



People Telecom secures a \$200m deal with Telstra

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SYDNEY-BASED aspirant People Telecom has signed a three-year, \$200 million wholesale agreement with Telstra as part of the minnow's push into national fixed wire and broadband services.

People Telecom CEO John Stanton, a former Telstra executive, said the move would improve the fast-growing telco's margins in the second half of 2007-08 "and beyond".

The deal was forged after a six-month competitive selection process with Australia's largest wholesale suppliers, believed also to include Optus and AAPT.

"These new arrangements with Telstra Wholesale reflect the strength of our long-standing relationship and offer substantial bottom-line benefits to People Telecom and the opportunity to drive additional profitable growth in the provision of retail and wholesale telecommunications services across Australia," Mr Stanton said.

In 2006-07 the telco, which was founded in 2000 and listed on exchanges in both Australia and New Zealand in 2004, recorded revenue of \$100.9 million and a profit after tax of \$2 million.

The decision by People Telecom to go with the telco giant follows a strong push by Telstra's competitors into the wholesale arena, including key rival Optus, which recorded 8.3 per cent growth in its total business and wholesale fixed revenue in half-yearly results released last week.

In September last year, junior telco players PowerTel-AAPT and Macquarie Telecom Group also joined forces to take on Telstra's enterprise wholesale business.

Sources said that these deals had prompted Telstra to "compete energetically" for new wholesale opportunities.

Telstra Wholesale group managing director Kate McKenzie said yesterday she was "proud" People Telecom had chosen Telstra's "reliable and robust network solutions".

News of the deal came as Telstra continued to pursue access to secret documents used by former communications minister Helen Coonan to award the \$1 billion broadband for the bush contract to the Opel consortium.

Telstra's legal stoush over the matter, which continued yesterday with an appeal in the Federal Court in Sydney, comes despite a change of government.

Telstra has claimed it was denied procedural fairness in the awarding of the contract.