

Dear Sir

Claims made in Michael Sainsbury's article '*Telstra accused of wholesale shutdown*' (p31, 25 February) that Telstra Wholesale is shutting down its business are plainly absurd and do not withstand objective scrutiny.

A few simple truths give lie to this assertion:

- Wholesale revenues typically account for between 8% - 12% of parent company revenue totals. Telstra Wholesale contributes 11% of Telstra's overall revenues. So by any measure Telstra Wholesale's contribution to the business stacks up.
- We serve about 60% of the wholesale market in Australia, including 400 domestic and 45 international customers.
- We have about 90 products in the market and can provide solutions for data, broadband, mobiles, voice, internet, facilities and international services – a more extensive range than any other wholesale provider.

These are hardly indicative of a business shutting up shop.

The facts are that Telstra Wholesale is the largest seller of telecommunications services to the Australian wholesale market and we intend to stay that way.

Over many years we have invested heavily in systems and products to allow our customers to deliver reliable service for their customers. For example our 24 hour self-service capability allows more than 3 million orders to be submitted online annually. Regular service reviews with our wholesale customers continue to occur, and in January and February of this year we have already held 10 operational forums to meet and discuss various issues.

It's the combination of all these services that gives our customers confidence that they can deliver to their end users.

The article takes at face value self-serving comments from Optus without analysing what's really going on in the industry. Whilst we value Optus's custom, they are also vigorous competitors in the wholesale market.

We are happy to compete with re-sellers like Optus on commercial terms but it's a bit rich when they complain about our behaviour but ruthlessly exploit below cost pricing from the regulator.

This is the principal explanation for why Telstra Wholesale's revenue decreased by 5% in the first half of the 2007/2008 financial year, a decline which was foreshadowed at Investor Day in November last year.

The products we offer our wholesale customers are aligned to the integrated strategy of the business. There is no current wholesale ADSL2+ offer because our competitors have ready access to our underlying network via ULL and LSS and can

easily invest, as we have done, to provide ADSL2+ themselves. In the meantime Telstra's wholesale service for 8mbps broadband continues to be available.

Kate McKenzie  
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Telstra Wholesale