

Telstra submits NBN proposal

Media Release
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Statement by Telstra Chairman Donald G McGauchie AO

Telstra today provided the Federal Government with a proposal to build a world-class open access National Broadband Network (NBN) capable of delivering high-speed access to up to 90 per cent of Australians.

The proposal outlines what would be achieved by the fully detailed bid that Telstra has prepared but could not be submitted due to a number of unresolved issues in the Government's Request for Proposals (RFP).

Telstra believes the Government can consider its proposal under the existing terms of the RFP and should agreement be reached on outstanding concerns a possibility exists for more detailed dialogue.

Telstra has made it clear it is willing to engage in discussions with the Government to ensure Australia harnesses the benefits of a high-speed, high-definition world.

Under Telstra's proposal to build the NBN:

- Telstra would invest up to \$5 billion of its own capital.
- The Government would provide \$4.7 billion in the form of a concessional loan.
- Up to 90 per cent of the population would be covered.
- The network will be capable of providing downlink speeds between 25 Mbps and 50 Mbps in 65 per cent to 75 per cent of the footprint, with downlink speeds of between 12 Mbps and 20 Mbps in the remainder of the footprint.
- The network would be designed to be upgradeable.
- A wide range of services including IP telephony, high-speed internet, IPTV, video-conferencing and telemedicine would be supported.
- A \$29.95 per month entry level 1Mbps retail broadband pricing plan (four times faster than the existing plan at the same price) for customers with a Telstra fixed line telephone service would be available.

Under the proposal the rollout would commence as soon as possible across multiple locations in metropolitan and regional Australia and be completed far quicker than any alternative.

Telstra's proposal is pro-competition and would be open access, with wholesale customers buying access services on an equivalent basis to Telstra's retail units. Telstra expects the open access rules would be legislated and policed by the Australian Competition and Consumer Commission.

Telstra does not seek any legislative protections against competing infrastructure.

Telstra's proposal is subject to a number of conditions for the life of the project, including no further separation of Telstra and regulatory certainty.

While Telstra has devoted very considerable resources to preparing a fully detailed bid a number of fundamental issues have not been resolved, including:

- The lack of clarity around possible further separation
- The 12-month negotiation period under the RFP
- Concerns about the use of Telstra's detailed information
- The proposed commercial terms issued by the Commonwealth

Each of these unresolved issues causes unacceptable risk at a time of significant economic uncertainty, resulting in the Telstra Board deciding it is not in the interests of shareholders for Telstra to put forward a fully detailed bid at this time.

The financial climate has changed dramatically since the RFP was issued in April, fundamentally altering assumptions on which earlier business cases were built.

Separation would be extremely damaging for Telstra's shareholders, customers and the Australian telecommunications industry. With separation, the NBN simply cannot and will not be built. There is no business case. The economics don't work. A separated network would be impossible to build or to maintain.

The NBN is essentially an upgrade of Telstra's fixed network and will be one of the largest infrastructure projects ever undertaken in Australia. It will be the world's largest fibre to the node network in geographic terms, requiring some 4000 staff throughout the life of the project.

No other company can match Telstra's:

- Investment in Australia - Australian owned with \$20 billion capital investment over five years and 1.4 million Australian shareholders;
- Financial capacity and capital commitment;
- Recent track record in network development and project management;
- Skilled workforce;
- Detailed understanding of the national security and network security issues critical to Australia's national and commercial interests;
- Ability to build the NBN as a single, integrated, end-to-end network

Telstra would welcome the opportunity to engage further with the Government on its proposal.

Telstra's proposal:

- **[Download Telstra's proposal to the Government](#)**

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