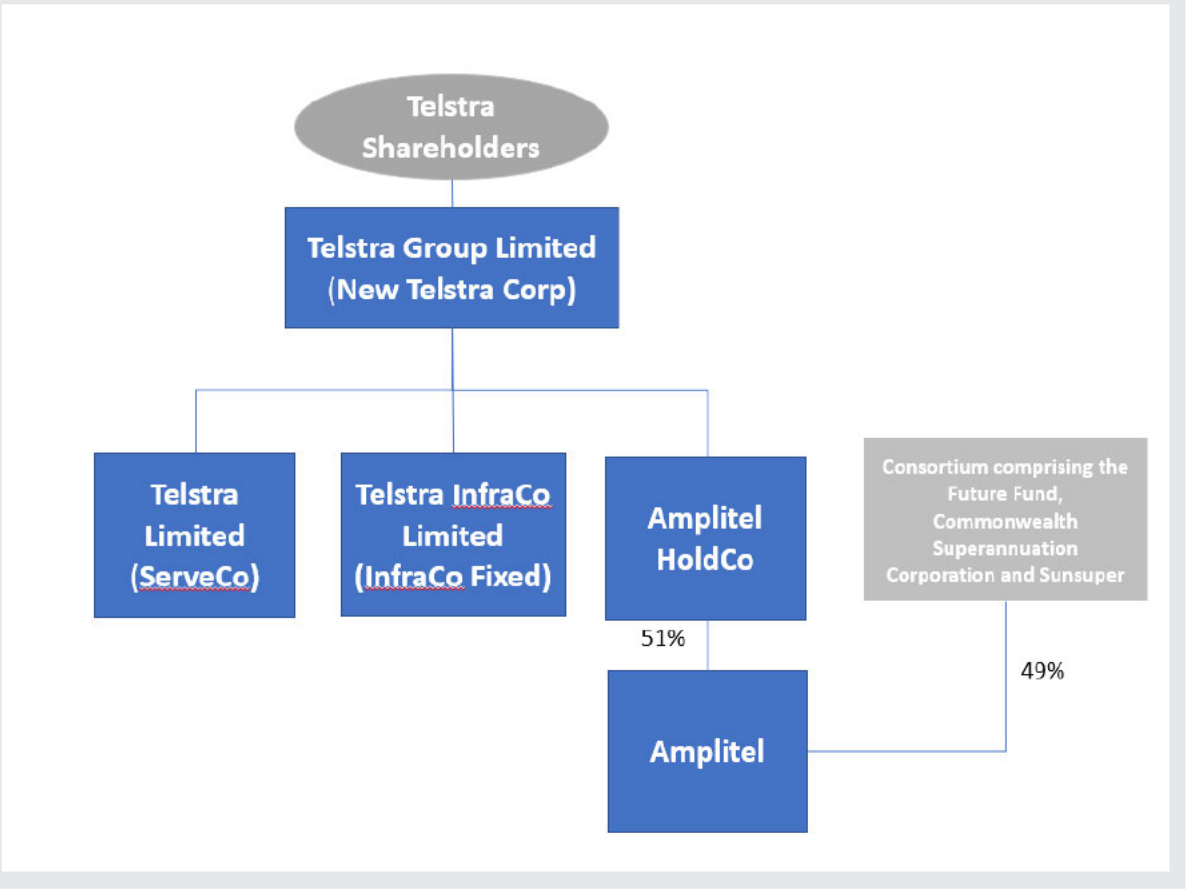
Telstra's proposed legal restructure

On 12 November 2020, Telstra announced the proposed restructure of the organisation into separate legal entities, within the Telstra Group.

The restructured group will comprise the following main entities:

- Telstra Group Limited (also referred to as New Telstra Corp), which will be a new parent company that holds the other three Telstra entities.
- Telstra Limited (also referred to as ServeCo), which would continue to focus on how we create and innovate products and services for our customers and deliver the best possible customer experience. Telstra Limited (ServeCo) would own the active parts of the network, including the radio access network and spectrum assets.
- Telstra InfraCo Limited (also referred to as InfraCo Fixed), which would own and operate our passive or physical infrastructure assets: the nbn Services Business; the business of designing, constructing, operating, maintaining, relocating, and rationalising or decommissioning passive fibre networks; ducts, pits, poles, tunnels, certain fixed network sites and data centres; and will own infrastructure assets, including the Telstra Group's copper and HFC networks.
- Amplitel, which owns and operates our passive or physical mobile tower assets.

