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**SENATOR THE HON PENNY WONG**  
Minister for Finance  
and Deregulation

**SENATOR THE HON STEPHEN CONROY**  
Minister for Broadband, Communications and  
the Digital Economy

**Submission No. 12**

Mr Rob Oakeshott MP  
Chair  
Joint Committee on the National Broadband Network  
PO Box 6022  
Parliament House  
CANBERRA ACT 2600

**9 APR 2012**

Dear Mr Oakeshott

The government has undertaken to provide the Committee with a six-monthly report on the progress of the National Broadband Network (NBN) based on information provided by NBN Co.

We are pleased to enclose a copy of the second report on the NBN rollout for consideration by the Committee. The report provides quantitative and qualitative advice outlining NBN Co's key performance information across the following areas:

- progress on the rollout;
- deployment and installation;
- take up rates;
- key financial information: profit and loss statement; balance sheet; cash flow statement; and cash flow reconciliation;
- quality of service including service levels and faults;
- industry and consumer consultation including complaint handling; and
- issues associated with health, safety and environment.

Since finalising the government report on the NBN to the Committee, on 29 March 2012 NBN Co released its indicative three year fibre rollout plan which will see NBN construction either begin or be completed by mid 2015 for more than 3.5 million homes, businesses, schools and hospitals across Australia. The three year rollout plan will be updated each year.

Across Australia, the numbers of homes, businesses, schools and hospitals that will see construction begin or be completed by mid 2015 are:

- 1,010,700 in New South Wales
- 691,600 in Victoria
- 678,600 in Queensland
- 429,200 in Western Australia.
- 327,300 in South Australia
- 135,300 in the ACT
- 65,200 in the Northern Territory
- 209,100 in Tasmania

Construction of the national fibre network rollout will begin between 1 April 2012 and 30 June 2015 in these locations, under NBN Co's indicative three year rollout plan.

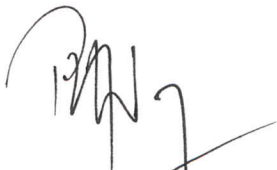
This is the second government report on the NBN rollout provided to the Committee, as such, some information on the above matters may be limited as NBN Co is in the early stages of the rollout. We can advise that the information will become more detailed as the rollout progresses, as more premises are connected and as NBN Co's operating and business systems come online during this year.

We note your request of 3 November 2011 seeking advice on the feasibility of including additional information in future reports from government and agreed to provide the Committee with follow-up advice in the context of reporting arrangements.

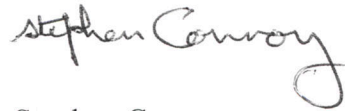
The government is supportive of providing the Joint Committee with quality information to inform its review of the NBN rollout. The enclosed report includes an unaudited schedule of commitments however information on the cost per premises passed or activated and take up rates broken down into levels of service is not meaningful at this point in time based on NBN Co's business and operating systems still being developed, the delays arising from completion of the Definitive Agreements and the finalisation of the fibre contracts.

We welcome the Joint Committee's continued interest in this important infrastructure project.

Yours sincerely



Penny Wong  
Minister for Finance  
and Deregulation



Stephen Conroy  
Minister for Broadband,  
Communications and the  
Digital Economy

**Government report to Joint Committee  
on the National Broadband Network on  
NBN Co Limited**

**31 December 2011**

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## Introduction

This report has been prepared based on information provided by NBN Co Limited to provide:

- 1) A summary of the key milestones achieved by the Company;
- 2) Year to date financial reports for the period ended 31 December 2011, comprising profit and loss statements, balance sheets and a consolidated statement of cash flows; and
- 3) Measurement against agreed Key Performance Indicators (KPIs) for the Company as at 31 December 2011.

References in this report to “NBN Co” or “the Company” include references to NBN Co Limited and its subsidiaries NBN Tasmania Limited and NBN Spectrum Pty Limited.

This is the second government report to the Joint Committee on the National Broadband Network and as such reflects initial early reporting while systems and reporting processes are still under development. The data will become more meaningful against actual and forecast measures as the reporting series builds up over time. This report is consistent with a start up company in the early years of a network rollout.

## Executive Summary

Key milestones achieved:

- On 6 September 2011, NBN Co signed two separate agreements enabling the rollout of the NBN in Western Australian (Syntheo) and Victoria (Transfield);
- On 7 September 2011 the first new housing development was switched on in Western Sydney;
- Meeting the “ready for commercial service” milestone for the first release sites on 30 September 2011;
- NBN Co launched its Interim Satellite Service on 1 July 2011;
- The initial rollout plan with Telstra was agreed on 22 September 2011;
- On 18 October 2011, NBN Co released its inaugural twelve month rollout plan;
- The contract to build the first stage of the NBN in South Australia (SA) and the Northern Territory (NT) was awarded to Syntheo on 14 November 2011;
- Contracts to provide an array of equipment for installation in homes and businesses, worth up to \$635 million over the next five years, were executed on 15 November 2011;
- NBN Co launched two demonstration facilities on 25 November 2011, the Discovery Centre in Docklands, Melbourne and the NBN Co Demonstration Truck to travel across Australia;
- The final executable version of the Wholesale Broadband Agreement (WBA) was published on 30 November 2011. As at 31 December 2011, eleven Retail Service Providers (RSPs) had signed the WBA;
- NBN Co lodged its revised Special Access Undertaking (SAU) with the Australian Competition and Consumer Commission (ACCC) on 5 December 2011;
- Telstra and NBN Co extended the end date of the Implementation and Interpretation Deed (IID) to 30 March 2012;

- Delivery of the transit schedule in line with the initial rollout plan with 26 Fibre Access Nodes (FAN) and aggregation node sites handed over from Telstra as of 31 December 2011; and
- As at 31 December 2011, NBN Co had work under way (WuW) across all delivery platforms covering 92,032 premises.

As reported in post-closing events, since finalising the government report a number of key developments around the rollout of the NBN have taken place including:

- On 8 February 2012 NBN Co announced that Space Systems/Loral will build two next-generation Ka-band satellites;
- On 15 February 2012 NBN Co released a quarterly update to its 12-month rollout schedule;
- On 28 February 2012 the ACCC accepted Telstra's Structural Separation Undertaking (SSU) and draft Migration Plan;
- On 7 March 2012 the Definitive Agreements between NBN Co and Telstra Corporation Limited (Telstra) became unconditional;
- As at 16 March 2012, there were 7,282 customers connected to broadband services over the NBN;
- On 26 March 2012 NBN Co announced that Visionstream Australia Pty Ltd will undertake construction of the remainder of the fibre network in Tasmania;
- On 29 March 2012 NBN Co released its indicative three year rollout plan which will see NBN construction either begin or be completed by mid 2015 for more than 3.5 million homes, businesses, schools and hospitals across Australia; and
- As at 31 March 2012, thirty nine Retail Service Providers had signed the Wholesale Broadband Agreement (WBA).

