

Statement of Corporate Intent
2011 – 2013

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Introduction

In the Statement of Expectations released on 20 December 2010 the Government expressed three central objectives to the National Broadband Network (**NBN**):

- To deliver significant improvement in broadband service quality to all Australians;
- To address the lack of high-speed broadband in Australia, particularly outside of metropolitan areas; and
- To reshape the telecommunications sector.¹

The NBN will enable high-speed broadband to be delivered to all Australian households, businesses and enterprises², through a combination of Fibre-To-The-Premise (FTTP), Fixed Wireless and Satellite technologies.

This statement is consistent with the objectives contained in the Company's Corporate Plan for the period – Fiscal Year 2011 to Fiscal Year 2013 (ending 30 June) as agreed by the Board of NBN Co and submitted to the Shareholder Ministers (released by the Government on 20 December 2010³).

¹ *NBN Rollout: Statement of Expectations*, Joint Media Release, The Hon Julia Gillard MP - Prime Minister, The Hon Wayne Swan MP - Deputy Prime Minister and Treasurer, Senator The Hon Penny Wong - Minister for Finance and Deregulation, Senator the Hon Stephen Conroy - Minister for Broadband, Communications and the Digital Economy, Deputy Leader of the Government in the Senate, 20 December 2010, http://www.dbcde.gov.au/__data/assets/pdf_file/0003/132069/Statement_of_Expectations.pdf.

² *Ibid.*, see "addressable premises" definition p.5 and Attachment A – Premises Definitions, p.14.

³ *Government releases NBN Co Corporate plan*, Joint Media Release, The Hon Julia Gillard MP - Prime Minister, The Hon Wayne Swan MP - Deputy Prime Minister and Treasurer, Senator The Hon Penny Wong - Minister for Finance and Deregulation, Senator the Hon Stephen Conroy - Minister for Broadband, Communications and the Digital Economy, Deputy Leader of the Government in the Senate, 20 December 2010, http://www.minister.dbcde.gov.au/media/media_releases/2010/120.

Business Description

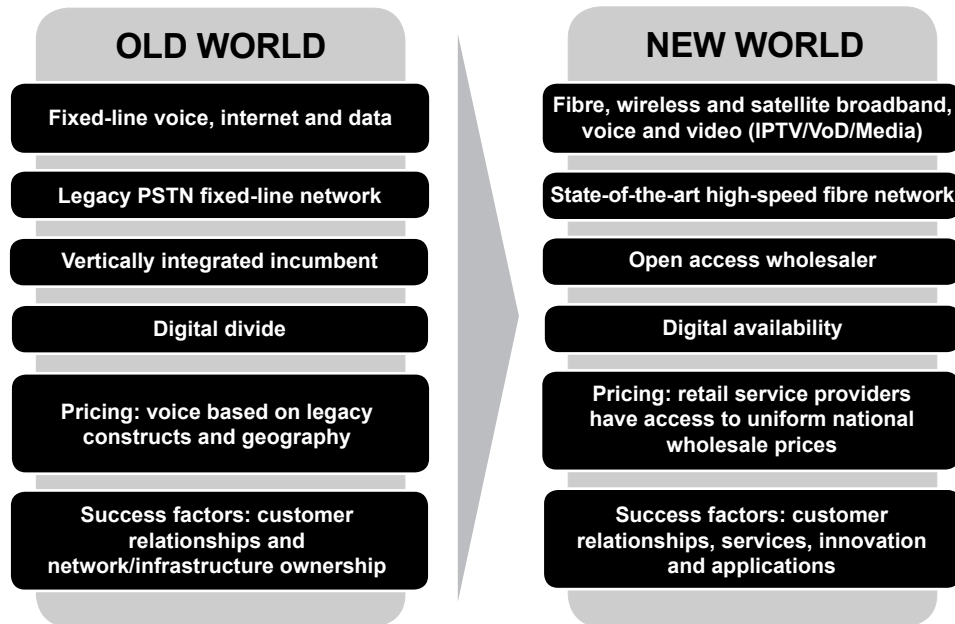
NBN Co Limited (**NBN Co** or the **Company**) was established on 9 April 2009 to implement the NBN policy initiative. NBN Co is a Government Business Enterprise (GBE) incorporated under the Corporations Act and operated under the *Commonwealth Authorities and Companies Act 1997*. NBN Co is wholly-owned by the Commonwealth of Australia, represented by two Shareholder Ministers – the Minister for Finance and Deregulation and the Minister for Broadband, Communications and the Digital Economy.

