

Media Release

NBN Co awards equipment contracts to Australian located employers

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NBN Co has awarded three equipment contracts worth over \$1.6 billion to Australian located companies to supply passive network infrastructure to build the national broadband network during the next 5 years.

Victorian fibre optic equipment manufacturer, Warren & Brown Technologies has been awarded an equipment contract worth up to \$110 million over five years to provide optical distribution frames and sub-racks that will connect NBN Co's equipment to external cabling.

NBN Co has also awarded a contract for multiple types of equipment worth up to \$1.2 billion over five years to Corning, a world leader in the manufacture of fibre optic cabling. NBN Co will work with Corning who will enhance their Australia-based manufacture and assembly capacity to meet the needs of the NBN rollout.

NBN Co awarded a third equipment contract worth \$300 million over five years to Prysmian, a global manufacturer of telecommunications cabling with manufacturing facilities in Dee Why and Liverpool, NSW.

NBN Co CEO Mike Quigley said: "NBN Co is pleased to award these contracts to three companies that are leaders in their fields and to increase local investment in Australian manufacturing.

"NBN Co is pleased to be working with a 100% Australian-owned company in Warren & Brown and two global manufacturers in Prysmian and Corning both of whom have significant investments in Australian operations and who are able to leverage their global research and development spend and provide reliable, high quality and durable products.

"Part of our purchasing strategy is to make a substantial up front purchase commitment to encourage suppliers to invest in their Australian supply chain ramp-up as we head to volume rollout. They can invest with confidence in plant, equipment, recruitment and training to meet the needs of our national project.

Warren & Brown Technologies

NBN Co has awarded an equipment contract worth up to \$110 million over five years to Warren & Brown Technologies with an initial purchase order for \$50 million.

The company, which has built a state-of-the-art research, development and manufacturing facility in Maidstone, north-west Melbourne, will provide optical distribution frames and sub-racks. These products require sheetmetal manufacture and assembly of fibre optic connectors.

NBN Co CEO, Mike Quigley said: "We are pleased to award this contract to a local quality manufacturer of fibre optic equipment which has a long tradition in precision manufacture.

“One of the benefits of local manufacture is the ability of Warren & Brown to fill orders within short timeframes to meet the rollout requirements of NBN Co, which is currently in the process of building the network in its five first release sites.”

Warren & Brown Managing Director, Neil Domelow said: “This is a great day for Australian manufacturing and particularly SMEs. The Warren & Brown team is extremely proud to be awarded this great opportunity to demonstrate, through the supply of optical fibre products to NBN Co, our all Australian capability which has grown from a talented team of well travelled, determined and long-term-thinking professionals.

“We are proud to be a 100% Australian-owned contributor to this far-sighted project and look forward to working with NBN Co to provide these products and further product innovations.

“It was very difficult three years back, when the world economy was heading down, for Steve Normoyle and I to proceed with the \$5m upgrade to our facility, but winning this NBN Co contract proves that our belief in the future of telecommunications fibre technology was justified. It is timely also to express our gratitude to the Victorian State Government for its belief in our company vision and the resulting financial assistance to finish our upgrade.

“The Warren & Brown team look forward to working closely with NBN Co and sharing a long and mutually beneficial business relationship,” Mr Domelow said.

Corning

NBN Co has awarded Corning a contract worth up to \$1.2 billion over five years, with an initial purchase order of \$400 million. More than half of this contract value will be made in Australia.

Corning’s existing manufacturing facility in Clayton, Melbourne has already supplied fibre optic cable and other equipment to help build NBN Co’s first release sites.

Corning will invest in additional cable plant and equipment to manufacture specialised “ribbon” cable and expand its cable sheathing operations as part of a commitment to manufacture a high proportion of its fibre optic cable for NBN Co in Australia. It will also localise the manufacture of fibre distribution hubs and has committed to a recruitment and training program to ramp-up its Australian operations.

Corning will be the initial supplier of aerial cable, provide selected types of splice closures and will jointly supply feeder cables and drop cables which will connect individual user premises to the fibre network.

NBN Co CEO, Mike Quigley said: “This deal between NBN Co and Corning achieves a good balance between the more cost-effective sourcing of bulk fibre materials from overseas and encouraging local manufacturing capacity to increase.

“During 2011 Corning’s global manufacturing facilities will meet some of our initial requirements, however by 2012 Corning will transfer manufacture of ribbon cable to Australia as volumes ramp up in 2012.”

Rainer Dittrich, Managing Director of Corning Cable Systems in Australia, said: “Corning is delighted to have been selected as a major strategic partner for NBN Co. The size and scope of the NBN project will enable Corning to invest in both new equipment and technologies for our Clayton facility as well as create a significant number of additional jobs, increased people development and extensive skills training.”

Mr Dittrich said, as a result of the NBN contract, Corning will invest approximately \$25 million in its Clayton, Melbourne facility, related equipment and personnel training and expects to create an additional 300 to 400 jobs at the location.

Prysmian

NBN Co will work with Prysmian, a global manufacturer of telecommunications cabling headquartered in Milan, to enhance Prysmian's Australian-based manufacture and assembly capacity to meet the needs of the national broadband rollout.

Prysmian, which can trace its history back to the manufacture of submarine telegraph cables in the 1880s, has manufacturing facilities in Dee Why and Liverpool NSW. It is being contracted to provide underground cabling for the NBN project.

Prysmian will invest in additional cable plant and equipment to manufacture specialised "ribbon" cable locally and expand its cable sheathing operations as part of a commitment to source approximately 80 per cent of the value of its contract with NBN Co in Australia. It will also localise the manufacture of all Prysmian's rodent-proof and high-strength cable in Australia.

The total value of the contract is up to \$300 million over five years, with an initial purchase order of \$150 million.

NBN Co CEO, Mike Quigley said: "Through this deal NBN Co has secured a commitment to increased local manufacturing over a two-year ramping-up period, and to recruitment and training activities to help fulfil the local sourcing requirement."

Prysmian Cables and Systems CEO Llyr Roberts said: This contract not only ensures the future stability and growth of Prysmian, but also that of our suppliers and distributors who are located around the country.

"Directly, this contract will also result in new employment in our Dee Why manufacturing facility of up to 50 jobs over the initial 5 year period. We then expect the flow on employment effect could be as high as 2:1, with extra jobs being created in transport and logistics, training and administration, as well as in businesses with end user applications."

Prysmian will bring to Australia for the first time the ability to manufacture high volumes of specialised "ribbon" fibre optic cables. This will require a direct investment in additional plant and equipment of up to \$13 million.

NBN Co is in the process of awarding a range of contracts for other components of its passive network infrastructure such as pits and pipes with further announcements expected during early 2011.

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