The key results are summarised below:

Metrics	Cumulative as at 31 December 2011	Cumulative as at 30 June 2011
<b>Work under way<sup>1</sup> (WuW)</b>		
Brownfields	77,357	11,187
New Developments	12,723	-
First Release Interim Satellite	-	-
Fixed Wireless	1,952	-
<b>Premises passed/covered</b>		
Brownfields	18,243	18,243
New Developments	951	-
First Release Interim Satellite	165,000	165,000
Fixed Wireless	-	-
<b>Premises activated</b>		
Brownfields	2,095	622
New Developments	110	-
First Release Interim Satellite	2,197	-
Fixed Wireless	-	-

<sup>1</sup> WuW refers to 'work under way' and represents premises currently undergoing site design and/or existing construction activity

Metrics	Current quarter (Oct to Dec)	Previous quarter (July to Sept)	Year to date For the period 1 July 2011 to 31 Dec 2011
<b>Operating expenditure<sup>2</sup></b>	\$120m	\$102m	\$222m
<b>Capital expenditure</b>	\$182m	\$164m	\$346m

## Health, Safety & Environment

### Health, Safety & Environment

NBN Co has developed a comprehensive Health, Safety and Environment (HSE) Management System that addresses the identification of significant risks and implementation of appropriate risk mitigation or treatment plans and monitoring processes. The system was built to meet the requirements of AS4801 and ISO14001.

The frequency of lost time injuries during the December quarter for NBN Co employees was zero and for contractors it was 3.1 lost time injuries per million work hours<sup>3</sup>, this compares to zero for NBN Co employees and 3.5 lost time injuries per million work hours for contractors during the September quarter.

The frequency of medical treatment injuries during the December quarter for NBN Co employees was 2.0 medical treatment injuries per million work hours and for contractors it was 22.8 medical treatment injuries per million work hours, this compares to 1.3 medical treatment injuries per million hours worked for NBN Co employees and 24.4 medical treatment injuries per million hours worked for contractors. No medical treatment injuries incurred to date have developed into a lost time injury.

The *Harmonised Work Health and Safety Act 2011* was passed through the Senate on 24 November 2011, comes into force as from 1 January 2012. Training on the new Act has been developed and provided to staff.

Prior to commencement of cover by Comcare, NBN Co received five workers compensation claims, four journey claims in NSW and one medical expense claim, all which have been settled with NBN Co's previous workers compensation insurer, QBE.

## Commercial Negotiations & Events

### Telstra Deal Implementation

Constructive dialogue to develop and implement processes to deliver the network has been established.

<sup>2</sup> Operating expenditure includes direct telecommunication costs

<sup>3</sup> The level of lost time injuries is due to a minor injury with 1 day lost for 1 person.



Telstra and NBN Co extended the end date of the Implementation and Interpretation Deed (IID) to 30 March 2012, following the delay in approving the Structural Separation Undertaking (SSU) by the Australian Competition and Consumer Commission (ACCC).

On 7 March 2012 the Definitive Agreements between NBN Co and Telstra became unconditional and commenced.

The following key milestones have been achieved:

- Delivery of the transit schedule in line with the initial roll out plan, with 26 Fibre Access Nodes (FAN) and aggregation node sites handed over from Telstra as of 31 December 2011;
- Development of processes, systems and methodology to implement the Telstra Definitive Agreements; and
- Completion of operate and maintenance manuals and technical specifications for each infrastructure type under the Infrastructure Services Agreement with Telstra.

The required joint governance committees, and associated forums, meet at least once per month.

Significant work has been undertaken on end-to-end processes for the deployment.

#### **Optus Deal Implementation**

NBN Co and Singtel Optus Pty Limited and related companies (Optus) continued to progress the following key matters:

- **ACCC Approval (condition precedent):** The application to the ACCC for authorisations for the implementation of the Optus HFC Subscriber Agreement (Optus Agreement).
- **Implementation Plan:** On the 17 November 2011, NBN Co and Optus agreed the Optus HFC Subscriber Agreement Implementation Plan.

#### **Infrastructure Supply Engagement**

Activity included:

- **Utilities:** Ten Facilities Access Agreements have been executed, or are under finalisation, with energy companies and a number of other providers.
- **Fixed Wireless:** The Crown Castle interim site access agreement for up to 138 sites has been updated to include a further five new sites which have received development approval. Initial access terms have been executed with Optus for up to sixteen sites identified by NBN Co for the first release rollout. Both arrangements assist in rolling out the Fixed Wireless Network.



## The Network Extension Program

The first trial of the fibre optic network extension process was concluded in Tasmania. The objective was to trial a mechanism for the end user to pay the incremental cost of extending the fibre network to their premises if they lie outside the fibre footprint. Further trials on the mainland are planned.

## Communication

For the period 1 July 2011 to 31 December 2011 NBN Co has appeared before two parliamentary committees, the Joint Parliamentary Committee on the NBN (four hearings) and the Senate Environment and Communications Legislation Committee (one hearing). NBN Co later responded in aggregate, to 166 Questions on Notice arising from these hearings. The company has also met with the Regional Telecommunications Independent Review Committee on two occasions.

The CEO of NBN Co addressed the Australian Communications Consumer Action Network on 7 September 2011 and the NBN Co Customer Collaboration Forum on 8 and 10 November 2011.

Communications events took place in first release sites, focusing on key sectoral benefits of the network. This being:

- Kiama (aged care)
- Brunswick (small business and innovation)
- Townsville (telehealth)
- Willunga (education)

A ceremony was also held on 7 September 2011 in Western Sydney to mark the first new housing development to be connected to the NBN.

NBN Co continued to engage with state-based NBN taskforces, local government and regional interest groups presenting to a wide range of audiences. NBN Co representatives have also spoken at local business forums in Second Release Sites. Key stakeholder groups, including consumer groups such as Australian Communications Consumer Action Network, are also being engaged on a range of issues.

NBN Co has produced six additional video case studies for use on the Company's online channels and in executives' presentations. They include "Bettering Business", "Bettering Education", "Bettering Health" and "Bettering Home Life", featuring testimonials from mainland and Tasmanian businesses and end users.

Preparations are underway for three key public outreach campaigns to launch in 2012. These being:

- Public Education Activity (PEA) (to facilitate continuity of telecommunications services when the copper network is retired). NBN Co is working with government and industry on an appropriate governance and consultation structure for the PEA;
- Sectoral benefits campaign beginning with the education sector; and
- A campaign to generate interest in and build understanding of the NBN.

On 11 October 2011, NBN Co's Statement of Corporate Intent was tabled in Parliament. The statement details how NBN Co will discharge its mandate to provide access to high-speed broadband to all Australian premises, as set out in the government's Statement of Expectations to NBN Co of 17 December 2010.

The NBN Co Limited Annual Report 2010-11 was tabled in Parliament on 13 October 2011. The Annual Report is available on NBN Co's website.

NBN Co launched two demonstration facilities on 25 November 2011; the Discovery Centre in Docklands, Melbourne and the NBN Co Demonstration Truck to travel across Australia. In the first fifteen days of operation the Discovery Centre at Docklands and the NBN Co Demonstration Truck hosted more than 1,000 visitors.

The NBN Co Demonstration Truck has visited ten towns in Tasmania including Devonport, Deloraine, Launceston, Georgetown, Scottsdale, St Helens, Campbell Town, Triabunna, Port Arthur and Sorell up to 31 December 2011.

