

I would like to take the opportunity to address the Senate in regards to the Telecommunication Legislation Amendment (Competition and Consumer Safeguards) Bill 2009 that has been presented to the committee by the Australian Federal Government as I have severe concerns regarding this proposed bill and they are several in-accuracy's in the details provided to the committee by the ACCC and the Federal Government

Firstly one of the reasons that the ACCC and the Federal government use for the proposal to structurally separate Telstra both vertically and horizontally is that Telstra has a monopoly on telecommunication network including backhaul and infrastructure but this is not true. Optus has built their own Terrestrial Fibre Optic network that spans from Cairns to Brisbane, Brisbane to Sydney (via 2 separate paths) Sydney to Melbourne (by 2 separate paths one via Canberra) Melbourne to Adelaide and Adelaide to Perth. They also have a SDH Digital Microwave link running from Hobart to Launceston. Optus has a fleet of geostationary Satellites with International Earth Stations in Sydney and Perth and national stations in Brisbane, Canberra, Melbourne, Adelaide, Perth, Hobart and Darwin. They have Regional exchanges in most capital cities within Australia and Data Centres in both Melbourne and Sydney.

Optus has their own CAN (Customer Access Network) build using a combination of Hybrid Fibre Coaxial network providing telephone cable internet and cable Television services. They also have a fibre optic ring around Sydney, Melbourne, Brisbane, Adelaide and Canberra providing direct access for Corporate and Government services and DSLANDS in some Telstra local exchanges in ALL states of Australia providing both DSL and Basic Phone services to customers. Optus has their own GSN Network in ALL states and are currently in the process of building a Regional Broadband Network owned by OPEL Networks which is a joint venture between Optus and Elders.

Secondly the ACCC and the Government would lead the committee to believe that Telstra has an unfair monopoly on the Mobile Phone network with its Next G Network. When Telstra began building their Next Generation Network several other companies including 3 and Optus had started building their own networks but Telstra showed its commitment to delivering world class service to Australians. Telstra worked hard and with a lot of money and risk built their own Third Generation Mobile Network not just to world standards but built a mobile network that covers the largest amount of terrain in the world and at the point of being completed was the world's fastest wireless data network. Optus and the other carriers may complain but theirs been nothing stopping them from doing the same and expanding their own network to the same level of service.

Thirdly Telstra works hard to provide a world class service to its customers and its competitor's customers. I myself work for Telstra as a remote diagnosis engineer. I do not differentiate between Telstra customers and our competitors customers and even if I wanted to I am not able to do this. Telstra works hard in difficult circumstances to provide the highest level of service we can. Yes there are times Telstra makes mistakes and there is room for improvement but that is the case

with all businesses and as per every human being in the world we make mistakes but we are constantly working on improving the service we provide.

The government would have you believe Telstra doesn't show any real commitment to expanding and upgrading the network to rural locations but this is openly proven to be a lie. Last year in one venture Telstra built a \$35 Million fibre optic cable up into the Northern Territory which services 4 locality and this year has been spending a further Millions to put in place more Fibre Optic backhaul and 5 radio links to bring 20mbps connections over to 4 remote islands off the shore of the Northern Territory. Telstra was praised by the Northern Territory Government for its commitment to remote locations and was praised by the Local Aboriginal tribes for its dedication to building the network while consulting with the Aboriginals in the area so as to minimize impact on the environment and to avoid any sacred sites.

Another example of Telstra's commitment to the rural community's was a high speed broadband connection that Telstra provided to Tubbut Primary School. Tubbut Primary school is New South Wales's most remote Rural Primary school and is has for a long time seen as impossible to achieve high speed broadband to the school due to the inhospitable, rugged and impossible terrain. However with Telstra's remarkable engineering and our unique ingenuity Telstra made it a reality. The broadband signal travels from Delegate Hill Tower to a 20 meter tower near Bonang. From Bonang the signal travels across to the next high point on private property at Basalt Hill Tubbut then down to another smaller tower that was erected on a sheep farm immediately behind the school. From there it travels by Coaxial cable across the Deddick River up a pole then underground via a conduit and up to the equipment cabinet at the school.

Currently the charges as regulated by the ACCC that Telstra can charge its competitors to its network is far below the price required to properly maintain the network. Telstra is not allowed to increase line rental to its competitors as that is declared un-competitive but the rent price as current stands doesn't cover the cost of maintaining the network. The government would have Telstra structurally separated between network and retail and force Telstra to charge its retail section the same as what it charges its competitors. By doing this the government would be forcing Telstra to gain less money again as Telstra currently has to compensate from somewhere the cost of maintenance of its competitors lines. The ACCC doesn't appear to have any concept as to the cost that goes into maintenance and repairs. It costs Telstra over \$400 to send out a technician to repair the lines.