Corporate structure after the implementation of the Corporate Restructure[1]



Following implementation of the restructure, Telstra also intends to establish its international business, Telstra International, under a separate subsidiary sitting directly beneath Telstra Group Limited (New Telstra Corp) to keep that part of the business together as one entity. The international assets (which will include Digicel's business in the South Pacific region following completion of the Digicel Pacific Acquisition) will be held by Telstra InfraCo Limited (InfraCo Fixed), immediately following implementation of the restructure but are intended to be transferred from Telstra InfraCo Limited (InfraCo Fixed) to the new international subsidiary over time, subject to relevant approvals and engagement with appropriate stakeholders.

It is an internal legal re-organisation and therefore will not result in any change the products, plans or services we offer to our customers, our ability and commitment to meet our existing regulatory and security obligations, our infrastructure investments, including our commitments to regional Australia, or lead to job reductions.

There will be some minor impacts of the restructure for our employees, customers, and shareholders:

- If the restructure proceeds, Telstra's employees may be employed by a different entity within the Telstra Group. As this occurs, we have committed to maintain our employee's industry leading terms and conditions. Additional protections, known as Clause 47, were built into the Telstra Enterprise Agreement (Telstra EA), which applies to all employees other than senior managers and executives. The Telstra EA provides security in terms of industry-leading terms and conditions of employment for all of our people who move as

[1] Simplified structure diagram illustrating the key entities only.

part of the restructure to a Telstra subsidiary. The same protections apply to senior managers and executives.

- We have also worked with the Government (and our unions) to preserve leave entitlements through changes to the Long Service Leave (Commonwealth Employees) Regulation 2016 (LSL Regulations). This ensured that our employees' long service leave benefits were unchanged and that the provisions of the *Long Service Leave (Commonwealth Employees) Act 1976* (LSL Act) continue to apply to our new subsidiaries. Most recently, we applied and obtained amendments to the Work Health and Safety Regulations 2011 (Cth), ensuring that our employees maintain coverage under Commonwealth work health and safety laws.
- The restructure will have no impact on the products, pricing, services or support we provide to our customers. The only change will be that most of our customer contracts will be transferred to a different legal entity within the group structure. We are communicating with customers to manage that change.
- Under the legal restructure, eligible shareholders will own shares in this new holding company on a like-for-like basis, so that their ownership level will not change. Telstra is implementing the restructure through a scheme of arrangement between Telstra and its shareholders. Telstra will provide detailed information to its shareholders, including a recommendation from an independent expert, in a scheme booklet expected to be released in late 2021. A shareholder vote will be held in the first half of 2022.

Telstra's Position on the Bill

Like other carriers and carriage service providers in Australia, Telstra's core telecommunications business is subject to a broad regulatory framework that involves regulatory instruments in the form of legislation, regulations and other legislative and notifiable instruments that regulate certain activities of Telstra.

Some of these are specific to Telstra because of Telstra's history as a former government-owned enterprise and recognising the key role Telstra plays in the Australian telecommunications market, particularly in the provision of services to regional and rural Australians.

We are supportive of the amendments included in the Bill. In responding to the legislation proposed by the Commonwealth, we have sought to ensure the Commonwealth can fulfill its principle of regulatory equivalency – a principle we support – while minimising any additional uncertainty and risk for Telstra and its shareholders.

We support passage of the Bill, subject to:

- amendment of the authorisation provisions [being the proposed new s.577BA(10C)] of the Telecommunications Act 1997 (Cth) found in Schedule 1, Part 1, paragraph 2 of the Bill, and the proposed new s80 of the Telecommunications Act 1997 (Cth) found in Schedule 1, Part 2, paragraph 80 of the Bill) and the proposed new s577BA(10A) and (10B) found in Schedule 2, Part 1, paragraph 57B of the Amending Bill); and
- an addition to s 577ACA and s 577BEA to ensure that if an obligation under the Structural Separation Undertaking (SSU) or Final Migration Plan (MP) is complied with by one designated Telstra successor company, it is taken to have been complied with by any other designated Telstra successor company that has the relevant obligation imposed on them.