## Operational Achievements

### Customers

Following extensive consultation with Access Seekers, NBN Co published the final executable version of its 12-month Wholesale Broadband Agreement (WBA) on 30 November 2011. This contract will allow Retail Service Providers (RSPs) to enter into a commercial agreement with NBN Co while the Australian Competition and Consumer Commission (ACCC) considers NBN Co's Special Access Undertaking (SAU).

As at 31 December 2011, 11 RSPs had signed the WBA<sup>4</sup>.

### Product Definition

On 28 July 2011, NBN Co released the third edition of its WBA following two previous rounds of industry consultation, setting out its contract terms and conditions, for the delivery of commercial services over the NBN fibre network.

Since the commercial launch of NBN Co's first product, a range of retail products and pricing options have been released by retail service providers (RSPs) for example including from \$29.95 per month (with Skymesh) for an entry level service of 12/1 Mbps and \$45.00 per month (with Exetel) for a 100/40 Mbps service. RSPs are also delivering quality telephony over the network across both the data and voice ports. As at 31 December 2011, 125 customers are using existing handsets to make calls over the NBN Co voice ports.

The NBN Multicast Service is operating in the NBN Co test facility, with one RSP successfully connecting an internet television service in this facility on 19 December 2011. Five RSPs are in the process of setting up trial services ahead of the expected August 2012 launch of the Multicast product.

During November 2011, NBN Co updated stakeholders on the roadmap for all product releases over the next three years, including product design and pricing details for NBN Co's business products.

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<sup>4</sup> As noted in post closing events, at 31 March 2012 there were a further twenty eight RSPs that had subsequently signed the WBA bringing the total to thirty nine.

Twelve RSPs have asked to be part of the fixed wireless trial in Armidale NSW, with five selected to participate based on a structured process and rigorous selection criteria. NBN Co is monitoring technological advances across fixed wireless platforms in order to upgrade its products over time consistent with the Government's expectations for the company as outlined in its 17 December 2010 Statement of Expectations. NBN Co's product roadmap is enabled by four network releases:

- *Active Network Release 1 (ANR1)* delivers Active Network broadband services with Voice and Lawful Interception capabilities.
- *Active Network Release 2 (ANR2)* delivers the design and site deployment of Dense Wavelength Division Multiplexing (DWDM) capability, fibre product capability including multicast capability, fixed wireless design and capability for initial launch, and Lawful Interception enhancements.
- *Active Network Release 3 (ANR3)* delivers product enhancements specific to Voice and Multicast and both network and system enhancements and upgrades.
- *Active Network Release 4 (ANR4)* delivers operational network enhancements. This Release is currently in the scope definition phase.

## Networks

On 18 October 2011, NBN Co released its inaugural twelve month rollout plan. The rollout plan listed the communities in each state and territory where work is expected to begin on the roll out of the NBN between October 2011 and September 2012. It also details where work on the rollout of the NBN is currently underway.

The plan names twenty eight new locations as part of the national rollout comprising 485,000 premises where construction of the fibre optic network is expected to commence over the following twelve months. It also lists those sites where the rollout is already underway, accounting for a further 63,500 premises, including Second Release Sites, such as Geraldton in WA, and extensions to First Release Sites (FRS) such as Townsville in Queensland.

### Fibre to the premises (FTTP)-Tasmania Stage One

As at 31 December 2011, the following progress has been made in Tasmania:

- A total of 3,987 premises have been passed by the fibre network;
- 657 premises are receiving active services; and
- Of the premises passed, there are a further 1,397 premises which are connected but not yet receiving active services.

### FTTP- First Release Sites - Mainland

As at 31 December 2011, 14,256 premises have been passed and 1,438 premises are receiving active services over the fibre network.

## **FTTP- Tasmania Stage Two**

Civil construction continues to progress in Sorell, Deloraine, Kingston and George Town. The passive network is complete in Triabunna. Planning and design of the South Hobart network progressed. There are currently 11,187 premises under construction as at 31 December 2011.

## **FTTP-Access Network Construction**

On 6 September 2011, NBN Co signed two separate agreements enabling the rollout of the NBN in Western Australian (Syntheo) and Victoria (Transfield).

On 14 November 2011, NBN Co announced that the contract to build the NBN in South Australia (SA) and the Northern Territory (NT) has been secured by Syntheo, a joint venture between Lend Lease Group and Service Stream.

The contract relates to the design and construction of the fibre optic network in the NT and SA over a period of two years. The value of the initial agreement with Syntheo is approximately \$141 million, with a potential value of up to \$341 million if extended for a further two years.

This contract will facilitate the rollout of a further thirty three Fibre Servicing Area Modules (FSAM) including at Aldinga, Casuarina, Darwin, Modbury, Port Augusta, Prospect, and Stirling.

Following the award of this contract, approximately 88 per cent of the total of NBN construction activity over the next two years, has been awarded to contractors. The contractors<sup>5</sup> by region are:

- Silcar – Queensland, New South Wales and Australian Capital Territory
- Transfield – Victoria
- Syntheo – Western Australian, South Australia and Northern Territory

Several important on-boarding activities were completed, including Transfield and Syntheo for work package 2 (WP2) in Victoria and Western Australia and a regional update of on-boarding processes for Northern Territory and South Australia (NT/SA) for Syntheo work package 3 (WP3).

On-boarding of construction companies includes intensive workshops to exchange information and convey NBN and contract requirements. The process also includes critical review of a constructor's deployment plans.

As at 31 December 2011, contract instructions covering 66,170 premises had been issued to contractors.

On 26 March 2012 NBN Co announced that Visionstream Australia Pty Ltd will undertake construction of the remainder of the fibre network in Tasmania. The contract is valued at approximately \$220 million over an initial period of four years and will connect the remaining 190, 000 premises in Tasmania by 2015. The contract also includes provisions for ongoing maintenance of the NBN in Tasmania<sup>6</sup>.

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<sup>5</sup> As noted in post closing events, on 26 March 2012 NBN Co announced it had awarded a contract to Visionstream Australia for construction in Tasmania.

<sup>6</sup> On 26 March 2012, NBN Co provided a media release stating a contract value of \$300 million. This includes \$80 million of hardware costs which, while not directly attributed to Visionstream, will be invested as part of the Tasmanian NBN fibre rollout.

### FTTP - Transit

The Transit Project includes planning for three elements: Dark Fibre Links, Fibre Access Nodes (FAN) and Aggregation Nodes (AN). A dark fibre ring is a series of dark fibre links where the optical fibre terminates at either end to an optical connector within an exchange building. A transit link is a fibre connection used for transmission between Aggregation Nodes and FANs and between FANs.

The network design documents (NDDs) for the first six dark fibre rings are complete. Equipment for the first five dark fibre rings is currently undergoing factory testing.

On 14 December 2011, NBN Co awarded a contract to Visionstream Australia (worth up to \$19 million) to build a component of the first stage of NBN Co's transit network.

In the first stage of the build, NBN Co plans to construct 149 transit links connecting 168 FANs, of which thirty one are also points of interconnect (PoI). The overall project involving 121 PoIs is targeted for completion by June 2015.

