



THE HON MALCOLM TURNBULL MP
Minister for Communications

SENATOR THE HON MATHIAS CORMANN
Minister for Finance

Ms Siobhan McKenna
Chairman
NBN Co Limited
Level 40, 360 Elizabeth Street
Melbourne VIC 3000

Dear Ms McKenna

GOVERNMENT EXPECTATIONS

As you know the Government is committed to completing the construction of the National Broadband Network and in doing so ensure that all Australians have access to very fast broadband as soon, as cost-effectively and as affordable as possible.

In coming months the Government will therefore be issuing a number of directions to the NBN Co Board in order to transition the rollout of the NBN to a more cost effective approach along the lines set out in the *Coalition's Plan for Fast Broadband and an Affordable NBN*. This letter is the first in that series and sets out our initial instructions. It amends and forms part of the Statement of Expectations between the Commonwealth and NBN Co Limited.

The Government recognises that NBN Co will need to make many decisions about current activities whilst implementing our new policy. As general guidance we advise that the goals of the transition period should be to:

1. avoid service disruption for consumers;
2. minimise impact on the construction industry and employment, with the objective of a smooth as possible change to the new approach; and
3. achieve the less costly and speedier rollout objectives as seamlessly as possible.

In relation to the above guidance we note that the Government's policy indicates broadband speed goals for 2016 and beyond and that the network should be upgraded in the most cost-effective way using the best-matched technology. Our policy provides NBN Co with flexibility and discretion in technology and network design decisions within the constraint of limited available public capital.

For additional clarity, and until directed otherwise, we advise that NBN Co should continue:

1. deploying the fixed wireless network, but in doing so take into account the very likely availability of fixed line broadband technology via VDSL in smaller communities not currently in the fibre fixed line footprint.

2. to offer services over the interim satellite service;
3. work associated with the build and launch of the long term satellites;
4. construction of the transit network and points of interconnect;
5. the development of special services, enterprise services etc.; and
6. to deploy fibre to new development areas.

In regard to rollout in brownfield areas, NBN Co should continue existing construction where build instructions have been issued to delivery partners. Any further build or remediation instructions should not ordinarily be issued pending further analysis and discussion. Management of existing design work should occur so as to optimise value in the context of the Government's policy for a flexible architecture.

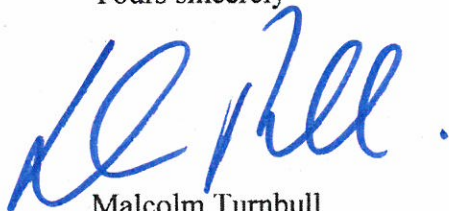
NBN Co should commence preparation of the 2014-17 Corporate Plan. We note that the outcomes of the Strategic Review will be a key input to the new Corporate Plan. During development of this plan there will need to be close consultation with the Government in relation to implementation of the new policy.

You will be aware that Government policy provides for increased scrutiny and transparency of NBN Co and its activities. As a first step in improving transparency we ask that you publish weekly information on your website indicating the numbers of premises passed, those premises that are passed but cannot receive a service (e.g. service class 0) and those premises with an active service for each element of the network. Your advice is also sought on longer term arrangements for improving the transparency of NBN Co operations.

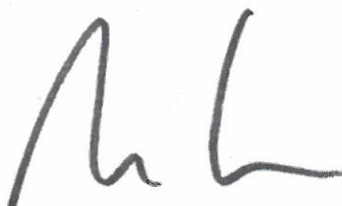
You will be aware that Government policy includes developing a ranking of broadband quality and availability in all areas of Australia. The Department of Communications has commenced this work with a view to publishing results within 90 days. NBN Co should meet requests from our Departments for information as quickly as possible.

Inevitably there will be matters that arise that may not be covered by this initial letter. We ask that early consultation occur with the Government on these matters.

Yours sincerely



Malcolm Turnbull
Minister for Communications



Mathias Cormann
Minister for Finance

24 September 2013