

Opening Statement

NBN Co – Senate Estimates – October 2023

Introduction

Good evening Senators,

It is good to be back in Canberra with you today.

Joining me is Mr Gavin Williams, nbn's Chief Development Officer, Regional and Remote.

Financials

I will be brief, but let me just start with our FY2023 financial results, which saw total revenue of \$5.27 billion, and total earnings before interest, tax, depreciation and amortisation of \$3.59 billion. This means we met all the financial targets the Company set itself for the year. I wanted to take a moment to also mention the publication of our 2024 Corporate Plan, which sets out expected revenue of between \$5.3 billion and

\$5.5 billion (a modest increase on this year's), with a projected EBITDA of between \$3.7 billion and \$3.9 billion. This plan reflects nbn's focus on upgrading and improving the network through investments in new technologies such as XGS-PON over Fibre to the Premises, which enables equal download and upload capabilities, and Distributed Access Architecture over our cable network, which will enable nbn to continue to meet what we believe will be strong future demand for data and enable innovation for households and businesses as they access new applications such as smart homes, virtual reality and generative AI. We have also been very successful in our debt raising efforts, recently securing \$2 billion in the US markets. This means we are well on track to repay the remaining \$5.5 billion dollar Commonwealth loan by June next year and demonstrates the confidence of debt investors in the Company.

Network

Today, there are just under 8.6 million homes and businesses connected to our network and more than 12 million premises Ready to Connect. Of the 12 million Ready to Connect, we are on track to achieve our target of having 75 per cent of the fixed line footprint, being close to gigabit capable by the end of 2023. We are seeing positive momentum in the demand for Fibre Connect orders, which are recently averaging over 5,000 orders a week – with more retailers now offering fibre services, and more areas being made Ready to Order a full fibre upgrade. This growth in orders demonstrates strong demand for fibre exists when upgrades are actively promoted to customers.

With an average network availability of around 99.96 per cent, it means that customer experience has never been better across the nbn network; with far fewer outages due to faults. We are seeing this translate into a continuing downward trend in

complaints to the Telecommunications Industry Ombudsman (TIO). In their 2022-23 Annual Report, the TIO noted complaints for services over the nbn network regarding fault and connection were down by 35 per cent compared to the same period last year.

Fixed Wireless/ Satellite

nbn is always looking to build more capacity and reliability into its network, including in regional Australia. Across FY2023, nbn's Fixed Wireless and Satellite Upgrade Program lifted the capacity on the fixed wireless network by more than 50 per cent. We are also well on our way to enabling around 120,000 customers in previously satellite-only areas to access our Fixed Wireless network for the first time, with 28,000 premises already migrated. This migration has allowed us to offer improved services for our satellite customers and in June we launched our first Sky Muster Plus plan that offers uncapped data (subject to fair use policy and shaping) along

with wholesale burst speeds of up to 100 megabits per second. This new product is hugely popular with more than 25 per cent of our satellite customers now using it. This has been a fantastic result, with some of nbn's key milestones being achieved months ahead of schedule.

In the case of satellite, we have started exploring options for the future, and in June 2023, we released a request for information to a number of Low Earth Orbit (or as we would say, LEO) satellite operators. At present, we are considering the responses we received to our request. We are planning for the future needs of regional Australia, while continuing to deliver improved and affordable services over the nbn Sky Muster satellite network.

Special Access Undertaking

On 17 October 2023 we achieved a landmark outcome for the entire industry with the ACCC's acceptance of the nbn's

Special Access Undertaking, or SAU. This SAU will deliver a new approach to wholesale pricing, supporting faster internet speeds, greater data demand and improved cost certainty and regulatory predictability for retailers and customers.

We are on track to have new pricing in place by 1 December this year. Accordingly, by the end of this year, we will eliminate CVC (capacity) charges from our highest speed tiers, which offer wholesale download speeds from 100 Mbps to close to 1 Gbps. This will deliver greater cost certainty to retailers and long-term cost savings for customers than would otherwise be the case under our current wholesale price structure given the trend for data growth.

The SAU will also support nbn by affording reasonable opportunity for nbn to generate and achieve sufficient revenues to invest in our network so that we can keep delivering for all Australians.

We have also been conducting a parallel industry consultation on the revised wholesale pricing in a new Wholesale Broadband Agreement – WBA5. Executable agreements were issued to our retail service providers on 9 October, with a view to reflecting the SAU Variation with our new products, wholesale prices and non-price terms coming into effect from 1 December 2023, as I stated earlier.

Chair, Gavin and I are now happy to take your questions.

Thank you.