Telstra requested amendments

Authorisation

The existing Definitive Agreements between Telstra and nbn co for the rollout of the nbn network currently have the benefit of statutory authorisation for competition law purposes. This means that Telstra and nbn co's (and nbn co's related bodies) conduct in entering into and giving effect to the

Definitive Agreements does not contravene the *Competition and Consumer Act 2010 (Cth)* because it is expressly authorised by law. Without the authorisation, parts of the Definitive Agreements would constitute anti-competitive, or even cartel, conduct, including certain business protections provided to nbn co.

The Bill contains a new authorisation provision (**New Authorisation**) which would authorise Telstra, nbn co and their related entities to enter into, and give effect to, agreements that have the sole purpose of ensuring that existing rights and obligations under the current Definitive Agreements between nbn co and Telstra are extended to relevant members of the Telstra Group. This New Authorisation is contained in a new section 577BA(10C) to be inserted into the *Telecommunications Act 1997 (Cth)* and will come into effect the day after the Bill receives Royal Assent (see Schedule 1, Part 1, paragraph 2 of the Bill).

The Bill also authorises other conduct engaged by Telstra Limited (ServeCo), Telstra Group Limited (New Telstra Corp) and Amplitel (as members of the Telstra Group) by making certain amendments to the existing authorisation provisions in s577BA of the *Telecommunications Act 1997 (Cth)* (for example, to facilitate Telstra Limited (ServeCo) giving effect to existing obligations on Telstra under the current Definitive Agreements.) These other amendments commence from scheme implementation and are appropriate and necessary to reflect the restructure.

Telstra's position

The current drafting of the New Authorisation does not provide Telstra and nbn co the same protections they have today. This protection is needed to give certainty that the amendments to the Definitive Agreements required to ensure they continue to operate as intended are protected from breaches of the competition laws.

This is because the New Authorisation adopts a 'sole purpose' test that is too narrow and inflexible. It only applies to contracts, arrangements or understandings that have the sole purpose of extending existing rights and obligations under the Definitive Agreements to Telstra Limited (ServeCo), Amplitel or Telstra Group Limited (New Telstra Corp). Inclusion of any matters that do not strictly meet this 'sole purpose' test means that the entire agreement would not be authorised.

The problem is that the amending agreements will need to include matters that do not meet this narrow test. There will need to be incidental amendments to some of the existing rights/obligations in the Definitive Agreements so that they continue to operate as intended. For example, under the existing agreement with nbn, Telstra is currently prohibited from disposing of the copper network. To ensure that this provision continues post the restructure, Telstra will need to obtain permission from nbn co to licence the copper network from Telstra InfraCo Limited (InfraCo Fixed) to Telstra Limited (ServeCo). While this is a natural extension to ServeCo of the ability for Telstra to use its own copper network (without that constituting a disposal), the New Authorisation likely does not cover this. Without this being fixed, Telstra and nbn co cannot enter into the required amending agreements to vary their arrangements to apply post restructure and so the restructure could not proceed as intended.

Minor changes are also needed to:

- the transitional authorisation given by the new s80 of *Telecommunications Act 1997 (Cth)* (Schedule 1, Part 2, paragraph 80 of the Bill) so that members of the Telstra Group are authorised to engage in conduct to facilitate the operation of the current Definitive Agreements prior to scheme implementation; and
- the proposed new section 577BA(10A) and (10B) of the *Telecommunications Act 1997 (Cth)* (Schedule 2, Part 1, paragraph 57B of the Bill) so that members of the Telstra Group, nbn co

and nbn co's related bodies are also covered by the authorisations set out in these provisions.

We understand that nbn are supportive of these changes.

Structural Separation Undertaking ("SSU") and Final Migration Plan ("MP")

The obligations and prohibitions under Telstra's SSU and MP in connection with the rollout of the **nbn** network have been 'repointed' to apply to both of InfraCo Limited (InfraCo Fixed) and Telstra Limited (ServeCo). The Minister has the right, by legislative instrument, to impose the obligations or prohibitions in Telstra's SSU and MP on one or more designated Telstra entities. This means that while the obligations and prohibitions in the SSU and MP only apply to Telstra InfraCo Limited (InfraCo Fixed) and Telstra Limited (ServeCo) initially, they could be directed at any other designated Telstra entity (Schedule 2, Part 1, paragraphs 41 and 59).

