

Bully-Boy Telstra Stared Down, Can Now Be Ignored

Canberra, 26 November 2008 - Telstra today confirmed it has no credibility by lodging a partial bid for the NBN after weeks of saying it would boycott unless it was given special treatment.

Telstra has been stared down by the Government, which has done nothing more than refuse to change the bidding rules midstream in order to advantage Telstra.

So Telstra has now tried a new bullying tactic – an attempt to have its cake and eat it too.

Telstra wants to pretend it is engaging in the process, while continuing to hide the details of its bid. Telstra has been trying to hide this information for three years, and will use any excuse to continue to do so.

Telstra said in June:

'The facts are that while some competitors are playing politics, Telstra is totally committed to getting on with the job and our bid team are working on the details of our proposal.'

Telstra said in May:

'The Government has not mandated separation for the National Broadband Network (NBN). The Government's objective is open, equivalent access.'

The truth is that for three years Telstra has tried to force successive Governments to do a secret deal, but its terms have been so unacceptable that no one could responsibly agree.

The responsibility of the Government and the entire Parliament now is to defend the interests of other bidders who have acted in good faith and within the rules by putting forward serious bids today.

Telstra has been given its chance within a process that it public supported. But when it comes to the crunch, Telstra has again proved to be scared to expose itself to public scrutiny.

If the document lodged by Telstra today is the best it can or will do, so be it. Other bidders have shown themselves able to act within the rules, and the Government can move on to the next stage.

"This experience should chasten those who have in recent weeks been advising the Government that it must give in to Telstra," CCC executive director David Forman said.

"Again, this shows that bullies must be confronted, not rewarded.

"Claims in the Telstra document today to try to explain their back-flips are laughable.

"Today, Telstra says the business case for a new network has been changed because of the fall in the exchange rate this year and an increase in equipment costs. It still wants to take

the Government's \$4.7 billion, but says the footprint of the NBN will reach only 80-90% of Australians.

"But the Telstra proposal does not date from earlier this year when the exchange rate peaked.

"In fact, three years ago, Telstra presented the previous Government with a proposal for a rollout of fibre to the node to 98% of the country with a Government subsidy of \$4.7 billion.

"We know this because Telstra had to publish this offer on the ASX website after the information leaked out.

"As recently as yesterday, Telstra spokespeople were confirming they have had this proposal in their back pocket for three years.

"At that time, the exchange rate was a little in the mid \$US0.70 range. And equipment prices are not rising, but are falling as the world economy slows down."

The skimpy details released in the Telstra's bid today are littered with further examples that show why it cannot be trusted and why its bid will not serve the national interest.

These include:

- Its phoney claim that it will offer open access, when in fact it intends to discriminate in favour of itself by not dealing at arm's length with its own retail businesses as it would with other telecommunications carriers who use the network.
- Its continuing misrepresentation of the international and domestic examples of vertical separation models.
- Its decision to continue to hide its proposed access prices for competitors and the retail prices for higher speed services.

"What this demonstrates is that Telstra has never been serious about delivering broadband, it was just trying to force the Government to give it more money and less regulation.

"The detail of all genuine bids must now be made public at the earliest opportunity so that they can be properly scrutinized and we should get on with the process.

"Telstra was never serious, so the Government should move on."

Contact:

David Forman

Executive Director

CCC Inc

0438121114