

News

Leighton out to flex its telco arm

By LUCY BATTERSBY

LEIGHTON is cementing its position as a wholesale competitor to Telstra, with subsidiary Nextgen signing commercial contracts to sell services on a 6000-kilometre government-funded fibre-optic highway.

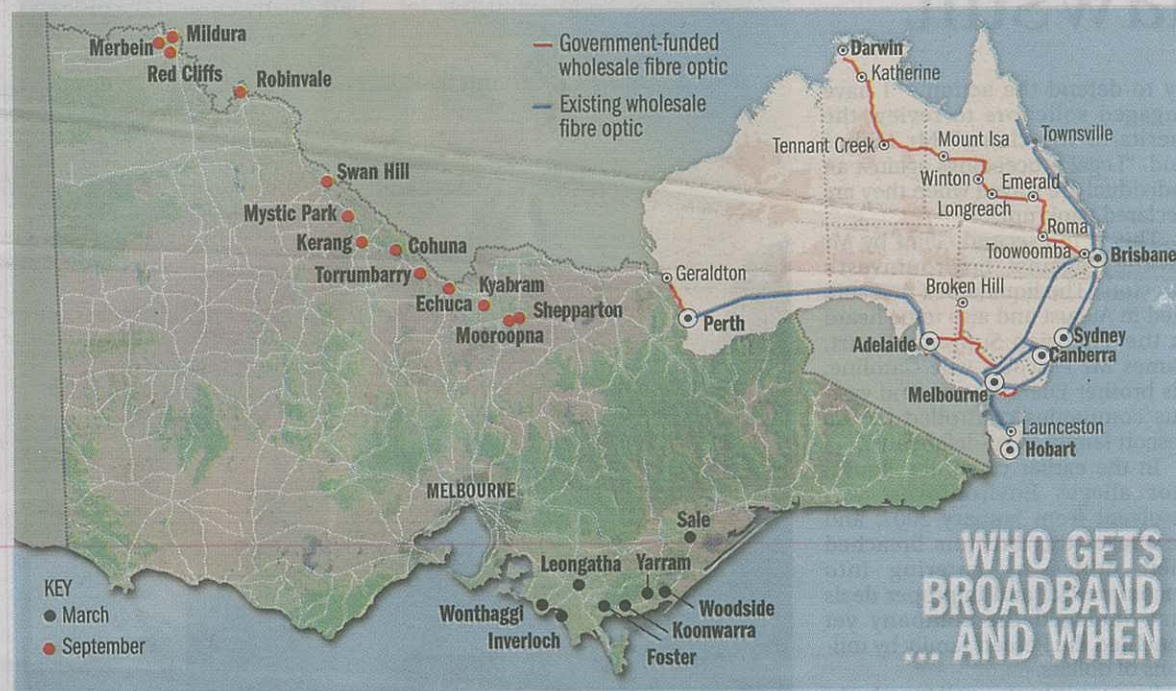
The construction company is also eyeing a role in the international telco market, with plans to build an under-sea fibre-optic cable from Perth to Singapore.

But with more than 100 points of interconnect already built into Nextgen's regional fibre network, it increases pressure on the competition watchdog to reject NBN Co's advice to the government to install just 14 exchanges on the broadband network.

Meanwhile, Communications Minister Stephen Conroy will reintroduce a bill to amend competition and telecommunications laws to accommodate NBN Co into the industry to the Senate on Wednesday.

The minister last week said both the Liberal Party and Family First senator Steve Fielding now supported the bill.

Reducing the number of exchanges from the current 5000 to 14 would make thousands of kilometres of privately owned fibre-optic cables running between exchanges in outer suburban and regional towns useless. The industry is already calling for compensation if these plans go ahead.



The managing director of Leighton's telecommunications division, Peter McGrath, said sales contracts between at least three internet providers and Nextgen had already been signed and several branches of the network would go live in three months.

"Typically an [internet provider] would either connect in a town or somewhere along the route. In actual fact we have a number of points of interconnect... over 100," Mr McGrath said.

Backhaul is the industry's term for the fibre optic "highways" that carry internet traffic between exchanges and between cities. It is expensive to build, so most internet providers lease capacity at wholesale rates from larger companies such as Telstra, Optus or TPG.

Nextgen recently warned the Australian Competition and Consumer Commission that accepting NBN Co's plans for 14 exchanges, all located in capital cities, would strand the backhaul assets that the

government had just paid it to build.

NextGen was paid \$250 million to build and operate the backhaul network for five years, which will be owned by and form part of NBN Co's network.

Nextgen is planning an under-sea cable from Perth to Singapore, which could link up with Australia's east coast and then send traffic to the US, providing an alternative route to the earthquake-prone Taiwan Strait for international internet traffic.