

**Broadbanding
Australia**



Media Release

NBN Co looks for greater value from construction tender

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NBN Co has indefinitely suspended its network construction tender after construction companies were unable to provide acceptable terms and prices following four rounds of pricing negotiations.

NBN Co Head of Corporate Services, Kevin Brown said: "We have said all along that we are building an NBN, but not at any price.

"We have thoroughly benchmarked our project against similar engineering and civil works projects in Australia and overseas and we will not proceed on the basis of prices we are currently being offered.

"NBN Co is confident it can secure better value for money by going a different route. We have left the option open to continue negotiations at a later stage.

"NBN Co is disappointed that the request for proposals (RFP) has not achieved an acceptable outcome, and we thank the companies who have been involved in the process so far.

"NBN Co has an obligation to our government shareholders, indeed to all taxpayers, to ensure we carefully manage their investment in the network, and are serious about costs.

"NBN Co does not regard current pricing reflects capacity constraints in the industry, and we are progressing a different approach that we think will produce a better result.

"The new approach will take into account recent supply chain arrangements, volume certainty, a gainshare for continuous improvement, and involve a national construction footprint.

"The aim of these changes is to improve our capacity to accelerate the rollout in anticipation of a definitive agreement with Telstra," said Mr Brown.

He said that NBN Co has a solid track record of negotiating cost-effective deals for the goods and services it needs to build the network. In the past 18 months over 90 tenders, involving hundreds of companies, with a face value of in excess of \$5 billion, have been successfully negotiated.

NBN Co commenced the tender process with a call for request for capability statements 12 months ago. That attracted 45 potential suppliers narrowed down to 14 companies/joint ventures that proceeded to the RFP.

MEDIA INQUIRIES: Rhonda Griffin
Phone 02 9927 4015
Mobile 0428 134 401