

24 May 2013

Malcolm Turnbull
Shadow Minister for Communications and Broadband
House of Representatives
Parliament House
Canberra ACT 2600

Dear Malcolm,

Construction Commenced

Thank you for your email on Monday 13 May 2013.

Thank you for your comments on the efficacy of the “construction commenced” metric and the “premises passed” metric. NBN Co does not agree with the suggestion in your letter that these metrics are misleading. Further, the Board of NBN Co is conscious of its duties and would not knowingly make misleading statements or authorise misleading statements to be made in any public document, report of or report prepared by the company.

More than forty metrics are included by the Government in its report to the Joint Committee on the National Broadband Network (**JCNBN**), one of these is the “construction commenced” metric. The JCNBN metrics represent a subset of the metrics which NBN Co reports to shareholder ministers. NBN Co’s metrics may need to become more or less granular over time as NBN Co evolves, and may indeed need to focus on some parts of the business in more or less detail.

The term “construction commenced” is used in all of NBN Co’s recent public documents, including the 2012-2015 Corporate Plan, the December 2012 report to the JCNBN and the 2012 Annual Report. In each of those documents, the term is defined as:

Construction commenced: contract instructions have been issued together with the initial Network Design Document (NDD) so that construction partners can commence work on the detailed design, field inspections and rodding / roping activities in an FSAM. This is followed by the release of a rollout map for the FSAM on the NBN Co web site showing the coverage area for that FSAM and the estimated number of premises to be passed / covered.

The term was approved by the Board of NBN Co because it is a statement of the contractual and factual position.

Under NBN Co’s construction partner contracts, “construction commenced” represents the milestone at which NBN Co releases to a construction partner a Contract Instruction to commence work in an area, as well as a Network Design Document (**NDD**). At this point, the construction partner starts developing Detailed Design Documents (**DDD**).

The preparation of each DDD involves construction field work. The work includes address verification, planning approval assessment, the electrical field design and the preparation of a field inspection report. Generating the field inspection report requires relevant ducts in the area to be “rodded and roped” and there may also be work on the ducts such as flushing using a “vac-truck” if there are duct blockages. This work is carried out by NBN Co’s construction partners and is known as the “onsite proving exercise”. This work will always involve the presence of construction crews. It usually involves the erection of safety fences, traffic management and use of construction equipment. NBN Co’s construction partners (or their subcontractors) are clearly present and visible in an area while these activities are happening. Telstra and its construction contractors (and their crews) are also in the field undertaking the remediation works requested by NBN Co once NBN Co has completed its onsite proving exercise. Local residents see these activities taking place in their community.

Local residents and businesses have an interest in whether their local area could be disrupted by any construction work and how long the disruption will last. Local residents and businesses will perceive little difference (if any) between construction activities as part of the field work and onsite proving exercise, Telstra’s remediation to satisfy NBN Co’s requirements, and construction activities that may involve the installation of fibre optic cable (whether in ducts or overhead), digging and or drilling on public property, installing pits or installing fibre distribution hub cabinets. These latter activities occur after the approval of the construction partner’s DDD.

In our operational phase, NBN Co responsibly ensures local residents and businesses understand the stage of the network rollout in their area from construction commencing through to when premises are connected to the network. NBN Co’s communication through this period focuses on providing relevant information to local residences and businesses.

The Board of NBN Co remains conscious of its obligations and responsibilities. NBN Co considers that its public and other communications have been transparent and accurate.

I trust the above provides you with the information and assurance you require.

Yours sincerely



Siobhan McKenna
Chairman

Attachment:
Email 13 May 2013

Cc:
Senator the Hon. Stephen Conroy, Minister for Broadband, Communications and the Digital Economy
Senator the Hon. Penny Wong, Minister for Finance and Deregulation
Drew Clarke, Secretary of the Department of Broadband, Communications and the Digital Economy
David Tune, Secretary of the Department of Finance and Deregulation
Mike Quigley, CEO, NBN Co