

Media Release

21 March 2013

NBN Co updates short-term fibre rollout timeline

- Construction delay of about three months in decade-long project
- NBN Co takes action to assist construction contractors to meet their commitments, including assuming direct responsibility for NT fibre rollout
- Technology supply, back-end IT systems and customer processes for the fibre network all on track
- 2021 completion date and overall cost of the NBN unchanged

Following a board meeting today, NBN Co has revised down its forecast for the rollout of fibre optic cable to reflect a delay of about three months.

Some of NBN Co's construction contractors have progressed work on the ground at a slower rate than forecast, but this delay will be recovered.

The June 2013 Corporate Plan target of passing 341,000 premises with fibre is now expected to be achieved about three months later. Between 190,000 and 220,000 premises are now forecast to be passed by fibre by end June.

NBN Co CEO, Mike Quigley, said: "We are accountable for the delay and are disappointed it has occurred.

"We work closely with our suppliers across all parts of our network to build and monitor their progress to ensure each individual element is ready within the required timeframe.

"In the case of the volume fibre rollout, NBN Co's public projections have been underpinned by commitments from our four construction contractors that they would meet the June 30 target.

"The problem is we are just not seeing the ramp up of construction workers on the ground that would be needed to deliver these targets.

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“This lack of mobilisation, combined with some of our contractors recently lowering their forecasts, has led us to make the judgment call to reforecast our end-of-year projections.

“That is why we have taken immediate action to address the delay.”

The actions include:

- NBN Co will directly manage the Northern Territory rollout to ensure the delivery of fast broadband to the NT and to allow contractor Syntheo to focus on WA and SA. This will see NBN Co create up to 200 jobs in the NT at the peak of the rollout
- NBN Co and its construction partners will train and employ additional specialist telecoms workers (“fibre splicers”) to help recover lost time in the rollout of the network
- NBN Co’s fibre construction contractors will increase their investment in equipment and manpower as well as technology to accelerate on-the-ground design and planning.

According to Mr. Quigley, other major deliverables for the NBN's fibre network are tracking well.

“We have more than 40 telephone and internet service providers selling NBN packages to consumers. The rollout of the transit network is on track. We are having no problems with the availability of equipment including the manufacture of fibre, and the implementation of the complex IT systems (OSS/BSS) that underpin the running of the network, also continue to be delivered as expected.

“I should be clear, this short-term issue will not affect the long-term delivery of the NBN or the overall cost of the project.

“NBN Co remains on track to deliver fast, affordable and reliable broadband to every Australian by 2021 as set out in our Corporate Plan.”

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MEDIA INQUIRIES:

Andrew Sholl

0448 805 806

andrewsholl@nbnco.com.au

Rhonda Griffin

0428 134 401

rhondagriffin@nbnco.com.au

Cathy Jamieson

0412 177 738

cathyjamieson@nbnco.com.au

Notes to Editors

NBN Co’s construction partners have provided the following statements in relation to this announcement:

Syntheo

Mr. David Saxelby, Chief Executive Officer of Construction & Infrastructure Australia, Lend Lease, on behalf of Syntheo, said:

“Syntheo has been experiencing difficulties in reaching the construction figures originally anticipated for the NBN in Western Australia, South Australia and the Northern Territory. As a consequence, Syntheo has revised its forecast for premises passed by 30 June 2013, in consultation with NBN Co. Syntheo, as a joint venture, has significantly strengthened its

P +61 2 9926 1900 **F** +61 2 9926 1901 **E** info@nbnco.com.au

resources to recover the situation and we are committed to working with NBN Co to deliver this important piece of infrastructure.”

Silcar

Silcar is responsible for the rollout of the National Broadband Network (NBN) throughout regions of Queensland, NSW and the ACT. Silcar is working proactively and increasing construction activity to reach our NBN roll out targets. We recognise that these short term targets may not be achieved.

The NBN reforecast of the construction timeline is sound and we remain confident that our expertise and experience shall ensure that these future targets are met.

The Silcar Chief Executive Officer, Mr. Peter Lamell, said:

“Silcar is proud to be a significant part of the National Broadband Network project through its ten year construction phase. The NBN project shall transform the way Australians communicate with each other and how they shall access education, health services, and e-business.”

Transfield

Nicholas Yates, Chief Executive Infrastructure, said:

“There were some initial teething issues and that’s only to be expected in an undertaking of this scale and geographic diversity. These types of issues have been experienced elsewhere, but our rollout rates have been improving for some time and we are working closely with NBN Co to lift them even further.”

Visionstream

Mr. Craig Laslett, Managing Director of Leighton Contractors, said:

“The NBN is vital infrastructure for Australia that will be an upgrade for Australia’s entire fixed line infrastructure, delivering fast speeds to every home and business. This project will be a tremendous asset for Australia’s future. At Visionstream, we are redoubling our focus on delivery and working closely with NBN Co to meet the timetable. This is a big project but Visionstream remains firm on delivering our forecast.”