In addition, the Minister also has a directions power which enables the Minister to require one of these companies to take action if the Minister is satisfied that the relevant Telstra entity, is failing or is likely to fail to fulfill the obligation under the SSU or MP and the other member of the Telstra Group has the capability (including the technical, operational, and organisational capability) to fulfill the obligation (Schedule 2, Part 1, paragraphs 41 and 59).

Telstra's position

Telstra expects that this new additional power to repoint Telstra's SSU and/or MP to other entities in the Telstra Group beyond Telstra InfraCo Limited (InfraCo Fixed) and Telstra Limited (ServeCo) would be used sparingly, if at all, and only in circumstances where Telstra InfraCo Limited (InfraCo Fixed) or Telstra Limited (ServeCo) have failed to comply with their obligations. Accordingly, Telstra considers this should be a precondition of any exercise of this power.

Telstra accepts that both Telstra InfraCo Limited (InfraCo Fixed) and Telstra Limited (ServeCo) will have a part to play in the SSU and MP and both will comply with these obligations and prohibitions.

However, Telstra considers that given the obligations in Telstra's SSU and MP now apply to Telstra InfraCo Limited (InfraCo Fixed) and Telstra Limited (ServeCo), the Bill should include wording to clarify that if the obligation is performed by one party it is then it is taken to have been complied with by the others. Otherwise, we consider compliance by both entities will be problematic, particularly in relation to Telstra's existing disconnection obligations under the Final Migration Plan.

Telstra considers the following wording could either be included as a new s 577ACA(3) or (5) and s 577BEA(3) or (5):

> 'If such an obligation or prohibition is complied with by a designated Telstra successor company for the purposes of paragraphs (1)(a) or (1)(b), the obligation or prohibition is taken to have been complied with by each of the other designated Telstra successor companies to which the obligation or prohibition applies.'

Other comments on the Bill

Foreign Ownership

The Bill replicates the foreign ownership obligations on Telstra in the Telstra Corporation Act 1991 (Cth) (TCA) and the Telstra Corporation (Ownership - Interest in Shares) Regulations 2018 for Telstra Group Limited (New Telstra Corp), Telstra InfraCo Limited (InfraCo Fixed), Telstra limited (ServeCo) and Amplitel initially (Schedule 1, Part 1, paragraphs 9 – 78). These obligations will continue even if these companies leave the Telstra Group (Schedule 1, Part 1, paragraph 3, sections 581F to 581K).

Telstra's position

Telstra's position is that the foreign ownership provisions of the TCA are designed (and originally intended) for a company listed on the ASX. This includes its governance and the mechanisms for enforcement of those caps. The foreign ownership provisions also may raise unintended consequences when applied in a private company situation.

While the foreign ownership provisions in the TCA should apply to the new ASX listed holding company, Telstra considers the regulatory regime for foreign ownership under the *Foreign Acquisitions and Takeovers Act 1975 (Cth)* (FATA) is a more appropriate regime to regulate foreign ownership in Telstra InfraCo Limited (known as InfraCo Fixed), Telstra Limited (ServeCo) and Amplitel.

In Telstra's view, the regime under FATA, including the ability to set lower thresholds can be used to achieve a superior outcome for Australia's national interest. The Treasurer can consider a broad range of matters including national security, competition, other Australian Government policies, impact on the economy and community and character of the investor. The approval by the Treasurer under FATA can have conditions imposed to manage the national interest. Conditions are common in practice and can include matters such as the citizenship or residency of board members, requirements to maintain company headquarters in Australia, the protection of data and the provision of regular reports to the Foreign Investment Review Board.

Telstra also considers the application of the caps under the TCA to any foreign investment puts Telstra at a competitive disadvantage in accessing foreign capital in comparison with its competitors.

This could lead to the unfair situation that a foreign competitor of Telstra such as Optus or TPG could, subject to approval under FATA (but only if a relevant threshold was exceeded), sell interests in its subsidiaries to a foreign investor greater than 5% when Telstra was not permitted to do so.

The removal of the sunsetting provisions (Schedule 5, paragraph 1) where the Minister makes an irrevocable declaration under sections 581F that a specified company is not a Telstra successor company such that the foreign ownership obligations do not apply to it, is important because , if the Minister has decided that the foreign ownership obligations should not apply in particular circumstances to a Telstra successor company, it will increase the confidence of a potential purchaser of a Telstra successor company that the foreign ownership obligations will not be reimposed. A declaration by a Minister can never be completely irrevocable as the sunsetting provisions can be reapplied.

