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Company Announcements Office
Australian Securities Exchange

Government Advises Termination of OPEL Contract

The Commonwealth Government has advised today that it has terminated the contract for the funding of the OPEL broadband network roll-out.

OPEL is a 50:50 joint venture involving Optus and Elders (a wholly owned subsidiary of Futuris) which was awarded funding of \$958 million by the previous Government to construct a network that would deliver broadband services to rural and regional Australia.

The Government has informed the joint venturers that termination had been effected on the basis of:

- the Department of Broadband, Communications and the Digital Economy's assessment that OPEL's Implementation Plan did not meet prescribed coverage requirements; and
- the joint venturers' identification in the prescribed risk management plan that the fibre to the node broadband network subsequently proposed by the new Government, if built, represented a material risk of duplication.

The joint venturers maintain that the OPEL plan satisfied the prescribed coverage requirements and all other conditions precedent to the Funding Agreement.

The OPEL network is capable of meeting the objectives of the Broadband Connect Infrastructure Program and delivering improved broadband services to 889,322 underserved premises in rural and regional Australia within 2 years and at metro-comparable prices.

The Government's action does not impact Elders Telecommunications' retail operations or Amcom Telecommunications or its investments.

In the absence of any recoveries from the Commonwealth, Futuris anticipates a provision of approximately \$15 million will be made in the current financial year as a non-recurring item.

Michael Sadlon
Company Secretary

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