



The Wire

New cable will boost NZ broadband

Broadband users can expect lower prices and higher or unlimited data caps if a Kordia proposal to build a second trans-tasman cable goes ahead next year, a Kordia executive says.

THE PROPOSED 2,350KM cable, named OptiKor, would stretch between Auckland and Sydney to provide an alternate path for the first leg of New Zealand broadband traffic's journey to and from the US. Currently the only route into New Zealand is via Southern Cross Cable Network's cables, which run from Auckland to Sydney and Auckland to Hawaii.

Kordia general manager of strategic development Susie Stone said the OptiKor project was expected to cost between \$150 million and \$200 million. A tender process for construction of the cable would begin early

next year and if everything went to plan, the cable would be built and operational by the end of 2011, she said.

"What we expect to see continue is competition driving prices down. We've seen that quite aggressively already from Southern Cross, which has dropped prices about 75% or 76% since we announced the cable."

The improved latency provided by a second cable would also result in higher data caps being offered to consumers by ISPs. Some providers might even remove data caps completely, Stone said.

Kordia had no problem with Southern

Cross's "absolutely rational" decision to lower its prices to protect its position, but it provided a challenge while Kordia was looking to entice telcos to sign up to long term contracts to use the cable, Stone said.

"I always remain confident ... but getting the customers signed on is important."

In a presentation to delegates at the KANZ Broadband Summit in Auckland last month, Kordia presented data collated by economic consultancy Covec that estimated consumers would save \$2 billion between 2009 and 2020 if the second cable went ahead.

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