

Senator Ian Macdonald
Liberal Senator for Queensland
131 Denham Street,
Townsville QLD 4810

27 May 2010

By e-mail: [REDACTED]

CC: [REDACTED]

Dear Senator,

Broadband package competitiveness comments

I was deeply concerned by your misrepresentations in the Senate Estimates Hearing (Senate Hearing) on 25 May 2010 concerning the competitiveness of Primus Telecom (Primus). It is particularly regrettable that these comments were published by *The Australian* on 26 May 2010, where it was reported that you had cast doubt on the competitiveness of the \$89.00 home phone **and** broadband package offered by Primus.

I have since studied the transcript and it is clear that your contribution to the discussion at that Senate Hearing was poorly informed. I am concerned that in your capacity as a Senator commenting on competition in the telecommunications industry you have not appeared to educate or inform yourself on the relevant facts before making comments that have the potential to confuse and mislead the Australian public. This is particularly damaging to Primus in this instance given our company was the target of your misinformed criticism, as reported online in *The Australian*.

VICTORIA (HEAD OFFICE)

3 / 538 COLLINS ST
MELBOURNE, VIC 3000
P +61 3 9923 3000
F +61 3 9923 3001

NEW SOUTH WALES

3 / 1 ALFRED ST
SYDNEY, NSW 2000
P +61 2 9423 2400
F +61 2 9423 2444

QUEENSLAND

6 / 127 CREEK ST
BRISBANE, QLD 4000
P +61 7 3319 7145
F +61 7 3319 7144

SOUTH AUSTRALIA

1 / 132 FRANKLIN ST
ADELAIDE, SA 5000
P +61 8 8423 8822
F +61 8 8423 8844

WESTERN AUSTRALIA

2 / 33 RICHARDSON ST
WEST PERTH, WA 6005
P +61 8 9463 8999
F +61 8 9463 8988

To suggest Primus' offers are not competitive in the market is factually incorrect and misleading. The iPrimus Max FTTH plan, at \$89.00 per month, is one of the best value plans available in Australia. It includes broadband, a phone service, and local, national and mobile calls. For example of comparison, note Telstra's similar offer retails for \$129.00 per month. While other companies may offer high speed broadband and home phone services at similar price points to Primus, these are generally only offered in metropolitan areas of Australia due to the high costs associated with acquiring inputs from Telstra, the incumbent monopolist. As you are aware, Telstra has a monopoly over infrastructure that must necessarily be used by retail service providers to provide universal services. This includes access to "the last mile" and "regional backhaul" services. But as Telstra also competes with its wholesale customers such as Primus, it has little incentive to provide access to this infrastructure on fair and reasonable terms. This flawed industry structure has held back the benefits of competition for rural and regional customers in Australia for more than a decade, and is why Primus strongly supports the industry reform package introduced by the Rudd Government in 2009.

The National Broadband Network allows companies, such as Primus, to extend its more competitive offers to areas of Australia outside the major cities and towns where prices up until recently have been artificially inflated by virtue of the practices of Telstra.

The NBN plans introduced by Primus on 19 May 2010 reflect some of the more competitive offerings ever made available to the residents of Tasmania. Our NBN broadband plans, providing customers with a generous 15 GB per month, start at \$39.95 per month when bundled with a telephone service. And referring back to your comments at the Senate Hearing, you are most definitely mistaken to compare the \$89 per month Primus package to other broadband offers currently available to residents of Tasmania.

VICTORIA (HEAD OFFICE)

3 / 538 COLLINS ST
MELBOURNE, VIC 3000
P +61 3 9923 3000
F +61 3 9923 3001

NEW SOUTH WALES

3 / 1 ALFRED ST
SYDNEY, NSW 2000
P +61 2 9423 2400
F +61 2 9423 2444

QUEENSLAND

6 / 127 CREEK ST
BRISBANE, QLD 4000
P +61 7 3319 7145
F +61 7 3319 7144

SOUTH AUSTRALIA

1 / 132 FRANKLIN ST
ADELAIDE, SA 5000
P +61 8 8423 8822
F +61 8 8423 8844

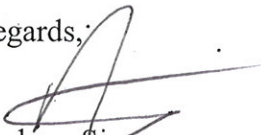
WESTERN AUSTRALIA

2 / 33 RICHARDSON ST
WEST PERTH, WA 6005
P +61 8 9463 8999
F +61 8 9463 8988

The Primus package includes the home phone line rental, with included local, national and mobile calls. These benefits are not typically offered with a broadband only service – at the price points you were contemplating. Furthermore, Primus took the opportunity to discount this particular FTTH plan by 50% for the first 6 months as an introductory offer, providing, I believe, superior value to anything else offered to residents of Tasmania.

To suggest that Primus' packages are not competitive is highly inaccurate and misleading. I welcome you to correct this assertion, and would appreciate the opportunity to discuss this further with you if you have any hesitation or questions about doing that. I am always happy to discuss competition in the telecommunications industry and the role Primus has adopted over the past decade at the leading edge of that competition.

Regards,

A handwritten signature in black ink, appearing to read "Andrew Sims", written over the word "Andrew Sims" which is printed below it.

Andrew Sims

General Manager, Marketing & Products

Primus Telecommunications (Australia) Pty Ltd

VICTORIA (HEAD OFFICE)

3 / 538 COLLINS ST
MELBOURNE, VIC 3000
P +61 3 9923 3000
F +61 3 9923 3001

NEW SOUTH WALES

3 / 1 ALFRED ST
SYDNEY, NSW 2000
P +61 2 9423 2400
F +61 2 9423 2444

QUEENSLAND

6 / 127 CREEK ST
BRISBANE, QLD 4000
P +61 7 3319 7145
F +61 7 3319 7144

SOUTH AUSTRALIA

1 / 132 FRANKLIN ST
ADELAIDE, SA 5000
P +61 8 8423 8822
F +61 8 8423 8844

WESTERN AUSTRALIA

2 / 33 RICHARDSON ST
WEST PERTH, WA 6005
P +61 8 9463 8999
F +61 8 9463 8988