



Our Ref: CO426105

Mr Justin Giles-Clark
President
Radio & Electronics Association of Southern Tasmania Inc.
GPO Box 371
HOBART TAS 7001

26 November 2007

Dear Mr Giles-Clark

I'm writing to advise that Aurora Energy has taken a decision to make a significant shift in our telecommunications strategy, building on success in our optical fibre activities which are delivering high speed communications around the State.

As consequence of this decision, which follows an independent review and exhaustive analysis over more than six months, Aurora will withdraw from its involvement with the local retailer TasTel and also conclude the Broadband over Powerlines (BPL) initiative. We are currently working closely with our TasTel partner, AAPT, on the transitional arrangements, and negotiations are under way with Tasmanian parties interested in securing Aurora's majority TasTel shareholding.

The decisions follow detailed examination of Aurora's suite of communications activities against the background of a rapidly changing telecommunications market, national policy decisions, and increased reseller competition. This changed environment precludes the investment required for continuation or extension of Aurora's activities.


The review also acknowledged the cost pressures and service demands upon Aurora's electricity business. The result will be a re-focusing of our telecommunications activities, without impediment to our core electricity business. Aurora will remain strongly involved in relevant fibre-based telecommunications activities where we see the opportunity to benefit Tasmania.

As I have indicated above, the change of strategy endorsed by the Aurora Board has implications for both the Tasmanian phone reseller TasTel, in which Aurora Energy is currently a majority shareholder, and for the BPL trial activity. As part of the transition arrangements TasTel will individually contact customers and assist them with transitional arrangements, and BPL equipment will be removed from customer premises.

TasTel commenced operations in 2001 and, subject to commercial negotiations now under way, will continue to operate under new ownership arrangements without Aurora involvement. The BPL trial, which has been undergoing technical and commercial evaluation since 2004, will not proceed further. In both cases the review commissioned by Aurora confirmed that the rapid pace of change in telecommunications and the extremely narrow margins in the reseller sector make it commercially prudent for Aurora to withdraw.

I have taken the step of writing to you personally, as I acknowledge your close interest in these matters, especially in relation to the Broadband over Powerlines (BPL) trial, the termination of which you will no doubt welcome.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Wim de Puit'. The signature is fluid and cursive, with a large loop at the end.

Wim de Puit
Manager Regulation and Compliance