

**Joint Parliamentary Committee into the NBN – Inquiry into the Greenfields Fibre Deployment
Bill – Opening Statement by Telstra**

Introductions

Telstra thanks the Committee for the opportunity to appear and talk to our submission on this Bill

Telstra supports the Government's vision for the ubiquitous availability of high speed broadband across Australia. Following the Government's announcement of its Fibre to the Home (FttH) roll out in April 2009 Telstra indicated its desire to engage in constructive dialogue with the Government over the implementation of this policy and these discussions continue.

On 21 June 2010 we announced that we had reached a non binding Financial Heads of Agreement with NBN Co around our participation in the NBN roll out.

More recently, at our half yearly results we indicated we had finalised key commercial terms with NBN Co expected to deliver approximately \$9 billion in post-tax net present value to the company. In addition we also indicated we had reached in-principle agreement with the Federal Government over the specific measures that are expected to deliver a further approximately \$2 billion in post-tax net present value.

These agreements were reached following eighteen months of extremely complex negotiations.

We are now working to complete the necessary documentation to enable the finalisation of the agreements. Once the agreements are finalised, we will provide shareholders detailed information on the substance of the proposal.

What I can say about the agreements reached is that Telstra has provisionally agreed commercial terms relating to copper network decommissioning, dark fibre and duct usage, exchange usage, certain roll-out arrangements and other matters with NBN Co. The parties are working to complete the associated operational details and ensure all contingencies are

addressed as part of the documentation process which is expected to be completed in the near future.

Telstra will then commission an independent expert report for shareholders so that the proposal and that report can be put to shareholders later this year.

Given the complex and sensitive nature of these discussions we are restricted in what we can say publicly about the status of the NBN negotiations and in our appearance today we do not propose to go beyond the information I have just provided. We trust the Committee understands this situation.

The Bill Before the Committee

At the outset, Telstra would like to indicate its support for the speedy passage of the Bill currently before the Committee.

We believe passage of the Bill will provide the telecommunications industry, land developers and consumers with the necessary certainty to enable the ongoing deployment of infrastructure in Greenfields developments.

Telstra is acutely aware of the issues surrounding the provision of infrastructure in new estates.

Traditionally as the USO provider we have been deploying copper based infrastructure at the request of developers. More recently a competitive fibre deployment industry has arisen and a number of providers, including Telstra, deployed fibre in many new developments under contract to the developer.

With the advent of the NBN the environment has changed further, with the Government issuing a policy statement outlining that we are to be the infrastructure provider of last resort in new developments of less than 100 lots. The choice of technology is left to Telstra, and generally we deploy copper. In a small number of circumstances we utilise wireless to deliver a service to consumers.

Where we install our network, developers are required to install pit and pipe infrastructure to enable deployment.

These arrangements are only in place by virtue of a policy statement made by the Minister. Passage of the Bill will formalise the arrangements and ensure that all parties can operate with certainty and focus on the primary objective of ensuring all new developments are provided telecommunications infrastructure.

Thank you for the opportunity to make this statement. We would be pleased to take any questions the Committee may have.

