



Media Release

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Elders and Optus to build rural and regional broadband network

The Optus and Elders joint venture, *OPEL Networks Pty Ltd* (OPEL), has secured \$958 million in funding from the Australian Government.

This comprises \$600 million from the previously announced Broadband Connect Infrastructure Program and an additional \$358 million in funding to further extend high-speed affordable broadband services to rural and regional Australians.

The OPEL network will cover 638,000 square kilometres extending across all States and Territories.

OPEL will deploy 1361 broadband wireless sites and install ADSL2+ in 312 exchanges.

Optus will also activate 114 new exchanges with ADSL2+ as part of its existing commitment to provide competitive broadband services. The total number of new exchanges to be activated with ADSL2+ by OPEL and Optus will be 426.

OPEL will initially deliver wireless broadband speeds of up to 6 megabits per second (Mbps) rising to 12 Mbps by 2009 using an internationally deployed broadband wireless technology appropriately designed for Australian conditions. Broadband delivered by ADSL2+ will have speeds of up to 20 Mbps.

Through OPEL, Optus and Elders will contribute \$917 million towards the project through upgraded infrastructure, cash and in kind contributions.

Paul O'Sullivan, Chief Executive, Optus said: "This is a major win for competition and choice in rural and regional Australia.

"This is a common sense partnership that builds on Optus' and Elders' mutual strengths. We will create a competitive wholesale market that will transform rural and regional telecommunications. OPEL will drive big benefits for rural and regional customers by providing competitive broadband services.

“The Australian Government’s rigorous, detailed and well contested competitive tender process has gone a long way to build a regional wholesale network to deliver competition and a sustainable solution to rural and regional Australia’s future broadband needs.”

Les Wozniczka, Chief Executive Officer, of Elders parent company Futuris said: “We are delighted that OPEL has been selected to deliver what will be a landmark infrastructure project for Australia.

“The program will deliver much needed access, equity and social benefits to rural and regional communities. The OPEL network is the result of 18 months highly detailed work to address those needs.”

The OPEL network will provide significant competitive backhaul capacity. This will break the current monopoly and offer a competitive supply of backhaul to other local internet service providers as well as Elders and Optus. OPEL will use almost 15,000 kilometres of backhaul through existing Optus transmission, leased transmission and the construction of new transmission fibre.

Where feasible the joint venture will make the best use of existing Optus infrastructure by co-locating broadband wireless equipment with existing 2G / 3G mobile sites and upgrading and ‘swapping out’ infrastructure, thereby reducing duplication of existing infrastructure.

Mr Wozniczka said Elders was well aware of the need for improved telecommunications service to country Australia and is excited to be part of the process to improve telecommunications access for rural and regional Australians.

“Our clients know how Elders led the move to improve rural banking service with the formation of Elders Rural Bank. Through OPEL we expect to do the same in telecommunications which we see as highly synergistic with our existing product offerings in real estate, banking and financial services,” Mr Wozniczka said.

OPEL will now commence negotiations with Government to finalise the commercial agreement. The Government requires the network to be built by 30 June 2009.

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Requests for images from today's announcement can be directed to Sharon Watt at Porter Novelli on 0409 675 100 or sharonw@porternovellisa.com.au.

Facts

- OPEL will be jointly owned 50:50 by Elders and Optus. It is expected to be self-funding after initial financing of up to \$200 million and will benefit from contributions in kind, leveraging Optus' existing infrastructure and Elders distribution presence.
- OPEL's broadband wireless and ADSL2+ network has been designed to target a principal market of 3.7 million rural and regional premises. An additional 5.3 million premises could be served on the fringes of OPEL's broadband wireless network where there is already significant competitive broadband infrastructure.
- OPEL Network will cover 638,000 square kilometres and extends across all States and Territories.
- OPEL will deploy 1361 broadband wireless sites via WiMax, each with a reach of 20 kilometres and 312 latest generation ADSL2+ DSLAMS.
- Upgrade 1023 transmissions spurs and 461 new microwave transmission spurs.
- Where there is infrastructure duplication it will be reduced by: co-locating broadband wireless equipment; using existing 2G/3G mobile sites; and upgrading or 'swapping out' existing microwave or fibre distribution infrastructure rather than deploy new infrastructure.
- OPEL will initially deliver wireless broadband speeds up to 6 Mbps rising to 12 Mbps by 2009 and up to 20 Mbps on ADSL2+. Actual speeds will vary due to various factors such as distance from the base station, selected service, customer equipment and general internet traffic.
- OPEL will use a state-of-the-art broadband wireless technology based on WiMax standards. WiMax standards are well suited for the delivery of high-speed broadband across large geographic areas making it an ideal choice for low density populations like Australia.
- WiMax has been widely deployed across locations in Europe, rural USA and Canada to deliver both residential and business broadband services.
- Services will be retailed through 400 Elders and 100 Optus stores in rural areas.
- Residential broadband and telephony services will be supplemented by a range of business-grade offerings for both small and large organisations operating in rural and regional areas as well as providing wholesale backhaul transmission for local and regionally based service providers.
- Broadband wireless will utilise public and apparatus licence spectrum. The term WiMAX is used in this fact sheet as a generic term to describe a family of technologies that includes Broadband Wireless Access (BWA).
- OPEL will deploy a total of 1361 Broadband Wireless sites comprising: 438 in New South Wales; 339 in Queensland; 117 in South Australia; 45 in Tasmania; 296 in Victoria; 113 in Western Australia; 10 in the Northern Territory; and 3 in the Australian Capital Territory.

- OPEL will deploy a total of 312 ADSL2+ DSLAMS and Optus will deploy an additional 114 ADSL2+ DSLAMS. A total of 426 exchanges will be activated with ADSL2+ comprising: 126 in New South Wales; 109 in Queensland; 44 in South Australia; 15 in Tasmania; 82 in Victoria; 49 in Western Australia and 1 in the Australian Capital Territory.
- Optus and Elders will adopt equity accounting in respect of their 50 per cent investments in OPEL.

About Elders

Elders is a wholly owned subsidiary of Futuris Corporation and Australia's leading rural and regional service provider. It has been serving the needs of rural and regional Australia for almost 170 years. From a network of 400 locations, including 280 rural branches, Elders delivers a multi-product service offering including sale and supply of farm inputs, agency services in wool, livestock and real estate, supply chain management, sale and marketing of meat, livestock and grain and financial services including banking (Elders Rural Bank), insurance (Elders Insurance), wealth management and telecommunications.

About Optus

Optus is an Australian leader in integrated communications - serving more than six million customers each day. The company provides a broad range of communications services including mobile, national and long distance services, local telephony, international telephony, business network services, internet and satellite services and subscription television.