Despite our position on this, we acknowledge the Government's view that applying the foreign ownership limits to all four entities is necessary to maintain regulatory equivalence.

Telstra specific telecommunications regulations

The Bill has directed some Telstra-specific regulatory obligations to Telstra Limited (ServeCo), as the appropriate entity to perform those obligations. These include:

- the obligations relating to the national operator of emergency call services (Schedule 2, Part 2, paragraphs 142 – 144);
- the obligations relating to the provision of operator services, directory assistance services, integrated public number database, priority assistance arrangements, low-income measures and to produce the White Pages® telephone directory (Schedule 2, Part 1, paragraph 22); and
- the Universal Service Obligation designed to ensure that standard telephone services and payphones are reasonably accessible to all people in Australia (Schedule 2, Part 1, paragraphs 100-108).

The Bill proposes to give the Minister rights to require a member of the Telstra Group to take action if another member of the Telstra Group fails, is failing or is likely to fail to comply with:

- the Telstra Universal Service Obligation Performance Agreement (TUSOPA), which is the contract under which Telstra undertakes certain contractual obligations to the Commonwealth connected with the Universal Service Obligation; or
- the Definitive Agreements with nbn co, (Schedule 3, paragraphs 1 and 2).

Telstra's position

Telstra considers it is appropriate that most of the Telstra-specific regulatory obligations, including the consumer protection framework obligations, have been "repointed" to Telstra Limited (ServeCo) because Telstra Limited (ServeCo) has the appropriate assets, resources, and people to perform those obligations.

Telstra considers it will be important that the Ministerial powers described above (in relation to TUSOPA and the Definitive Agreements with nbn co) to require other Telstra Group companies to take certain actions are used rarely, if at all, and only in exceptional circumstances. These powers should be confined to the situations set out in the Bill in which there has been a clear, demonstrable, and material failing by Telstra Limited (ServeCo), over a sustained period of time.

Broad ACMA and Ministerial directions powers

The Bill gives broad powers for the Minister and ACMA to give directions to Telstra Group Limited (New Telstra Corp), Telstra InfraCo Limited (InfraCo Fixed), Telstra Limited (ServeCo) or Amplitel to take specified actions as follows:

- **direction powers are given to the ACMA**, where Telstra Group Limited (New Telstra Corp), Telstra InfraCo Limited (InfraCo Fixed), Telstra Limited (ServeCo) or Amplitel is subject to a direction given by the ACMA under the *Telecommunications Act 1997 (Cth)* or the *Telecommunications (Consumer Protection and Service Standards) Act 1999 (Cth)* (Schedule 1, Part 1, paragraph 3, section 581TA(1)); and
- **direction powers are given to the Minister**, where an obligation is imposed on Telstra Group Limited (New Telstra Corp), Telstra InfraCo Limited (InfraCo Fixed), Telstra Limited (ServeCo) or Amplitel by name "by or under a telecommunication law" (Schedule 1, Part 1, paragraph 3, section 581TB(1)).

Before such a direction can be given, the ACMA or the Minister (as relevant) must be satisfied that the responsible member of the Telstra Group has failed, is failing or is likely to fail to fulfill the obligation, the action specified in the direction will assist the relevant member of the Telstra Group with the obligation and the nominated company has the capability (including the technical, operational and organisational capability) to fulfill the obligation (Schedule 1, Part 1, paragraph 3, sections 581TA(2), 581TB(2)).

Telstra's position

As with the ability of the Minister to give directions in relation to TUSOPA and the Definitive Agreements with nbn co mentioned above, it is important that these broad powers of the Minister and ACMA are used rarely, if at all, and only in exceptional circumstances.

Facilities access

Facilities access is one area where the Government is proposing to introduce new regulatory measures for the industry. The Bill introduces a new facilities access regime for certain non-carrier owned or operated facilities. The new regime is equivalent to the current facilities access regime in Schedule 1 of *the Telecommunications Act 1997 (Cth)* that currently only applies to carriers (Schedule 4).

This new regime is not specific to Telstra or its related entities and will apply to facilities owned or operated by any company (or other entity type, such as an individual or partnership, specified by the Minister) that is in a group of companies that includes a carrier (Schedule 4, section 581W, 581X, 581XA).

