

Opening Statement

Introduction

Good evening senators.

Joining me tonight are Kathrine Dyer, our Chief Operating Officer, and Gavin Williams, who is responsible for **nbn**'s critical relationship with regional Australia.

I'd like to just make a couple of quick points that will assist the committee in understanding the key issues for the company.

Right now, more than 8.4 million homes and businesses are connected to the nbn network. That's more than 17 million Australians relying on our network every day for education, health, work, commerce and entertainment.

In addition to this enormous growth in activations in recent years, we are seeing big changes in how people use the network and what they expect from it.

Just five years ago only 17 per cent of our customers chose plans with download speeds of 50 Mbps or above.

Today, this number has grown to 76 per cent, and around 15 per cent of premises are on plans that offer download speeds of 100 Mbps or higher.

We remain on track to make 75 per cent of the fixed line network close to gigabit capable by the end of next year through our network investment program.

When you look at the growing appetite for speed and data, you can see why this investment is essential.

The [United Nations digital economy report estimates](#) that global internet traffic in 2022 will exceed all traffic from the beginning of the internet up to 2016.

On the **nbn** network, in 2016 the average monthly download was 112 Gigabytes, and today that stands at around 400 Gigabytes.

These are big changes and to me, all of this says two things.

One, this demand will continue to grow and we will need to continue to invest in the network over time.

Upgrading a network does not happen overnight, and investment decisions need to be made well in advance and using the best possible data.

The second point is that **nbn** must be able raise sufficient revenue to continue this investment. This is clearly set out in our statement of expectations and it is in the long-term interest of all Australians who use the **nbn** network that we are able to maintain and upgrade the network over time.

nbn is not monopoly provider just waiting for the chance to raise prices. We are a government business enterprise, with a clear direction from Government to make prices affordable and to promote take-up and use of this valuable national asset. We are subject to competition, with some of our biggest retailer customers having their own alternative networks.

In short, we expect market forces to keep prices at a reasonable level. It is actually quite remarkable to look at the trajectory of internet prices over the last 20 years.

In 2004, as competition was just starting to emerge, the price of a 1.5 mbps service with 10 GB of data allowance fell to around \$240 per month in today's money.

More than 15 years later, there are plans in market on the **nbn** network for a quarter of that price with unlimited data and, of course, vastly superior speeds.

The **nbn** network has played a big role in enabling competition. In fact, a 2019 report by AlphaBeta showed that as the **nbn** network rollout picked up pace from 2014 to 2019, telecommunications prices fell by 22%.

This shows that the model is working. Prices are affordable, and **nbn** is able to make plans to maintain and upgrade broadband services into the future so that the network can remain a critical enabler to the wider economy.

SAU lodgement

On this point, for several months **nbn** has been participating in a number of Working Groups convened by the ACCC to consult on the Special Access Undertaking, or SAU. It is critical for **nbn**, RSPs, and our end-user customers across Australia that we get the SAU right.

nbn has stayed focused on a set of core objectives throughout our engagement on the SAU.

These include supporting a competitive and commercially sustainable retail environment, increasing certainty and predictability of **nbn** pricing for retailers, and ensuring that **nbn** remains a sustainable business that can continue to fulfil the expectations placed on it by Government, including investment in the network.

We will continue to engage constructively with the ACCC and industry on these critical issues to get an outcome that is in the interest of customers, not only now, but well into the future.

Results

Last week, I announced the Company's Half Year Financial Results for Financial Year 2022. This take-up of higher speed services and the growth in activations helped to increase our total revenue by 12 per cent to \$2.5 billion for the first half of the financial year.

Other key financial metrics remain on track and in line with guidance.

Of particular interest to this Committee would be the update on paying down the government loan. Private debt raising through bank facilities and debt capital markets has allowed us to reduce the outstanding balance to \$7.4 billion.

This means that we are on track to repay the original \$19.5 billion Commonwealth loan by June 2024 when it is due to mature.

Unify

I'm also pleased to update the Committee on our continued progress with our workforce scheduling system, which is stable and operating well.

We are consistently meeting our Service Level Agreements with retailers on new connection and service requests.

We do continue to make improvements to the system and are working closely with our Delivery Partners, the industry and field technicians to ensure that we are providing the best possible customer service. We have also engaged constructively with the Union, and I have met recently with the CEPU Secretary personally, and will continue to do so.

Regional Australia

Lastly, I would like to provide a quick update on regional Australia.

nbn now has more than a decade of experience rolling out and operating broadband infrastructure in regional and remote Australian communities, providing us with an enormous wealth of data and insights into the needs of end customers.

This experience is guiding our relationship with regional communities and helping to inform the investments the Company is making to meet the evolving needs of end customers in regional and remote Australia accordingly.

In addition, our Regional Co-investment Fund (RCIF) has been warmly welcomed by State, Territory and Local Governments. As of 30 December 2021, **nbn** has received 355 estimate requests, 96 quote requests, and one submission.

I also note that the RTIRC report was released yesterday. We worked with the committee throughout the process and the Company will of course read the report and recommendations carefully and assist the Government in its response.

We are also keeping the high-speed broadband needs of regional and remote businesses front and centre. Of the 295 nbn Business Fibre Zones in Australia, 120 are located in regional Australia, reaching about 300,000 businesses.

Conclusion

Chair, thank you for the opportunity to make these opening remarks. My team and I would now be happy to answer the Committee's questions.