NBN Co will design, build and operate a new National Broadband Network to provide access to high-speed broadband to all Australian premises². In implementing this policy initiative, NBN Co will design and manage one of Australia's largest infrastructure projects.

The establishment of NBN Co and the rollout of the NBN are key elements of the Government's policy to implement reform in the Australian telecommunications market. The NBN will be Australia's first wholesale-only, open-access, nationwide communications network.

The NBN has the potential to deliver a significant, once-in-a-generation restructuring of the industry, addressing the existing infrastructure and investment bottlenecks that have been criticised by many in the industry as failing to deliver competitive outcomes.

Telecommunications Industry driving forces



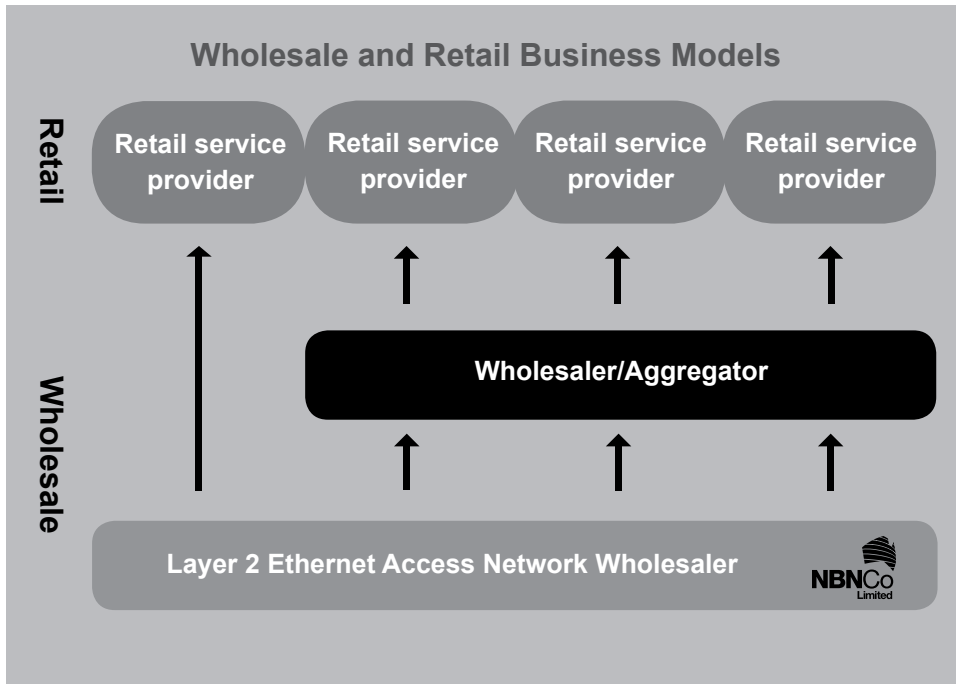
Mission Statement

To facilitate the Government’s objective of reshaping the telecommunications sector, NBN Co will be operating a wholesale-only, open-access network, and making wholesale services available to retail service providers on non-discriminatory terms and conditions.

As a wholesale provider of services with no participation in the retail market, NBN Co is intended to address the problems arising from the past where the primary infrastructure owner and wholesale access provider retained the ability to directly compete against its wholesale customers in the retail sector. The structural separation resulting from a combination of the rollout of the NBN and the decommissioning of Telstra’s copper network pursuant to recently-signed Definitive Agreements will allow greater certainty of equal treatment for industry participants at all levels.