### FTTP- New Developments

As at 31 December 2011, NBN had received 2,956 applications from developers, with 1,988 active applications covering 109,988 lots. As at 31 December 2011, there were 110 premises receiving active services.

	<b>Number</b>
Developer applications	2,956
Active applications	1,988
Total lots	109,988

NBN Co has focused on effective coordination with Telstra, which has the responsibility for providing telecommunication services in the sub-100 lot segment of the market.

### FTTP- Active and Passive Equipment

On 15 November 2011, NBN Co announced the awarding of contracts, worth up to \$635 million over the next five years, to six companies operating in Australia to provide an array of equipment for installation in homes and businesses as part of an NBN connection.

Two of the successful companies were Australian owned and operated, being Madison Technologies and Warren & Brown as well as a partnership between a private Australian company Optimal and US company OFS. A further three were international companies with a strong local presence (Corning Cable Systems, TE Connectivity, and 3M).

The types of components to be supplied include internal fibre distribution hubs for apartment blocks and offices, internal cables, wall outlets, patch leads and devices that will house the connection of the fibre from the street to the outside of premises. These components will be used by NBN Co and its contractors for standard installations when residents and business owners order a service from their Retail Service Provider.

Local content is actively promoted as part of NBN Co procurement processes. Certain contracts are inherently local such as construction and network operations. For other contracts, NBN Co has sought to maximise the local content, particularly where local manufacturers are already established. The fibre equipment supply contracts are examples where investment is being made in local production capacity.

Local content reached 52 per cent by December 2011. Future Australian construction and operations contracts are expected to increase the value of local content.

### **Fixed Wireless**

Fixed Wireless trial sites were brought into service in Armidale and fixed wireless data connections were established from Armidale to the National Test Facility (NTF).

Twelve Wireless First Release Sites (FRS) have commenced construction in the Armidale, Tamworth and Toowoomba Wireless Service Areas (WSA).

The testing of the LTE technology for a Fixed Wireless application was successfully completed. The equipment was also integrated into the National Operations Centre (NOC) in readiness for managed operations.

### **Satellite**

The interim satellite service was commercially launched on 1 July 2011. After the initial commercial launch NBN Co and Optus have been working closely to ensure the remainder of the network infrastructure is rolled out as planned. Furthermore, the product content and performance of the satellite service has been closely monitored since the launch, to ensure any implementation issues are mitigated.

From November the Interim Satellite Service trials were completed and services availability was ramped up. As at 31 December 2011, there were seven RSPs selling services over NBN Co's interim satellite network and there were 2,197 active premises. Additional satellite capacity was commissioned by using the IPStar satellite.

NBN developed and released a final spacecraft requirements specification for the Long Term Satellite project. This was based on final product and refined technical requirements developed through detailed engagement and high level design with participating suppliers.

The Long Term Satellite project reviewed and evaluated request for tender (RFT) responses received from shortlisted satellite suppliers. The ground systems and customer equipment RFT responses were also received and were being evaluated.

Feasibility, quantity surveying and preliminary town planning work commenced on a list of potential radio frequency (RF) gateway sites across the country.

Frequency coordination associated with the International Telecommunications Union orbital slot confirmation process commenced and continued with both domestic and international operators.

NBN Co has acquired spectrum from AAPT in the 28 GHz band for use in the provision of the Long Term Satellite service. NBN Co has continued active dialogue with the Australian Communications and Media Authority (ACMA) on the availability of further spectrum, and with owners of existing spectrum licences.

On 8 February 2012 NBN Co announced that Space Systems/Loral will build two next-generation Ka-band satellites. The satellites are planned to launch in 2015 and will provide around three per cent of Australian premises outside of areas covered by fibre and fixed-wireless technologies with access to high-speed broadband. The satellites are designed to provide initial peak speeds of 12/1 Mbps<sup>7</sup>.

### **Operational On-Boarding**

On-boarding of access seekers, contractors and infrastructure providers is a sequential process from initial engagement to full operational capabilities being available.

Significant focus has been on the operational on-boarding of access seekers which involves initial education, training and operational accreditation testing. Twenty access seekers had completed accreditation for data services and, of these, six had also completed accreditation for voice services. Seven access seekers have been accredited for First Release Interim Satellite services.

The first Access Seekers were certified for the Voice (UNI-V) product. NBN Co commenced billing for commercial services on 4 October 2011.

### **National Operations and Test Facility**

The Network Operations and Test Facility (NOTF), including the National Service and Operations Centre (NSOC), National Test Facility (NTF) and Discovery Centre, were officially opened on 25 November 2011.

Installation of the final software components to complete the full End to End (E2E) test environment was completed. The full E2E environment contains Active Network Equipment, Business Support Systems (BSS), Operational Support Systems (OSS), and Portals and Online Services (POS) platforms.

### **Contact Centre**

In the six months to 31 December 2011, the NBN Co Contact Centre received a total of 12,692 contacts from customers. Of that number, 11,733 were enquiries, 878 were complex enquiries and 81 were complaints.

All enquiries were all responded to on the same day, complex queries took six days on average to resolve and complaints on average took seven days to resolve.

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<sup>7</sup> NBN Co is designing the NBN to be capable of delivering these speeds to NBN Co's wholesale customers (telephone and internet service providers). Speeds actually achieved by retail customers (end users) will depend on a number of factors including the quality of their equipment and in-premises connection, the broadband plans offered by their Access Seeker and how their Access Seeker designs its network to cater for multiple end users.



## Resources

### People

At 31 December 2011, NBN Co's headcount of 1,355 comprised 1,317 employees, 19 contractors and 19 labour hires. This is an increase of 449 from 30 June 2011 and 774 from 31 December 2010.

Headcount	December 11 Actual
<b>Total Operations Staff</b>	<b>1,054</b>
<b>Total Selling, General and Administration Staff</b>	<b>301</b>
<b>Total Headcount (including Contractors)</b>	<b>1,355</b>

Of the current workforce, 646 are based in NSW, 603 in Victoria, 6 in the ACT, 13 in Tasmania, 49 in Queensland, 17 in South Australia, 2 in Northern Territory and 19 in Western Australia.

NBN Co has 1 per cent of the workforce employed on a part-time basis, with 28 per cent of the workforce being women, while 21 per cent of management roles and 15 per cent of General Manager and above roles are filled by women. The average age of the workforce is 40.4 years and the average tenure is 9.9 months.

On 16 August 2011, Shareholder Ministers appointed Diane Smith-Gander as Acting Chairman for a period of three months.

On 24 August 2011, the Chief Financial Officer, Jean-Pascal Beaufret indicated his intention to retire in January 2012. The company has also restructured the management team to transition from a start up structure to an organisation structure suitable to drive volume roll out.

On 14 September 2011, Mr Richard (Rick) Turchini was appointed as a director.

On 21 November 2011, NBN Co announced the appointment of Ralph Steffens as Chief Operating Officer.

Kieren Cooney commenced as Chief Communications Officer on 28 November 2011.

Rachael Heald commenced as Chief Human Resources Officer on 5 December 2011.

Diane Smith-Gander has been appointed Deputy Chair of NBN Co Limited, effective from 15 December 2011 until her term expires on 5 August 2012.

