

Media release

16 April 2014

NBN Co on track to meet rollout targets but must redouble efforts to connect end users, says CEO

Unaudited financial statement as at 31 March 2014

The company building and operating the National Broadband Network (NBN) says it is tracking well towards its end of financial year rollout targets as it prepares to implement a revised network architecture to enable Australians to have access to fast broadband sooner and more cost-effectively.

It is also implementing a number of changes to the existing construction model in the fibre footprint aimed at improving the ability of end users to connect to the NBN.

NBN Co's unaudited third quarter accounts revealed:

- The company recorded an operating loss of \$1.117 billion after generating revenue of \$69.8 million in the nine months ended 31 March 2014. Telecommunications revenue rose to \$38.5 million over the nine months.
- The continued expansion of the network saw life-to-date capital expenditure (excluding leased assets) increase to \$4.9 billion and life-to-date operational expenditure rise to \$2.4 billion.
- As at 31 March 2014, the network had passed 512,659 fixed line and fixed wireless premises, an increase of nearly 96,000, or 23 per cent over the previous quarter. This has resulted in an average run rate over the quarter of over 6,000 combined brownfields and greenfields premises per week and around 1,000 fixed wireless premises covered per week.
- There were 166,642 premises with an active NBN service at the end of March, an increase of 27 per cent over the quarter. Fibre users (brownfields and greenfields) rose by 39 per cent to 111,035 during the quarter.
- However, a third of brownfields premises (94,883 or 36 per cent) were unable to order a service despite being passed by NBN fibre (so-called Service Class 0). The company has instructed contractors to install lead-ins and connection boxes to premises at the same time the fibre is being laid in the street. Previously these tasks were carried out separately.

- During the quarter the number of activations for fixed wireless services increased by around 80 per cent to 11,673. The company also completed construction of a satellite ground station at Roma and the Telemetry, Tracking and Control Centre at Alice Springs.
- In terms of the core network, NBN Co has now completed 113 of its 121 Points of Interconnect, and 80 per cent of the transit network has been built.

NBN Co Chief Executive Officer Bill Morrow said:

“The purpose of the NBN is clear. Our job is to open up the digital economy and close the digital divide. But there are a range of issues we need to address. The primary focus for management has been on building the network rather than connecting families and businesses. We need to do both and we need to do them better.

“For instance, we are moving to a construction model that will see our delivery partners install lead-ins and connection boxes to the outside of a home as the fibre is being rolled out in the street. The aim is to increase the number of homes and businesses that are more easily able to connect to the NBN when it becomes available in a neighbourhood.

“There is more to analyse, more to improve and much more industry collaboration needed but we are making progress as evidenced by the metrics we are reporting today.”

Optimised Multi-Technology Mix

The company also reported that it is making solid progress towards the transition to a revised rollout model designed to enable the NBN to be built in a cost-effective way using the technology best matched to each area in Australia, as set out in the Commonwealth’s Statement of Expectations to NBN Co issued on 8 April 2014.

The renegotiation of the Definitive Agreements with Telstra is progressing well.

In addition, NBN Co is conducting Fibre to the Building trials in central Melbourne and Fibre to the Node build pilots in both Umina, NSW, and Epping, Victoria, in order to test construction methods and the end user experience ahead of a widescale rollout of additional access technologies.

The first in-premises technology test of Fibre-to-the-Node at Umina on the NSW Central Coast delivered raw download speeds of 105 megabits per second (Mbps) and upload speeds of 45 Mbps* covering a distance of around 100 metres.

“This is an important milestone in the rollout of the National Broadband Network,” Mr Morrow said.

“It demonstrates that existing technologies such as the copper network are capable of playing a vital role in delivering high speed broadband to Australians.”

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Notes to editors

- Download the NBN Co unaudited financial statement for the nine months ended 31 March 2014 www.nbnco.com.au/financials
- NBN Co is committed to fulfilling the Federal Government's policy goal of ensuring that Australians have access to fast broadband as soon and as cost-effectively as possible, as set out in the Federal Government's Statement of Expectations to the company <http://bit.ly/1p6t345>
- A Strategic Review carried out by NBN Co and completed in December 2013 recommended that the National Broadband Network could be rolled out faster and as cost-effectively as possible by utilising a wider range of best-fit technologies and taking into consideration existing infrastructure. <http://www.nbnco.com.au/about-us/media/news/strategic-review.html>
- For more information, visit www.nbnco.com.au

**NBN Co provides services to its wholesale customers, telephone and internet service providers, and does not provide services directly to end users. This trial involved testing speeds over physical network layers rather than end user speeds. End user experience including the speeds actually achieved over the NBN depends on some factors outside our control like equipment quality, software, broadband plans and how the end user's service provider designs its network.