Under this new regime, a carrier can seek an agreement for access to facilities with the "owner or operator" of those facilities through arbitration (ultimately by the ACCC) if the parties cannot agree terms. If terms are agreed, access is supplied on these terms (Schedule 4, section 581Z).

The requirement to provide access will apply to all companies (or other entity type, such as an individual or partnership, determined by the Minister) owning or operating transmission towers (or certain other types of telecommunications facilities) where that company is in a corporate group with a carrier and is "related" to the carrier (Schedule 4, section 581W). Effectively, two companies will be "related" if one company

(1) controls the composition of the other company's board

(2) is in a position to cast or control more than the specified percentage of votes at a general meeting of the other company or

(3) holds more than the specified percentage of shares in the other company.

The Minister determines the 'specified percentage' for the purposes of (2) and (3) above. Until this happens, the default specified percentage is 15%.

The ability for a carrier to request regulated access is suspended while the ACCC delivers a report to the Minister on a recommendation as to what the percentage of the interest should be. The Minister does not need to follow the recommendation (Schedule 4, sections 581Y, 581ZD).

The ACCC has 6 months to provide its report. The regime will come into effect 60 days after the ACCC makes its recommendation (Schedule 4, sections 581ZH, 581Y, 581ZD].

Telstra's position

Telstra considers it very important that any new access regime be applied on an equivalent basis across the industry to avoid a situation where operators of facilities (including mobile towers) are treated differently.

Telstra considers that provided the 'specified percentage' that is ultimately determined to apply is set sufficiently low so that it applies to "catch" facilities assets where a carrier has an interest in those facilities, then the regime should not create a disproportionate impact on some carrier groups. In our view, the default 15% 'specified percentage' is the appropriate threshold. Telstra considers that the ACCC process for consideration of this specified percentage is appropriate in the circumstances.

Notification of Transfer of Contracts

The Bill includes a regime for companies in the Telstra Group to disclose contracts and variations to contracts, entered into to support various "policy objectives" under the *Telecommunications (Consumer Protection and Service Standards) Act 1999 (Cth)*, including the Universal Service Obligation, payphones, emergency calls etc. There is also a requirement to disclose contracts/variations that transfer assets used to comply with TUSOPA (Schedule 2, Part 1, paragraph 108A).

Telstra's position

While Telstra does not consider this regime is necessary and that disclosure regimes such as this one can impose a significant compliance burden, Telstra is confident it can develop an efficient process to comply with these new obligations.

Notification of Transfer of assets

The Bill provides that each of Telstra Group Limited (New Telstra Corp), Telstra InfraCo Limited (InfraCo Fixed), Telstra Limited (ServeCo) and Amplitel must notify ACMA of a transfer of a 'telecommunications business' within 5 business days after the transfer. There is also a similar regime for notification of a transfer of 'telecommunications assets'. The reporting in relation to telecommunication businesses and assets will only become active on a declaration by the Minister, who may also make declarations exempting non-material assets and transactions from these reporting obligations (Schedule 1, Part 1, paragraph 3, sections 581L, 581M, 581P, 581Q and 581R).

Each of Telstra Group Limited (New Telstra Corp), Telstra InfraCo Limited (InfraCo Fixed), Telstra Limited (ServeCo) and Amplitel must notify ACMA 30 days in advance of the proposed transfer of a prescribed business or asset to a transferee that is not a 'constitutional corporation' (e.g., individuals or a company that is not carrying on a business). The reporting obligations on the transfer of a prescribed business or asset to a transferee that is not a constitutional corporation will only apply to businesses or assets that are prescribed by the Minister (Schedule 1, Part 1, paragraph 3, sections 581MA, 581PA, 581Q and 581R).

Telstra's position

The notification of the transfer of a telecommunications business and assets will impose costs on Telstra. However, provided any declaration by the Minister exempts non-material assets and businesses, this can be managed.

The application of the obligation to notify the proposed transfer of a prescribed business or asset to a transferee that is not a constitutional corporation will depend in part on the exercise by the Minister of certain discretions so that non-material assets do not have to be reported. The extent of these reporting obligations has not been settled. However, provided that Telstra will not have to report non-material assets or other arrangements in the ordinary course of business, this obligation can be managed. The notification obligations may increase the costs for the Telstra Group in conducting its business. These may include the loss or delay in realising business opportunities including the sale of assets.