### Organisational Effectiveness

The introduction of a performance management system has been implemented with the completion of a company-wide objective setting process.

A project was initiated to improve Mandatory Induction Compliance rates by the end of February 2012, with a 90 per cent target compliance rate agreed. This target has been achieved earlier than planned, with a 92 per cent level of compliance as of 16 December 2011.

### **External Workforce Strategy**

It is NBN Co's policy to foster training capabilities to support the roll out and develop skills and resources in the contracted external workforce as appropriate.

Following the training provider survey in July 2011, NBN Co identified 23 primary training organisations (including 3 TAFE consortia) with which NBN Co will commence discussions in early 2012, regarding how best to assist in the delivery of training for the external construction work of NBN Co.

High level discussions with senior representatives of State Training Departments have been held in conjunction with the Federal Department of Education, Employment and Workplace Relations (DEEWR) during the period to discuss employment and training programs.

### **Industrial Relations**

An update on progress was provided to the Australian Council of Trade Unions, the Australian Services Union, the Communications Electrical Plumbing Union and the Community and Public Sector Union in December 2011, with discussions primarily focussed on the award of construction contracts to Syntheo and Transfield, and an update on the Telstra Definitive Agreements.

Monthly employee information sessions were conducted in Sydney and Melbourne, providing the opportunity for employees to speak directly with union officials.

Evaluation of industrial relations management plans were completed for the Transit network contract and Tasmania stage three.

## **Premises**

Premises based activity included the completion of additional fit out of office accommodation at the Sydney and Melbourne offices.

Nine Aggregation Nodes/Depot sites have been acquired to date (subject to one property settlement) by NBN Co, with one remaining site under negotiation.

### **Fleet Management**

NBN Co now has a total of seventy one tool of trade and operational vehicles. A further twenty interim vehicles have been hired, pending delivery of permanent vehicles.

### **Privacy**

A privacy officer was appointed to oversee NBN Co policies and procedures regarding privacy.

## Information Technology

### Portals and Online

In October 2011, a document exchange repository and a case-management capability were completed to support the Telstra Definitive Agreements. The solution provides Service Level Agreement (SLA) reporting and workflow functionality needed to support a variety of transactions between the two parties.

On 23 November 2011, Portals and Online Services (POS) applications including the NBN Co Website and Service Portal were migrated from the Macquarie Telecom Data Centre to the NBN Co Data Centre, including the set up of disaster recovery environments for these applications.

In late November, NBN Co deployed a subscription functionality to the NBN Co website, allowing Access Seekers, Developers and Stakeholders to subscribe/unsubscribe to and from all automated email newsletters and event notifications.

On 5 December 2011, integration of NBN Co's trouble ticking system was completed. This allows trouble tickets raised by Access Seekers in the Service Portal to be integrated into internal systems.

On 9 December 2011, an automated end to end ordering functionality was deployed whereby an order for an Access Virtual Circuit (**AVC**) is collected in the Service Portal and automatically activated in the network.

### Enterprise Resource Planning (ERP) & Business Support Systems (BSS)

All Oracle applications previously hosted at an outsourced data centre were successfully migrated to the NBN Co Data Centre in November, this brought to an end the two year IBM Infrastructure Managed Service Contract.

### Operational Support Systems (OSS)

OSS Release 2.0 delivered capability to the Physical Network Inventory (PNI), Billing, Fulfilment and Assurance platforms. As this was the first OSS release to interconnect and integrate with the Active Network it was also the first OSS release to be formally tested in the National Test Facility (NTF). Testing occurred in September and October with deployment to production in October 2011.

OSS Release 2.1 was successfully executed. The Release delivered four main requirements to the Business, including Priority Assistance, New Developments pre-install, Multicast Service Flag and Modify Network to Network Interface Functionality. The AVC data migration was successfully completed on 26 November 2011.

OSS Release 3a delivered updates to the PNI, Billing, and Assurance platforms. Testing occurred in November and December with deployment to production in December 2011.

Access Seekers will be able to use PNI via the iB2B (business to business) gateway to determine the NBN Co identifier for any given address; this can then be used as the basis for any subsequent interaction with NBN Co.

## Process Development

Four End to End Processes (Concept to Market, Planning to Handover, Lead to Cash and Trouble to Resolve) continue to be developed, with particular focus on business priority areas of building the network (P2H), and on-boarding access seekers through to billing (L2C).

The Business Roadmaps for the next three years have been developed to support Planning to Handover (P2H) to accelerate and deliver the capability required to roll-out the network on a large scale.

## Regulatory

### Regulatory

The SAU is a document that establishes the 30-year regulatory framework which plans to set price and non-price terms and recover rollout costs, subject to the oversight of the ACCC.

In response to feedback from access seekers on NBN Co's July 2011, SAU Discussion Paper, and as a result of further engagement NBN Co modified and simplified its originally proposed SAU approach, including to:

- strengthen the linkages between the WBA and SAU, so that the WBA will remain consistent with any accepted SAU;
- provide a substantial 'regulatory recourse' role for the ACCC if access seekers and NBN Co cannot reach agreement on terms of access;
- significantly simplify and streamline the price control arrangements, so that all products would be subject to an individual annual price change of no more than half CPI, with the previous "price shock" mechanism withdrawn;
- simplify the approach to weighted average cost of capital (WACC), so that it allows NBN Co to achieve its Corporate Plan objectives and deliver a return above the long term bond rate; and
- significantly expand the set of non-price commitments included in the SAU, to provide additional certainty to industry in relation to the evolution of contractual terms in the WBA over the term of the SAU.

NBN Co lodged its revised SAU with the ACCC on 5 December 2011. As part of the submission NBN Co committed to keeping its wholesale prices for key products fixed for the next five years, and to limit later increases to less than inflation, aiming to ensure real wholesale price reductions over time.

The ACCC commenced its consultation process on 20 December 2011. Initial submissions were sought by 20 January 2012, with the ACCC to release a supplementary consultation paper in February 2012 that will analyse the SAU in greater detail and provide guidance on what the ACCC considers to be the key issues associated with the SAU at that time.

NBN Co worked with the ACCC and Telstra in relation to the ACCC's assessment of Telstra's SSU (revised version lodged on 9 December 2011). Work also continues in relation to NBN Co's application to the ACCC for authorisation in relation to the Optus Agreement.

On 28 February 2012 the ACCC accepted Telstra's Structural Separation Undertaking (SSU) and draft Migration Plan.

## Risks

NBN Co has established an enterprise-wide risk management system to facilitate the identification of significant business risks and implementation of appropriate risk mitigation or treatment plans and monitoring processes.

The approach adopted by NBN Co is consistent with the international risk management standard, Australia / New Zealand ISO 31000:2009. NBN Co's Risk Management Policy defines the way in which the Company establishes the risk context, identifies, assesses, analyses, evaluates and treats risk to effectively manage its business, assign roles and responsibilities for risk management. Risks mitigation actions and treatment plans are reported quarterly to the Board.

A summary of the key risks of NBN Co and the associated mitigation strategies are discussed below.

### Safety

*Risk:* A serious or significant incident resulting in severe injuries or fatality of an employee or contractor, and exposure to reputation and prosecution as a result of one of these incidents.

