

# Biggest 2 Australian telcos join broadband rollout

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(AP) -- Australia's two largest telecommunications companies signed lucrative deals with the government to join the rollout of a fiber optic national broadband network that will be among the world's fastest.

Telstra Corp. and Optus Pty. Ltd. - which combined represent 60 percent of Australia's retail [broadband market](#), signed separate deals with the government Thursday to close down their own infrastructures and transfer customers to the national broadband network, known as the NBN.

The deal with Telstra, the larger company, was required under the NBN business plan to achieve the rollout at 36 billion Australian dollars (\$38 billion).

Without it, NBN Co., the government-owned company that is building the super-fast network, would have had to duplicate Telstra's unrivaled infrastructure.

But the deal with Optus, a subsidiary of Singapore Telecommunications Ltd., is an added bonus that will boost customers and drive down costs, Treasurer Wayne Swan said.

"Two major telcos have now signed on with the NBN and that will mean a very strong take up of the NBN," Swan told reporters. "This will, of course, completely change the market structure in Australia."

Both deals need the approval of Australia's [competition watchdog](#), the Australian Competition and Consumer Commission. Telstra also needs the approval of shareholders at an Oct. 18 annual meeting.

Telstra, a former government-owned monopoly that still owns the nation's aging [copper wire communications infrastructure](#), which it leases to competitors, has agreed to progressively disconnect that infrastructure.

Telstra and the government expect the agreement to deliver AU\$11 billion to Telstra over decades in replacement revenue through disconnection payments, and new revenues through payments for access to its infrastructure.

Telstra services will migrate to the NBN over its expected 10-year construction.

Telstra will also provide NBN Co. with access to other infrastructure for a period of 35 to 40 years.

Optus will progressively migrate its hybrid fiber coaxial cable (HFC) customers to the NBN starting in 2014, for which it will earn AU\$800 million.

The government has already begun rolling out the network, which will deliver broadband speeds of 100 megabits per second to 90 percent of Australian homes, schools and businesses through fiber-optic cables connected directly to buildings.

The new speeds are 100 times faster than most Australians currently get - enough to watch multiple high-quality downloads of movies or television shows at once from the same connection.

A handful of countries - South Korea, Japan, France and Germany among them - currently have comparable speeds.

The plan to make Australians one of the most wired people in the world with uniform Internet access is made more challenging by the vast and scarcely populated Outback, which separates the major coastal cities.

The conservative opposition argues the plan is too expensive.

The opposition Liberal Party went to elections in August last year promising to deliver a smaller, slower - but much less expensive - AU\$6 billion network with a range of technologies, including optical fiber, wireless and DSL.

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