NBN Co will provide Layer 2 wholesale services, enabling flexibility to support a range of wholesale and retail business models. Retail service providers (RSPs) will be able to acquire Layer 2 products from NBN Co and use their own infrastructure to provide retail services to their end-users. However, smaller RSPs may opt to use a Layer 3 intermediary for incremental wholesale services. The diversity of possible business models is expected to result in lower barriers to entry for RSPs and to open up competition both in the major population centres and in regional areas.

NBN Co's Wholesale Services



To achieve this objective, NBN Co's Corporate Plan is based on the premise that the NBN will be the sole national fixed line network in the residential and small business market from premises to the Point of Interconnect (PoI), specified by the ACCC, other than fixed line infrastructure already in existence as at 1 January 2011. It is also based on the premise Telstra will structurally separate and migrate its customer base to the NBN. The Corporate Plan also reflects the Government policy objective of implementing a cross subsidy from national NBN Co revenue flows to ensure a uniform national wholesale price for an entry level product across all technologies.

Objectives

NBN Co's central objectives, as set out by the Government are:

- To deliver significant improvements in broadband service quality to all Australians;
- To address the lack of high-speed broadband in Australia, particularly outside metropolitan areas; and
- To reshape the telecommunications sector.

The Government recognises that access to affordable, high-speed broadband is essential to the way Australians communicate and do business. It will enable productivity, improve education and health service delivery and better connect our cities, regional, rural and remote communities.

In implementing the Government's policy initiative, NBN Co's specific objectives are:

- To connect 93 percent of Australian homes, schools and businesses with fibre-to-the-premises technology providing broadband speeds of up to 100 megabits per second, with a minimum fibre coverage obligation of 90 percent of Australian premises*. As outlined in the statement of expectations, the Government expects NBN Co to upgrade the NBN. NBN Co expects future services over the upgraded fibre network to enable wholesale download speeds of up to 1 Gbps within the fibre footprint;
- To serve all remaining premises with a combination of leading-edge fixed-wireless and satellite technologies providing peak download speeds of up to 12 megabits per second*. In the interim of NBN Co launching its own satellite service in 2015, NBN Co will bring forward a suitable satellite solution which aims to ensure the availability of satellite broadband services for regional Australia;
- To provide fibre in all new developments of 100 or more premises, (broadacre or infill), which receive Stage 5 (civil works) planning approval after 1 January 2011; in developments, irrespective of size or type, in areas where NBN Co has already rolled out fibre and the fibre is ready and capable of connection; and in areas NBN Co has publicly identified as a rollout region. NBN Co may also provide infrastructure in smaller developments where practical for it to do so;
- To establish a wholesale-only, open-access network, subject to ACCC scrutiny, to support the Government's objective of structural market reform;
- To offer open and equivalent access to wholesale services via Layer 2 bitstream services, which in time will help enable multi-operator delivery of data, voice and video services; and
- To charge access seekers uniform national wholesale pricing within technologies and uniform national entry level pricing across technologies consistent with the Government's objective of providing uniform national wholesale prices. Where new technologies become available, NBN Co will seek to maintain this principle.

* NBN Co is designing the NBN to be capable of delivering these speeds to NBN Co's wholesale customers (RSPs). 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 RSP and how their RSP designs its network to cater for multiple end users.

Corporate Mission

NBN Co's mission is to realise the Government's vision for the development of a National Broadband Network for all Australian premises. In meeting this mission NBN Co will always aim to:

- Be innovative and responsive to the needs of customers;
- Efficiently build a network not just for today, but for the future, by working to ensure that the assets used to physically deploy the network support an enduring, open-access network with appropriate resilience and redundancy;
- Put safety first at all times;
- Seek to continuously improve performance and excel in everything NBN Co undertakes;
- Engage constructively and respectfully with customers and other stakeholders;
- Achieve value for money in relation to NBN Co's expenditure and provide value for money for NBN Co's customers; and
- Make a fitting contribution to the communities with which NBN Co interacts and to the broader Australian economy.

Values and Ethics

At NBN Co our values act as a reference point for everything we do. Our people strive to personally and professionally demonstrate the following values in our actions, behaviours and decisions. This includes dealing with our customers, each other, the community, our suppliers and our owners.

