

Media Release

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NBN Co selects key equipment supplier

NBN Co, the company established to design, build and operate Australia's national broadband network, today announced it has selected the initial strategic supplier for the Gigabit Passive Optical Network (GPON) and Ethernet Aggregation equipment needed to operate the fibre access network.

The initial supplier is Alcatel-Lucent.

Head of Corporate Services, Mr Kevin Brown, said NBN Co is pleased it now has a lead supplier with a solid international track record to supply critical equipment for this national project.

"Entering into this key contract enables NBN Co to deliver a world-class, fibre-based, high-speed network for Australia, starting with our announced first release sites," he said.

"We plan to spend up to \$1.5 billion on this highly-specialised network equipment during the lifetime of this project," he said.

He said NBN Co had committed to an initial \$70 million fixed price purchase with the option to buy as much equipment as the company needed as the project grew in scale.

He said that during the construction phase the rollout of the fibre network would be passing as many as 4,000 premises a day at its peak and this requires the installation of equipment under this contract.

Once NBN Co achieves full rollout scale, NBN Co intends to engage other GPON equipment suppliers who will interoperate with Alcatel-Lucent's GPON equipment.

"The contract with Alcatel-Lucent allows NBN Co to purchase what it needs when it needs it, and allows NBN Co to engage other suppliers at a later date of our choosing," Mr Brown said.

The active equipment is manufactured in large-scale electronics facilities offshore, however all installation and testing will occur locally, and will rely on over 500 engineers Alcatel-Lucent has based in Australia, and over 200 engineers in NBN Co itself.

NBN Co has also entered into a \$15 million contract for Alcatel-Lucent to provide services over the next 12 months to assist NBN Co with engineering and testing activities in the initial deployment of technology for the fibre network.

Background

GPON equipment and Ethernet Aggregation equipment are the key active devices that operate and manage the fibre optic network.

GPON equipment comprises an Optical Network Terminal (ONT) for end-user premises and Optical Line Terminals (OLTs) located at network equipment buildings known as Fibre Access Nodes or FAN sites.

ONTs can be installed outdoors on the side of a house or indoors and are similar in size to a modem. They convert the signal carried on fibre optic cable to up to six user ports which can provide telephone, television, Internet and other services. ONTs are connected to OLTs via optical fibre.

OLTs are rack-mounted units similar to telephone exchange equipment. Each OLT can support as many as several thousand end-users. OLTs are connected to Ethernet Aggregation switches which are also rack-mounted. The Ethernet Aggregation switches combine many thousands of end-user services together for transport over NBN Co's network and handover to Retail Service Providers.

This significant contract is consistent with the detailed NBN Co procurement approach and the Board-approved selection process.

Mr Brown said that to avoid any perception of conflicts of interest from previous employment both the CEO, Mr Mike Quigley, and the Chief Financial Officer, Mr Jean-Pascal Beaufret, did not participate in the decision by the Executive Committee to select Alcatel-Lucent, or negotiate any price arrangement within this agreement, nor did they participate in the Board approval to select Alcatel-Lucent for any of these contracts.

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