*Mitigation:* Development of an extensive OH&S Management Plan. Adherence to AS4801 and ISO 14001, the allocation of specific Health, Safety and Environment resources and ensuring that compliance auditing is conducted.

### Quality

*Risk:* Product and process quality controls fail to build and operate a network at an acceptable level of reliable operational performance.

*Mitigation:* Adherence to ISO 9001, the allocation of quality specialists and ensuring that compliance auditing is conducted.

### Telstra Definitive Agreements

*Risk:* Implementation risks include the failure to satisfy the Telstra Definitive Agreements Conditions Precedent requirements and lack of capacity for management of the Telstra Definitive Agreements.

*Mitigation:* Active engagement with the ACCC, a dedicated team to manage the delivery of the Telstra requirements and the implementation of appropriate software applications.

### Optus HFC Agreement

*Risk:* Implementation risks include the failure to satisfy Optus HFC Subscriber Agreement Conditions Precedent requirements and lack of capacity for managing the Optus HFC Subscriber Agreement.

*Mitigation:* Active engagement with the ACCC and the appointment of a dedicated team to manage the delivery of the Optus requirements.

## **Construction**

*Risk:* Systematic cost overruns in relation to the target cost per premises.

*Mitigation:* Appointment of Silcar as a 'benchmark partner' and the subsequent appointment of Transfield and Syntheo, also based on the 'benchmark' model. In addition, construction contracts provide the ability to value engineer the design to reduce cost.

## **Revenue**

*Risk:* Failure to meet aggregated revenue projections.

*Mitigation:* Building out the sales channel to support Retail Service Providers (RSPs), a rigorous presales on-boarding process to prepare RSPs to be NBN ready, the fostering of the Wholesale Aggregation Model to support a range of business models and the encouragement of application sponsoring (e.g. Health and Education) by Government to stimulate end user interest.

## **Operational Support Systems**

*Risk:* Implementation of the OSS does not meet timetable or scope to facilitate operation and support of forecast connections.

*Mitigation:* A three way collaborative approach to detailed design, development and testing involving business stakeholders, delivery teams and vendors, with one system integrator.

## **New Developments**

*Risk:* Failure to meet NBN Co's obligation as infrastructure provider of last resort.

*Mitigation:* Transfer of bow wave applications back to Telstra, the engagement of Fujitsu to undertake both the design and build and the subsequent development of further strategies as required to enhance capability levels.

## Financials (Unaudited)

### Equity Funding

The current funding pursuant to the Equity Funding Agreement is \$27.5 billion with reference to the Corporate Plan dated 17 December 2010. As at the date of this report a total of \$2,482 million has been made available to the Company, of which \$1,120 million has been provided in the current financial year.

### Financial Result

The consolidated operating loss for the six months to 31 December 2011 was \$221 million in comparison to the loss for the December 2010 six months of \$104 million. The main components for six months to December 2011 were:

- \$101 million of employee-related expenses for the six months (\$50 million for the corresponding period) driven by the headcount increase of 822 employees;
- \$40 million for IT and facilities expenses for the six months (\$12 million for the corresponding period);
- \$29 million for external services costs for the six months (\$31 million for the corresponding period).

NBN Co commenced billing for commercial services on 4 October 2011. During the six months, net assets increased by \$899 million, which primarily related to cash balances and construction in progress.

Total capital costs incurred over the past six months were \$346 million. This included \$86 million for the rollout of the Fibre network and \$12 million relating to Satellite and Wireless solutions. A total of \$124 million was recognised on Systems and Processes, including Data Centres, National Support and Operations Centre, BSS and OSS. New Developments and Customer Connection expenditure was \$41 million.

As at 31 December 2011, NBN Co had \$1,144 million cash on hand, an increase of \$605 million in comparison to June 2011, following equity injections of \$1,120 million offset by capital expenditure of \$315 million and \$243 million to support operational requirements.

Since 30 June 2011, commitments payable have increased by \$434 million.

### Taxes

The Company expects to be in a tax loss situation for the current and the next several financial years. As a result, this progress report includes a nil income tax expense.

In accordance with the Australian accounting standards, no deferred tax asset has been recognised for these tax losses at this stage.



## Post closing events

This report includes key announcements and events up to 31 March 2012.

On 8 February 2012 NBN Co announced that Space Systems/Loral will build two next-generation Ka-band satellites. The satellites are planned to launch in 2015 and will provide around three per cent of Australian premises outside of areas covered by fibre and fixed-wireless technologies with access to high-speed broadband. The satellites are designed to provide initial peak speeds of 12/1 Mbps<sup>8</sup>.

On 15 February 2012 NBN Co released a quarterly update to its 12-month rollout schedule, increasing the number of premises to be covered to 758 100 by 31 December 2013. According to the update, work is underway at 121 500 premises nationwide.

On 28 February 2012 the ACCC accepted Telstra's Structural Separation Undertaking (SSU) and draft Migration Plan. The separation of Telstra's copper customer access network and its hybrid fibre-coaxial network will be achieved through the progressive migration of customer services to the wholesale-only NBN.

On 7 March 2012 the Definitive Agreements between NBN Co and Telstra became unconditional. The Definitive Agreements pave the way for the NBN to be built more efficiently and will mean the reuse of suitable Telstra infrastructure, avoiding infrastructure duplication and resulting in less disruption for communities.

As at 16 March 2012, there were 7,282 customers connected to broadband services over the NBN.

On 26 March 2012 NBN Co announced that Visionstream Australia Pty Ltd will undertake construction of the remainder of the fibre network in Tasmania. The contract is valued at approximately \$220 million over an initial period of four years and will connect the remaining 190,000 premises in Tasmania by 2015. The contract also includes provisions for ongoing maintenance of the NBN in Tasmania<sup>9</sup>.

On 29 March 2012 NBN Co released its indicative three year rollout plan which will see NBN construction either begin or be completed by mid 2015 for more than 3.5 million homes, businesses, schools and hospitals across Australia;

By 31 March 2012 there were a further twenty eight RSPs that had subsequently signed the WBA bringing the total to thirty nine including Telstra, Optus, iiNet, Primus, Internode, NextGen, TransAct, AAPT and Vodafone Hutchison Australia.

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<sup>8</sup> NBN Co is designing the NBN to be capable of delivering these speeds to NBN Co's wholesale customers (telephone and internet service providers). Speeds actually achieved by retail customers (end users) will depend on a number of factors including the quality of their equipment and in-premises connection, the broadband plans offered by their Access Seeker and how their Access Seeker designs its network to cater for multiple end users.

<sup>9</sup> On 26 March 2012, NBN Co provided a media release stating a contract value of \$300 million. This includes \$80 million of hardware costs which, while not directly attributed to Visionstream, will be invested as part of the Tasmanian NBN fibre rollout.

The following statements reflect NBN Co unaudited accounts based on internal financial reports.

