

Telstra strikes \$10B deal for Australia broadband

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(AP) -- The government and Australia's largest telecommunications company announced a deal Sunday that clears a major hurdle to Prime Minister Kevin Rudd's plans for a superfast national broadband network.

The Australian dollars 11 billion (\$9.6 billion) deal will give the government-owned company building the new network, the [National Broadband Network](#) Co., or NBN, access to existing infrastructure owned by Telstra Corp., which controls the only national communications network.

The deal means NBN will not have to build its own infrastructure - considered one of the largest and most expensive parts of the government's AU\$43 billion plan.

The government will pay Telstra AU\$9 billion for access to infrastructure including pits, ducts and wires, and a further AU\$2 billion to help Telstra set up a new company to implement the deal.

Telstra will also be able to move its customers from its existing copper wire and cable networks to the new fiber-optic one.

Announcing the deal, Rudd said on Sunday it would be mean the rollout of the new broadband network would be faster, cheaper and more efficient.

The government last year announced a plan to deliver broadband speeds

of 100 megabits per second to 90 percent of Australian homes, schools and businesses within eight years through fiber-optic cables connected directly to buildings.

The role that Telstra - a former government-owned monopoly that controls the aging copper wire system that is Australia's only national [communications network](#) - would play was not immediately clear. Negotiations with the government started last year.

Telstra is now privatized, but remains heavily regulated to promote competition from smaller phone companies that rent access to its existing copper line network.

The government wants Telstra to further dilute its market dominance by splitting its wholesale and retail businesses, and has introduced legislation to encourage that move. The company is resisting, arguing it has a duty to shareholders to keep its businesses intact.

The deal announced Sunday still needs the approval of Telstra shareholders and Australia's competition regulator.

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