



30 March 2009

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Dear Mr Wright

Telstra's Band 2 ULLS Undertaking – Trench Sharing in New Estates

I enclose two statements in relation to Telstra's historical experience of trench sharing in new estates. These statements are from Telstra network engineers with significant historical experience of the deployment of the CAN in new estates developments.

The statements make clear that:

- Prior to 1988 there was very limited sharing of trenches in new estates due to trade union opposition to the use of shared trenches.
- In 1988 an agreement was struck between Telstra and the union which for the first time theoretically allowed the use of shared trenches.
- However, while there was some use of shared trenches by Telstra in new estates from 1988 through to the early 1990's, trench sharing in new estates was limited by resistance from developers due to the increased costs incurred by them in the provision of shared trenches and logistical difficulties.
- In about 1993 local councils began to lobby other utilities to install their infrastructure underground and this led to increased opportunity for Telstra to share trenches with other utilities.
- Only in the mid-1990s did trench sharing in new estates begin to be standard practice.

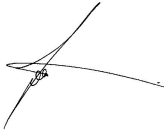
Telstra considers that the input for new estates trench sharing in the TEA Model should reflect a forward looking approach. If, however, the ACCC is minded to adopt a historical approach to this input, these statements make clear that a sharing ratio that implies that Telstra has been able to access trenches in all new estates free of charge for any more than 14 years would be unsupportable as a matter of historical fact.

Confidentiality

Both of the enclosed statements are Telstra Category 1 confidential information and must not be published on the ACCC website or otherwise made public.

Telstra will ensure copies of the Category 1 Confidential documents are made available to interested parties subject to the same terms of access applicable to any other Telstra Confidential Material.

Yours sincerely,

A handwritten signature in black ink, appearing to be 'Tony Warren', written over a horizontal line.

Tony Warren
Executive Director Regulatory Affairs
Public Policy and Communications