Media Release

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nbn expands industry partnership as network reaches scale

Momentum continues towards 8 million connected homes by 2020

nbn – the company building Australia's Broadband Network - today announced two distinct agreements including a non-binding Memorandum of Understanding (MOU) that further engage the country's experts to: manage the design and construction; and, to operate and maintain the company's growing multi-technology mix.

nbn has signed new agreements for the provision of 'operate and maintain' services for the fixed line technologies as activations accelerate across the country.

To further leverage Australia's industry expertise and help simplify the process of upgrading and transitioning the ownership of the two Hybrid Fibre Co-axial (HFC) networks, **nbn** has been discussing a shared management approach with both Telstra and Optus for their respective networks.

nbn today announced it has entered into an MoU with Telstra, whereby a way forward is being negotiated early 2016 for the design and construction management of the **nbn™** HFC footprint currently passed by the existing Telstra HFC network. Discussions with Optus are ongoing with a similar objective.

nbn CEO Bill Morrow said: "The **nbn** team is gearing for the next stage of exponential growth, building on the now 1.7 million premises ready for service and the 700,000 homes and businesses that are actively using the **nbn**™ network.

"We're now tracking over 10,000 new activations a week. By the end of this financial year we're on track for nearly 1 in 4 homes to be able to order an **nbn™** service and by June of 2018 this is set to grow to 3 in 4.

"To optimise the network build and provide access to an excellent service for Australians, united partnerships with the construction and telecommunications industry are a key priority.

"This year we have re-set our relationships with the industry by improving the way we collaborate and structure competitive, flexible agreements with our partners."

Operate and Maintain Master Agreements (OMMA)

Service Stream Limited, Telstra and BSA Limited have each been awarded an Operate and Maintain Master Agreement.

nbn has entered into these agreements for the provision of 'operate and maintain' services on the fixed line technologies: Fibre to the Premises (FTTP); Fibre to the Node (FTTN/B) and HFC. These works involve activating homes and businesses, along with ongoing maintenance to help ensure access to a reliable and fast broadband experience for all end users. Work covered by the OMMA relates to operations and maintenance work once an area has been declared 'ready for service' (RFS) and end-users are able to order a connection.

Activations on the network are accelerating, with current weekly figures at more than 10,000 new users compared to approximately 4,000 in December 2014.

The agreements are based on the same concepts of flexibility, competition and incentives for high performance as the Multi-Technology Integrated Master Agreements (MIMA) reached this year for the construction of the **nbn™** network.

Memorandum of Understanding with Telstra on HFC Engineering, Procurement and Construction Management (EPCM)

Under a MoU, Telstra and **nbn** are working towards finalising a contract early next year to determine the way forward for the engineering, procurement and construction management of the 3.6 million premises in the future **nbn™** HFC network that will be serviced by key components of the current Telstra HFC network.

Telstra has previously engineered the country's largest HFC network, with valuable expertise in HFC network design and construction management.

If arrangements are negotiated as expected, Telstra will become a partner in managing the design and build of a large portion of the HFC network, which is estimated to total 34 per cent of the national **nbn™** footprint. With future advancements in technology, such as DOCSIS 3.1, the HFC network could deliver access to wholesale speeds up to one gigabit per second.*

nbn is continuing discussions with Optus about work for the future **nbn™** HFC network currently passed solely by the existing Optus HFC network. A successful trial continues on the Optus HFC network in Redcliffe, Queensland, with end users experiencing speeds of up to 100Mbps/40Mbps.*

The MoU between Telstra and **nbn** relates to design and construction management. The proposed EPCM also provides for Telstra to undertake self-performed work (eg. in exchanges). Work under the proposed EPCM will also continue past RFS (eg. management of **nbn** MIMA contractors, some Telstra self-performed work and defects liability work). All product development, related activities with retail providers, and work required once end-users are able to order a connection, continue to be managed by **nbn**.

The advantage of Telstra and Optus managing the build within their existing HFC network footprint is in simplifying the physical changeover to the **nbn™** network during the co-existence period. Potential risks in complicated migrations could be significantly reduced or avoided if the legacy owner manages the transition to Ready for Service. **nbn** would retain strong oversight of its network which will be built according to the company's specifications.

These arrangements will have no impact on **nbn'**s peak funding estimate.

An additional agreement for Telstra legacy customers has also been made, relating to activations and assurance work during the 18 month disconnection window in areas that have been declared RFS.

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Media enquiries

Dan Holland

Mobile: 0429 364 299

Email: danholland@nbnco.com.au

* We're designing the **nbn**™ network to provide these speeds to our wholesale customers: telephone and internet service providers. End-user experience, including the speeds actually achieved over the **nbn**™ network, depends on the technology over which services are delivered to your premises and some factors outside our control like equipment quality, software, broadband plans and how the end user's service provider designs its network.