- We are safe, disciplined and reliable and meet our commitments.
- We engender trust and integrity and are known for this.
- We are authentic, speak up and involve both ourselves and others.
- We are collaborative – one team focused on outcomes.
- We are flexible to fit our circumstances.

This is reflected in our dealings in specific areas:

Community. NBN Co will work with the community to ensure the rollout has regard to community concerns and minimises disruption.

Customers. NBN Co's customers will be retail service providers and wholesalers selling communications services to the Australian population and our relationships with them will be built upon the values and ethics for which NBN Co stands.

Workplace relationships. We recognise our people as our key assets and we are committed to high levels of safety and professional behaviour.

Work practices and performance. We are dedicated to ensuring our people are well trained and understand our business.

The work environment. We will conduct our business with a focus on safe work practices.

Care for the environment. We will limit our impact on the environment.

Suppliers and contractors. Our values and ethics will be fully represented in our dealings with suppliers and contractors.

Safety. Safety is paramount for the organisation and for all who work with the organisation or who come into contact with our work.

Statement of Accountability

NBN Co will provide regular reporting against which the Government will measure NBN Co's performance. This includes an annual report and any interim reports as requested by the Government.

Annual Reporting

The annual report will be provided to the Shareholder Ministers within four months of the end of the financial year. The annual report obligations are defined in the *Commonwealth Authorities and Companies Act 1997* (the *CAC Act*), the *Governance Arrangements for Commonwealth Government Business Enterprises June 1997* and the *Corporations Act 2001*.

In addition to the financial statements, the annual report will include a level of disclosure consistent with that of publicly-owned corporations. In particular, NBN Co will provide in its annual report information regarding the network rollout performance and cost, achievement of service levels, faults, customer complaints, details of its progress towards meeting its coverage objectives and expenditure in doing so, as well as any other matters that Shareholder Ministers formally advise from time to time.

Performance Management

As part of this reporting, a set of Key Performance Indicators (KPIs) have been developed in consultation with the Government and will be used to report and monitor progress against the Corporate Plan on a regular basis.

Corporate Plan

Consistent with section 42 of the *CAC Act*, NBN Co will provide to Shareholder Ministers a three-year Corporate Plan, updated at least once a year.

Disclosure

The company will maintain regular reporting to its Shareholder Ministers and as a Government-owned company is publicly accountable and subject to Parliamentary scrutiny through Senate committees and other Parliamentary inquiries, and to audit by the Auditor General.

NBN Co also has obligations under the *Corporations Act 2001*. NBN Co is committed to meeting high standards of corporate governance while meeting its obligations to its Shareholder Ministers and compliance requirements under the *CAC Act* and governance arrangements. NBN Co is developing its governance structures and processes having regard to the *ASX Corporate Governance Principles and Recommendations and Governance Arrangements for Commonwealth Government Business Enterprises June 1997*.

Access to Information

Copies of significant public documents, including the Statement of Corporate Intent, the Corporate Plan, and annual reports, technical and industry-specific information can be accessed through our website www.nbnco.com.au. Also available on the website is information about the operations of NBN Co, company announcements and contact information.

NBN Co is prescribed under the *Freedom of Information Act 1982* with an exemption for its commercial activities.

Financial Outcomes

NBN Co will work to ensure that the NBN is constructed as efficiently and cost effectively as possible while meeting the Government's policy objectives. At the same time, we will work with our customers to ensure that the products we offer meet their needs at prices that facilitate downstream competition, so as to maintain affordability to drive take-up rates. As a commercial company, NBN Co has been established with the aim of providing an acceptable return to our shareholders.

However, the NBN is a Government initiative that has more than just a commercial return as its objective – it has a broader set of social and economic objectives, which NBN Co must balance with commercial objectives.

Non-Financial Outcomes

The NBN will be significant national infrastructure supporting a full range of home, business and government services and functions. It will have benefits for education, health, environment and transport management, entertainment delivery and business productivity. It is not part of NBN Co's role to determine the nature, magnitude or prioritisation of these additional benefits, but they are expected to be above and beyond the financial returns to be made by the Government's investment.

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