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## Telstra wins \$77m in hospital deal

Tony Moore  
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The State Government will pay \$77 million to Telstra to move from the site of a new \$1.4 billion children's hospital in South Brisbane.

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And while there is no threat to Telstra's retail customers in South Brisbane from the exchange closing, the carrier's wholesale customers have been given no assurances from Telstra their businesses will not be affected.

The Australian Competition and Consumer Commission gave Telstra until September 17 to provide that advice.

As of 4.30pm yesterday it had not received such advice.

Meanwhile, the State Government's deal allows modern fibre optic cabling to be included in the new children's hospital.

Queensland Health entered into a complex agreement to fund the site at South Brisbane, originally budgeting \$31 million for the Telstra settlement.

However an extra \$46 million was provided in the health budget in June.

Federal legislation prevents the State Government from resuming the Telstra premises and now the State Government has to pay out Telstra's contract on the site.

Health Minister Paul Lucas released information about the Telstra exchange yesterday afternoon.

"Federal legislation prevents the State Government from resuming this telecommunications asset under these circumstances," Mr Lucas said.

"But obviously as a matter of compensation the state is obliged to meet the cost of replacement of the old copper exchange," he said.

The facilities will be replaced by new fibre optics rolled out to residents as the older copper cabling is gradually replaced.

"Bearing in mind the Federal Government's national broadband policy and developments in technology, Telstra will replace it with modern fibre optics, which will not only benefit the hospital but also the surrounding area the current exchange serviced," Mr Lucas said.

The agreement, on commercial terms, commits the Queensland Government to pay \$77 million to Telstra for them to leave the exchange.

This includes a \$28 million loan that will be repaid to the Queensland Government.

The loan pays for the replacement cabling to local residences.

On average, a local telephone exchange provides services to around 11,000 customers.

ACCC spokesman Sean Riordan said there was no threat to Telstra's retail customers in the area.

"It is not as if the phones are going to stop ringing in the area," the spokesman said.

However he said concerns had been expressed by wholesale customers.

The Competitive Carriers Coalition wrote to the ACCC in August complaining that Telstra had not provided them assurances.

"The CCC has in the past complained to the ACCC about the withdrawal of competitive services in a sub-exchange in Canberra in similar circumstances," they wrote in a letter in August.

"In that instance, we asked that the Commission intervene to protect the interests of competitors and end users.

"We submit that the situation in South Brisbane similarly leaves consumers and competitors in an untenable situation."

Mr Riordan said it could not speak on Telstra's behalf but said it believed there would not be interruptions for wholesale customers.

"I don't think the new network would be switched on until the old network is no longer needed," he said.

*This story was found at: <http://www.brisbanetimes.com.au/queensland/telstra-wins-77m-in-hospital-deal-20100917-15g1h.html>*