I love working for Telstra. I am Proud of the work we do and the effort that Telstra goes to to keep the network up and running in this great country. Yet the Government wants to destroy this by separating Telstra. In EVERY country that has attempted to structurally separate their primary Telecommunication Company it is resulted in disaster with High Prices for customers, lower service, less innovation and higher volume of faults.

In the United States their Primary Telecommunication Company Bell Communications was structurally separated in 1984 and became known as AT&T. There are branches of AT&T all across the United States which are separate from each other. They charge each other maintenance and hence if you ring from the West Coast to the East Coast you get charged separately for each and every different

carriers cable you go through at a per minute rate so hence you get charged multiple times for the same call. Each area has their own Cell Phone Companies (mobile phone Company's) who have coverage for their area but your Mobile phone can not work outside their range of that city. In several area's there is only a single Telephone company providing Internet access and hence prices are higher in different area's and if you do not like the company in that area then you cant get internet access and there are area's all across the Unites States where they are lucky to get a dial up connection. Despite all this we do not hear anything in their political system regarding the Telecommunication system because due to the fact their Telecommunication is ran completely by private businesses the government keeps out. This should be the case in Australia being the Australian government does not own any of the Telecommunication network.

Over in New Zealand they structurally separated their primary Telecommunication Company and it failed with higher costs for the consumer, higher rate of faults, and less innovation and improvements.

The government believes Telstra needs to be separated to achieve competition and to provide a commitment to the rural and remote area's of Australia but clearly Telstra already does this. They do not do it for profit as they will never fully get their money back they spent building infrastructure and laying cables to these remotes area's but is done purely because Telstra is owned by Australians, Built by Australians, Maintained by Australians for the Australian people. Telstra prides itself in its commitment to the rural community something the other service providers have no desire to be a part of due to their being no money benefit from doing so.

I firmly believe the worst thing the government could possibly do to the country in the Telecommunication industry would be to separate Telstra. So why you may ask does the government really want to separate Telstra? The answer is simple.

Telstra has a massive fibre optic network already laid, Telstra has fibre optic backhaul across the countryside and Telstra though wanting to participate in the Governments NBN does not need to financially take part. Telstra has large shares in FOXTEL and our Next G Wireless has high speeds which brings us to the reason the government wants to force the sale of Telstra shares in FOXTEL and restrict Telstra from future purchases of further wireless spectrum required to upgrade the network to fourth generation when the time comes.

The Government is building their own company. This new company will be in competition to Telstra quite possibly and 1. The government knows they need Telstra's infrastructure to build the network they promised without proper research and cost investigations. 2. The government knows their NBN will be expensive and will cost more then if customers obtain their broadband through FOXTEL Cable which Telstra is improving and 3. The government does not want to build a new network and have to face serious competition they want a monopoly

As for the head of the ACCC Mr Samuels; the previous head of the ACCC. Mr Samuels predecessor has openly stated while he will not publicly speak against Mr Samuels he has acknowledged he does not agree with a lot of what Mr Samuels does and has stated if he was still in the position he wouldn't be doing and going about things the way Mr Samuels is.

I Implore the senate committee to think objectively Of course other telecommunication companies like Primus, AAPT etc will be all for structurally separating Telstra. Simply a move by the Government that will cause Telstra's shares to crash will mean their shares will increase. As the move causes Telstra to lose customers this will cause their customer bases to improve and all this without them having to actually spend money. They are Telstra's competition and would clearly and understandably love to see Telstra separated but just because they want it to happen to increase their own shares and customer bases does not make it a good idea.

In Conclusion the Australian people need Telstra. While Telstra has made mistakes which are natural we are working and striving to improve. I would love high speed internet speeds and fibre optic to my door heck every Australian would love it but it does need to come at the cost of structurally separating and crippling Telstra. Telstra wants to work with the government to make this a reality for the Australian people. Telstra has the man power, the equipment, the knowledge, the ingenuity, and the engineering capabilities to bring about helping the Government build the world's biggest and fastest and best broadband network. But Telstra can not help the government do this if the government has structurally separated Telstra

And Finally Constitutionally I do not believe the government is allowed to force the structural separation of Telstra. Telstra is a private company owned by the Australian people. The government has less the 11% shares in Telstra and Telstra is a company on the Australian stock exchange. This move by the government is unprecedented in Australian History and is un-necessary and negligent and will cause Australia's telecommunication industry to stumble years backwards.

Regards
David Balgowan