## Unaudited Half Year Statement of Comprehensive Income

For the six month period ended 31 December 2011

	<b>NBN Group</b>	
	Period ended 31 December 2011 \$'000	Period ended 31 December 2010 \$'000
<b>Revenue</b>		
Telecommunications Revenue	356	
Interest income	29,319	13,641
<b>Total Revenue</b>	<b>29,675</b>	<b>13,641</b>
Direct telecommunications costs	(24,665)	(20)
Employment costs	(100,527)	(50,024)
External services costs – systems and organisation costs	(28,511)	(30,587)
Legal and negotiation support costs	(13,298)	(17,489)
IT and communications expenses	(27,746)	(7,234)
Occupancy expenses	(12,160)	(4,496)
Travel costs	(5,593)	(2,600)
Insurance expense	(1,051)	(1,870)
Depreciation and amortisation expense	(28,447)	(1,286)
Other expenses	(8,243)	(1,770)
<b>Total Expenses</b>	<b>(250,241)</b>	<b>(117,376)</b>
<b>(Loss) before income tax</b>	<b>(220,567)</b>	<b>(103,735)</b>
Income tax expense/benefit	-	-
<b>(LOSS) FOR THE PERIOD</b>	<b>(220,567)</b>	<b>(103,735)</b>
Other comprehensive income		
<b>TOTAL COMPREHENSIVE (LOSS) FOR THE PERIOD</b>	<b>(220,567)</b>	<b>(103,735)</b>
<b>Total comprehensive (loss) attributable to the Australian Government</b>	<b>(220,567)</b>	<b>(103,735)</b>

Amounts in the financial statements have been rounded off to the nearest thousand dollars, or in certain cases, the nearest dollar

## Unaudited Half Year Statement of Cash Flows

For the six month period ended 31 December 2011

	<b>NBN Group</b>	
	Period ended 31 December 2011 \$'000	Period ended 31 December 2010 \$'000
<b>Cash flows from operating activities</b>		
Receipts from customers	213	-
Payments to suppliers and employees	(243,302)	(83,363)
GST Received	18,342	9,127
Interest received	25,254	10,814
<b>Net cash (used in) operating activities</b>	<b>(199,494)</b>	<b>(63,422)</b>
<b>Cash flows from investing activities</b>		
Payment for property, plant and equipment	(189,901)	(47,696)
Payment for intangibles	(125,199)	(33,238)
<b>Net cash (used in) investing activities</b>	<b>(315,100)</b>	<b>(80,934)</b>
<b>Cash flows from financing activities</b>		
Equity injection for ordinary shares by the Commonwealth of Australia	1,120,000	700,000
<b>Net cash provided by financing activities</b>	<b>1,120,000</b>	<b>700,000</b>
<b>Net increase in cash and cash equivalents</b>	<b>605,406</b>	<b>555,644</b>
<b>Cash and cash equivalents at the beginning of the financial period</b>	<b>538,237</b>	<b>212,330</b>
<b>Cash and cash equivalents at the end of the financial period</b>	<b>1,143,643</b>	<b>767,974</b>

*Amounts in the financial statements have been rounded off to the nearest thousand dollars, or in certain cases, the nearest dollar*

## Unaudited Balance Sheet

As at 31 December 2011

	<b>NBN Group</b>	
	As At	As At
	31 December 2011	30 June 2011
	\$'000	\$'000
<b>Current assets</b>		
Cash and cash equivalents	1,143,643	538,237
Receivables	27,860	19,005
Inventory	18,041	1,660
Other	32,514	35,665
<b>Total current assets</b>	<b>1,222,059</b>	<b>594,567</b>
<b>Non-current assets</b>		
Receivables	1,403	2,214
Property, plant & equipment	142,962	84,550
Intangible assets	152,348	164,339
Construction in Progress	505,450	234,677
Other	7,895	2,325
<b>Total non-current assets</b>	<b>810,059</b>	<b>488,105</b>
<b>Total assets</b>	<b>2,032,117</b>	<b>1,082,672</b>
<b>Current liabilities</b>		
Trade and other payables	154,765	109,355
Provisions	11,258	6,884
<b>Total current liabilities</b>	<b>166,022</b>	<b>116,239</b>
<b>Non-current liabilities</b>		
Provisions	7,857	7,628
<b>Total non-current liabilities</b>	<b>7,857</b>	<b>7,628</b>
<b>Total liabilities</b>	<b>173,879</b>	<b>123,867</b>
<b>Net assets</b>	<b>1,858,239</b>	<b>958,805</b>
<b>Equity</b>		
Contributed equity	2,482,000	1,362,000
(Accumulated losses)	(623,762)	(403,195)
<b>Total equity</b>	<b>1,858,238</b>	<b>958,805</b>

Amounts in the financial statements have been rounded off to the nearest thousand dollars, or in certain cases, the nearest dollar

## Unaudited Schedule of Commitments

As at 31 December 2011

	<b>NBN Group</b>	
	As At	As At
	31 December 2011	30 June 2011
	\$'000	\$'000
<b>By type</b>		
<b>Commitments receivable</b>		
Equity Receivable	25,468,000	26,138,000
<b>Total commitments receivable</b>	<b>25,468,000</b>	<b>26,138,000</b>
<b>Commitments payable - Capital</b>		
Leasehold Improvements	1,830	1,742
Network Assets	417,534	118,396
<b>Total capital commitments</b>	<b>419,363</b>	<b>120,138</b>
<b>Commitments payable - Intangible</b>		
Software	49,775	114,703
<b>Total intangible commitments</b>	<b>49,775</b>	<b>114,703</b>
<b>Commitments payable - Other</b>		
Operating leases	233,452	96,324
Other commitments	105,772	43,612
<b>Total other commitments</b>	<b>339,224</b>	<b>139,936</b>
<b>Total commitments payable</b>	<b>808,362</b>	<b>374,777</b>
<b>Net commitments</b>	<b>24,659,638</b>	<b>25,763,223</b>
<b>By maturity</b>		
<b>Commitments receivable</b>		
Within one year	2,768,000	3,438,000
From one to five years	18,700,000	18,700,000
Over five years	4,000,000	4,000,000
<b>Total commitments receivable</b>	<b>25,468,000</b>	<b>26,138,000</b>
<b>Commitments payable - Capital</b>		
Within one year	217,665	109,409
From one to five years	108,759	10,728
Over five years	92,939	
<b>Total capital commitments</b>	<b>419,363</b>	<b>120,138</b>
<b>Commitments payable - Intangible</b>		
Within one year	36,529	105,691
From one to five years	13,246	9,013
<b>Total intangible commitments</b>	<b>49,775</b>	<b>114,703</b>
<b>Commitments payable - Operating lease</b>		
Within one year	12,454	13,494
From one to five years	71,602	57,334
Over five years	149,396	25,495
<b>Total operating lease commitments</b>	<b>233,452</b>	<b>96,324</b>
<b>Commitments payable - Other</b>		
Within one year	80,362	40,694
From one to five years	25,409	2,918
<b>Total other commitments</b>	<b>105,772</b>	<b>43,612</b>
<b>Total commitments payable</b>	<b>808,362</b>	<b>374,777</b>
<b>Net commitments</b>	<b>24,659,638</b>	<b>25,763,223</b>

## Corporate Key Performance Indicators

This is the second report and as such reflects initial reporting while systems and reporting processes are still in development. The data will become more meaningful against actual and forecast measures as the reporting series builds up over time. This report is consistent with a start-up company in the early years of the rollout. Corporate Plan targets presented are consistent with the current Corporate Plan. The next Corporate Plan will provide updated targets which will be reflected in future reporting.

