

**IN THE MATTER OF UNDERTAKINGS DATED
23 DECEMBER 2005 PROVIDED BY TELSTRA
CORPORATION LIMITED TO THE
AUSTRALIAN COMPETITION AND
CONSUMER COMMISSION IN RESPECT OF
UNCONDITIONED LOCAL LOOP SERVICE
("the Access Undertakings")**

STATEMENT OF [c-i-c]

On 25 August 2006, I, [c-i-c] of [c-i-c], Melbourne in the State of Victoria, [c-i-c], Strategic Cost Analysis state as follows:

1 [deleted]

2 I make this statement from my own knowledge and based on my own enquiries, except where stated otherwise.

Background

3 I am a [c-i-c] in the Strategic Cost Analysis ("SCA") group within the Finance and Administration department at Telstra. I have been in that role since [c-i-c]. In that role I am responsible for updating and managing the ULLS Specific Costs Model for use by Telstra. The most current version of that model is dated August 2006 ("August SC Model").

4 I have been advised that one means of calculating the IT maintenance costs of a system is to use an amount of [c-i-c]% of the capital costs expended on the relevant system.

5 The total capital expenditure amounts in Telstra's August SC Model are:

	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08
Annual Capital Expenditure (\$M)	[c-i-c]	[c-i-c]	[c-i-c]	[c-i-c]	[c-i-c]	[c-i-c]	[c-i-c]	[c-i-c]

6 The cumulative amounts of the capital expenditure in the above table are:

	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08
Cumulative total capital expenditure	[c-i-c]	[c-i-c]	[c-i-c]	[c-i-c]	[c-i-c]	[c-i-c]	[c-i-c]	[c-i-c]

7 Using [c-i-c]% of the cumulative capital expenditure amounts in the August Specific Costs Model results in the following amounts for IT maintenance costs:

	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08
IT maintenance costs (\$M)	[c-i-c]	[c-i-c]	[c-i-c]	[c-i-c]	[c-i-c]	[c-i-c]	[c-i-c]	[c-i-c]

8 The August SC Model includes both maintenance and processing costs as part of IT O&M costs. Substituting the IT maintenance costs at paragraph 7 above for the IT O&M costs in the August SC Model results in the specific costs amounts in row B of the table below.

		1 January 2006 to 30 June 2006	2006/07	2007/08
A	Specific costs in the August SC Model	[c-i-c]	[c-i-c]	[c-i-c]
B	Revised specific costs	[c-i-c]	[c-i-c]	[c-i-c]

DATED: 25 August 2006

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[c-i-c]