

20 March 2009

Committee Secretary
Senate Select Committee on the National Broadband Network
Department of the Senate
Parliament House
CANBERRA ACT 2600

By email: broadband.sen@aph.gov.au

Telstra's efforts to disrupt the National Broadband Network process

Optus wishes to address a number of issues raised by Telstra in its latest submission to the Senate Select Committee on the National Broadband Network (NBN).

These issues are designed to introduce fear, uncertainty and doubt in the NBN process and undermine competition in the broadband market.

During the recent public hearing of the Senate Select Committee on the National Broadband Network, Telstra took this tactic one step further by lodging an eight page paper dealing with so-called "critical issues" relating to the NBN.

Telstra raised questions over whether the Government's soon-to-be announced NBN builder has the technical knowledge, experience and vendor partners necessary to build the NBN.

Whilst I cannot, speak on behalf of the other non-Telstra bidders, I would like to take this opportunity of re-stating that Optus Networks Investments (ONI) stands ready to build the NBN.

SingTel/Optus has an enviable reputation around the region for its expertise in building and operating high technology networks.

We are also a significant investor and generator of employment opportunities in Australia.

Since 1992, SingTel/Optus has invested almost \$15 billion in telecommunications infrastructure, and will continue to invest \$1 billion per year.

Telstra has also raised doubt over access requirements for the NBN builder to access its copper network and seeks assurances from Government that it will not introduce overbuild protections to safeguard the NBN from alternative, competing networks.

This is a blatant attempt to undermine competition and reinstate its monopoly position which the NBN was designed to address.

Telstra has been attempting to air unfounded and mischievous concerns over Australia's national security resulting from the ONI and other non-Telstra bids to build the NBN.

In its 'critical issues' document Telstra states: *"Does the proposed builder intend to use a set of vendors that can convince the relevant Australian security and law enforcement agencies and those of our close allies that their equipment offers world class levels of security and is in no way compromised by any links with foreign entities?"*

The reality is these issues will arise no matter who is chosen to build the NBN.

Security issues form part of the Government's RFP assessment and will be considered by Government, which is entirely appropriate.

Some of Telstra's so-called concerns relate to the possible involvement of the Chinese vendor Huawei Technologies in the ONI proposal.

Optus has a long association with Huawei, and does not consider there are any national security implications from this arrangement.

In relation to the NBN, Optus has always advocated a multi-vendor approach, as any globally experienced network builder would do to manage risk and lower costs for a project of this magnitude. Optus has a panel of several potential vendors for the NBN and has not yet selected one nor awarded any contracts.

However, it has never been any secret that Huawei is currently a significant vendor partner of Optus and that Optus is currently working with them in our NBN test lab.

We believe it is time to put to bed these statements which can be dismissed as nothing more than a hysterical and xenophobic attack on SingTel/Optus.

Telstra's statements should be regarded as nothing more than an extension of its ongoing campaign to undermine competition in the broadband market and reinstate its monopoly position.

Yours sincerely

A handwritten signature in black ink, appearing to read 'M. Krishnapillai', followed by a period.

Maha Krishnapillai
Director, Government and Corporate Affairs