

Paul Fletcher
Director
Corporate & Regulatory Affairs



27 February 2006

Senator Alan Eggleston
Chair
Senate Environment, Communications,
Information Technology and the Arts Legislation Committee
Parliament House
CANBERRA ACT 2600
By facsimile: (02) 6277 3413

Dear Senator Eggleston

Telstra's misleading statements regarding roaming on Government funded mobile infrastructure

During the Additional Senate Estimates hearing of your Committee on 13 February 2006, Telstra representatives were questioned about the company's contractual obligation to offer roaming on mobile phone infrastructure funded by the Commonwealth Government and whether they had made offers to roam on this infrastructure to other carriers.

A requirement to offer roaming has been included in the majority of the tenders the Commonwealth Government has issued to fund the deployment of mobile infrastructure.

For example, the requirement for roaming was included as an objective in the tender the Department of Communications, Information Technology and the Arts issued for the funding of mobile infrastructure under the 'Designated Towns with Populations over 500'.

Section 1.3.4.2 of this tender states:

"The Commonwealth requires tenderers to offer to negotiate inter-carrier roaming agreements for the mobile phone base stations funded with Commonwealth support".

Telstra was awarded the tender for the 'Designated Towns with Populations over 500' in June 2002.

Telstra acknowledged that it is required to offer roaming on Government funded mobile sites in the following exchange between Senator Conroy and Telstra's Company Secretary Mr Douglas Gration from page 38 of the Senate Additional Estimates Hansard on 13 February 2006.

“Senator CONROY—...Can you describe Telstra's contractual commitments to the government regarding roaming associated with the government funding Telstra has received to roll out its mobile network in rural Australia?

Mr Gration—...We have a contractual commitment with the government to make roaming available on those parts of the network.”

Telstra further stated at the Additional Estimates hearing that the reason it had not in fact provided roaming is that no carrier had asked for roaming.

This statement was made in response to questioning from Senator Conroy by Telstra's General Manager of Wireless Access Services, Mr Max Jennings, recorded on page 39 of the Hansard of the Senate Additional Estimates hearing on 13 February 2006.

“Senator CONROY—What roaming is Telstra currently providing on government funded mobile sites to other mobile providers? Can you specify which providers?

Mr Jennings—On the CDMA network I am not aware of any other operator that has taken up the offer of roaming on a government funded or part funded CDMA site.

Senator CONROY—What offers for roaming have been taken up?

Mr Jennings—I am not aware of any.

Senator CONROY—Have roaming offers from Telstra to other carriers been rejected?

Mr Jennings—No.

Senator CONROY—What are the reasons for them having not been rejected?

Mr Jennings—I am not aware that any approaches have been made from other operators to Telstra on that basis.

Senator CONROY—So you are not aware of any other carrier seeking roaming on base stations funded under government programs?

Mr Jennings—No.

Senator CONROY—No-one has approached you?

Mr Jennings—No.”

This statement is incorrect and appears likely to mislead the Senate.

In late 2003, Optus requested that Telstra offer Optus roaming on Telstra's mobile network, including Government funded mobile infrastructure that Telstra was awarded as part of the 'Designated Towns with Populations over 500 Agreement'.

Optus was advised by Telstra Wholesale on 22 January 2004 that:

“Telstra will not be making an offer of roaming to Optus under the 'Towns over 500' contract. Legal advice received indicates Telstra is not under any

obligation to make an offer to Optus under the terms of its contract with the Commonwealth.”

Telstra also advised Optus in the same correspondence that Telstra was not in a position to offer roaming on a commercial basis, stating that:

“Telstra has declined to make an offer based on a purely business case basis because modelling undertaken and the resulting business case indicates that there is insufficient scale to make any deal worthwhile at this time”.

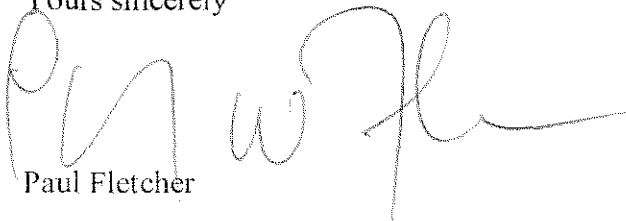
A copy of this correspondence is attached for your reference.

Given that Telstra has clearly provided misleading and incorrect information to your Committee in response to questions on the issue of roaming on Commonwealth Government infrastructure, I urge you to seek from Telstra a retraction and an explanation for its misrepresentation.

Please contact our General Manager, Government Affairs, Dean Smith, on (02) 9342 8005 if you require any additional information on this issue.

I look forward to your consideration and response to Optus’ concerns.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Paul Fletcher', written over a printed name.

Paul Fletcher

cc Senator the Hon Paul Calvert, President of the Senate, Senator for Tasmania
Senator the Hon Helen Coonan, Minister for Communications, Information
Technology and the Arts, Deputy Leader of the Government in the Senate
Senator John Faulkner, Chair, Senate Standing Committee on Privileges;
Senator Michael Ronaldson, Deputy Chair, Senate Standing Committee on Privileges.



22 January 2004

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Dear Naxin,

GSM Roaming – Towns over 500

I refer to our conversation of this morning and confirm that Telstra will not be making an offer of roaming to Optus under the "Towns over 500" contract. Legal advice received indicates Telstra is not under any obligation to make an offer to Optus under the terms of its contract with the Commonwealth.

Further, and as discussed, Telstra has declined to make an offer based on a purely business case basis essentially because modelling undertaken and the resulting business case indicates that there is insufficient scale to make any deal worthwhile at this time.

Yours Sincerely

Stephen Ellis
Business Manager
Telstra Wholesale