

16 March 2015

Senator the Hon. George Brandis
Federal Attorney General

The Hon. Malcolm Turnbull, MP
Federal Minister for Communications
Parliament House
Canberra ACT

Dear Ministers,

We write as the Chief Executive Officers/Senior Executives of a broad spectrum of Australian telecommunications carriers and carriage service providers (C/CSPs) to seek clarity as to the Government's stated intention to provide a contribution to the upfront capital expenses that may fall on our industry sector following the anticipated debate and potential passage of the Telecommunications (Interception and Access) Amendment (Data Retention) Bill 2014.

We note that the Government has variously indicated it will make a "reasonable" or "substantial" contribution to these costs – which might exceed \$300 million, according to estimates provided by the consultants commissioned by the Government.

We note also that a "substantial" contribution was the bipartisan recommendation by the Parliamentary Joint Committee on Intelligence and Security (PJCIS) – a recommendation that has been accepted by Government.

Our request to you is, we believe, relatively simple and reasonable.

It is that the Government provide to industry, the Parliament and the wider community a degree of certainty as to the size of the Government's planned contribution (and the planned methodology for apportioning those funds between C/CSPs of differing types and market shares) in advance of the Bill being debated and potentially passed into law.

We recognise that:

- there is a significant cost range outlined in the consultants' estimates;
- there are cost implications being factored in as a result of some of the PJCIS recommendations; and
- that the Government's decision on this question does have budgetary implications.

It is evident that the extent to which the Government's contribution falls short of the total cost to industry will determine the quantum of additional costs to be absorbed by C/CSPs or passed on to Australian telecommunications users.

The methodology proposed to apportion the Government contribution will influence the extent to which smaller CSPs might or might not be disproportionately impacted by the Government's actions – an issue highlighted in the PJCIS recommendations. A disproportionate effect on smaller CSPs is likely to have a negative effect on their ability to compete in the market.

In light of these factors, we believe it would be a reasonable action on the part of Government to – at the very least – provide a firm indication of the Government contribution, expressed as a percentage of the final determined cost. We will continue to discuss with Government the issues associated with capital maintenance costs and operational costs.

We would be pleased to discuss these issues further with you or to provide additional information if that would be helpful.

We look forward to the Government's early response on this issue, particularly given that the Bill is scheduled for debate this week.

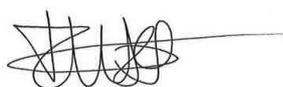
Yours sincerely,



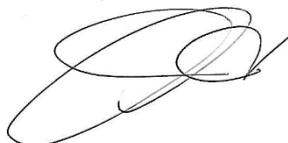
David Thodey, CEO, Telstra



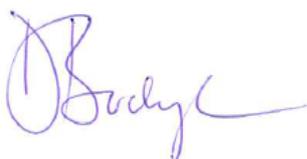
Paul O'Sullivan, Chairman, Optus



**Inaki Berroeta, CEO,
Vodafone Hutchison Australia**



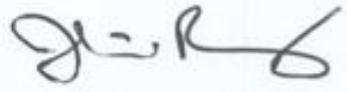
Geoff Horth, CEO, M2 Group



David Buckingham, CEO, iiNet



David Tudehope, CEO, Macquarie Telecom



Jules Rumsey, CEO, Cloud Plus Pty Ltd



Damian Kay, CEO, Inabox Group Limited



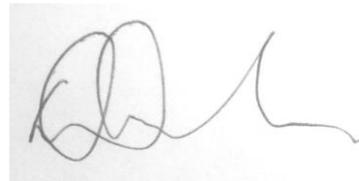
**Mary Jane Salier, General Counsel
and Company Secretary, Verizon**



**Mark Manion, Chief Operating Officer,
Next Telecom**



Tony Clark, CEO, Cinenet



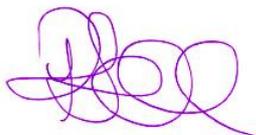
Ross Wheeler, CEO, Albury Local Internet



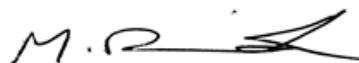
Mike Everest, CEO, DuxTel Pty Ltd



Eric Heyde, CEO, Cirrus Communications



**Robert Sakker, Executive Director,
Pivotel Group Pty Limited**



Michael Diamond, CEO, TRUECOM