#	Measure	Key Performance Indicator	Definition	Six months to 31 Dec 2011	Six months to 30 June 2011
1.	<b>Health, Safety &amp; Environment</b>				
	<b>Safety Scoreboard – NBN Co</b>	Lost Time Injury (LTI) <sup>i</sup>	Any work related injury or illness where a person loses one full shift from work after the date of injury.  Measurement is expressed as a frequency rate as the number of lost time injuries per million work hours.	Dec: NIL Sep: NIL	Jun: NIL Mar: NIL
		Medical Treatment Injury (MTI) <sup>ii</sup>	Any work related injury or illness where a person is treated by a Doctor, Paramedic or Allied Therapist.  Measurement is expressed as a frequency rate as the number of medical treatment injuries per million work hours.	Dec: 2.0 Sep: 1.3	Jun: 2.8 Mar: 3.4
		Events without Injury	Any unplanned incident that occurred at the workplace which, although not resulting in any injury or disease, had the potential to do so.	Dec: 2 Sep: 7	Jun: 4 Mar: 1
	<b>Safety Scoreboard – Contractors</b>	Lost Time Injury (LTI)	Any work related injury or illness where a person loses one full shift from work after the date of injury. Measurement is expressed as a frequency rate as the number of lost time injuries per million work hours.	Dec: 3.1 Sep: 3.5	Jun: 10.6 Mar: 6.3
		Medical Treatment Injury (MTI)	Any work related injury or illness where a person is treated by a Doctor, Paramedic or Allied Therapist. Measurement is expressed as a frequency rate as the number of medical treatment injuries per million work hours	Dec: 22.8 Sep: 24.4	Jun: 32.1 Mar: 12.6
		Events without Injury	Any unplanned incident that occurred at the workplace which, although not resulting in any injury or disease, had the potential to do so.	Dec: 14 Sep: 10	Jun: 4 Mar: 6

#	Measure	Key Performance Indicator	Definition	Six months to 31 Dec 2011	Six months to 30 June 2011
<b>2.</b>	<b>Deployment</b>				
<b>2.1</b>	<b>Fibre to the Premise (FTTP) Brownfields</b>	Premises in areas under construction (Work Underway or WuW)	Number of premises in rollout areas currently undergoing construction activities, where NBN Co has issued a Contract Instruction to a Subcontractor, but it is not deemed passed	77,357	11,187
		Premises Passed	A premise is passed / covered when the shared network and service elements are installed, accepted, commissioned and ready for service, which then enables an end-user to order and purchase a broadband service from their choice of retail service provider.	18,243	18,243
			Metro - Premises Passed	3,938	3,938
			Regional - Premises Passed	14,305	14,305
		Premises Connected & Activated	Number of premises with active service generating revenue to NBN Co.  A premise is activated after a valid service order is provisioned and after the dedicated optic fibre cable connection to the premises, optical network termination unit, and reliable power supply unit with battery backup option (for Fibre premises), are installed and in service.	2,095	622
<b>2.2</b>	<b>FTTP New Developments</b>	Premises in areas under construction (Work Underway or WuW)	Number of lots in roll out areas, currently undergoing construction activities, where NBN Co has issued a Contract Instruction to a Subcontractor, but it is not deemed passed	12,723	n/r
		Requests Received (# of premises) (Within the Period)	Number of requests received from New Development developers expressed in # premises	32,700	n/r
		Requests Received (# of development locations) (Within the Period)	Number of requests received from New Development developers expressed in # of development locations (new estates).	458	n/r



#	Measure	Key Performance Indicator	Definition	Six months to 31 Dec 2011	Six months to 30 June 2011
		Lots Passed – Build	Number of Lots (NBN Co Build) passed.	951	-
			Metro - Lots Passed	798	n/r
			Regional – Lots Passed	153	n/r
		Premises Connected & Activated	Number of premises (NBN Co Build) with active service generating revenue to NBN Co.	110	-
<b>2.3</b>	<b>First Release Interim Satellite Solution (FRISS)</b>	Premises Covered	Based on coverage estimate.	165,000	165,000
		Premises Connected & Activated	Number of premises with active service generating revenue to NBN Co.	2,197	-
<b>2.4</b>	<b>Fixed Wireless</b>	Premises in areas under construction (Work Underway or WuW) <sup>iii</sup>	Number of premises in rollout areas currently undergoing construction activities, where NBN Co has issued a Contract Instruction to a Subcontractor, but it is not deemed passed	1,952	-

#	Measure	Key Performance Indicator	Definition	Six months to 31 Dec 2011	Six months to 30 June 2011
2.5	Key Project Milestones  Project Milestone Commentary	Business Support Systems (BSS)	BSS Release 3a met its key milestone date of 19 December 2011 with the deployment of new and extended business capability.		
		Operational Support Systems (OSS)	OSS Release 2.1 met its key milestone date of 8 November 2011 for deployment. OSS Release 3a.0 met its key milestone date of 12 December 2011 for production readiness.		
		NSOC /NTF Facilities	The delivery of the NSOC/NTF was complete on 29 August 2011.		
		Data Centres	Data Centre 1 and 2 have been extended to support growth in business requirements and in particular OSS requirements. ERP migration was complete during December 2011.		
<b>3.</b>	<b>Complaint Handling</b>				
3.1	Construction	Rollout Complaints	Number of rollout complaints related to the construction of the fibre, fixed wireless and satellite networks.	24	n/a
		Rollout Complaints Resolved and Time to Resolve	Performance and timeliness of NBN Co processes to resolve construction rollout complaints. (Percentage resolved within 5 working days)	13 or 54.2%	n/a
3.2	Retail Service Providers <sup>10</sup>	Complaint Handling - RSP Complaints	Number of retail service provider complaints relating to the accessing of the fibre, fixed wireless and satellite networks.	n/a	n/a
		Complaint Handling - RSP Complaints Resolved and Time to Resolve	Performance and timeliness of NBN Co processes to resolve retail service provider complaints. (Percentage resolved within 5 working days)	n/a	n/a

<sup>10</sup> The RSP complaints handling metrics to date are not available. The functionality of the newly implemented CRM system is expected to be utilised in future reporting periods.

#	Measure	Key Performance Indicator	Definition	Six months to 31 Dec 2011	Six months to 30 June 2011
<b>4.</b>	<b>Local Content</b>				
<b>4.1</b>	<b>Local Content</b>	<b>Local Content</b>	<p>All services performed in Australia are regarded as 100% local content – construction, installation, design, testing and most consulting.</p> <p>All equipment substantially manufactured in Australia is counted as 100% local content even though a certain small percentage comprises imported components</p> <p>All imported equipment is assigned zero local content even though the contract value may include 10 – 20% local services for installation, commissioning and ongoing support</p>	Dec 52%	n/r

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<sup>i</sup> Lost time injuries are calculated on a quarterly basis

<sup>ii</sup> Medical treatment injuries are calculated on a quarterly basis

<sup>iii</sup> Premises in fixed wireless areas are only undergoing construction