



# Budget Estimates 2024

## nbn Interim CEO Opening Statement

**DRAFT**

Good afternoon, Senators. It's good to be in Canberra today.

I'm Philip Knox, and I am nbn's Interim Chief Executive Officer.

On 4 May, Stephen Rue resigned from his position as CEO of nbn after almost a decade with the company.

For his first four years with the company, Mr Rue was the Chief Financial Officer – and soon after he was appointed to the position of CEO, I was appointed into the CFO role. I have had the pleasure of working closely with Mr Rue for almost six years and, together, we have led the company through a period of significant growth and transformation. The company has consistently met or exceeded its financial and operational objectives year-on year.

It has been an enormous privilege to work under Mr Rue's leadership and alongside a talented team that remain dedicated to connecting Australians to high-quality broadband services across the country.

As part of our commitment to a smooth transition, effective 7 May I was appointed by nbn's Board as Interim CEO. The Board has also commenced a recruitment process to appoint a permanent CEO. Mr Rue is no longer involved in the day-to-day leadership or operation of the company and has commenced a period of leave pending his commencement at Optus in November 2024.

It is with great pride that I step into this appointment as Interim CEO. I have served nbn as its Chief Financial Officer since 6 February 2019 and bring to the role more than 30 years of financial experience, including previous leadership roles, and extensive knowledge of the technology and media industries. I am of course well supported by the company, its Board and a

highly skilled and experienced executive leadership team, three of whom are with me this afternoon.

We are joined today by our Chief Network Officer Mr Dion Ljubanovic; our Chief Development Officer for Regional and Remote, Mr Gavin Williams, and our Chief Customer Officer, Ms Anna Perrin. Ms Perrin joined nbn from Nokia in February 2023. Anna brings a wealth of international experience to nbn from across the telecommunications and digital industries, including Senior Executive roles at Nokia, Accenture and Axicom. This is Ms Perrin's first appearance before the Committee. Likewise, it is also Mr Ljubanovic's first appearance. Mr Ljubanovic has more than a decade of experience leading nbn's network and operational functions and was appointed as the Chief Network Officer at nbn on 1 October 2023.

Turning now to other matters, I'd like to provide a brief update on our capital strategy, which remains focused on refinancing

the outstanding \$5.5 billion balance of the original \$19.5 billion Commonwealth loan by June 2024.

We have successfully raised the required debt funding, largely through our recent European Green Bonds issuances. And the Commonwealth loan will be repaid in full and on time before the end of this month.

In fact, since our last appearance at Estimates, nbn returned to the European market and raised A\$2.16 billion from its second Euro-denominated Green Bonds transaction in March 2024.

nbn is currently the largest Australian corporate issuer of Green Bonds, with approximately A\$5.9 billion of Green Bonds placed in the domestic and international debt capital markets.

The net proceeds from all Green Bond issuances will be directed towards funding eligible green projects related to the expansion of fibre in the nbn network. nbn continues to optimise on its cost of funds and minimise its interest cost.

I am very pleased to report that nbn is on track to meet the revenue and earnings before interest, tax, depreciation and

amortisation or EBITDA guidance, which the company set for the fiscal year, as outlined in our Corporate Plan 2024. During the half- we achieved total revenue of \$2.75 billion, up 5 per cent on last year and our EBITDA was \$1.99 billion, up 10 per cent on last year.

We continue to deliver against our current Statement of Expectations.

And with significant ongoing capital investment in both growth and maintenance investments we continue the delivery of committed network upgrades across the Fixed Line and Fixed Wireless networks, enabling approximately 90 per cent of fixed line premises to order up to 1 Gbps services by December 2025, and high-speed plans for all Fixed Wireless users by December 2024.

We continue to realise our strategic objectives and since nbn's last appearance in February we have undertaken or achieved several significant milestones that I would like to mention tonight.

**In March** we:

- launched consultation with our retailers on a proposal to accelerate speeds to customers connected to the nbn network via Fibre to the Premises (FTTP) and Hybrid Coaxial (HFC) technologies; and
- Our full fibre roll-out also reached a major milestone in Victoria and New South Wales by enabling more than one million premises across each state to be eligible for full fibre upgrades on the nbn network.

**In April** we worked with Nokia to demonstrate a world-first by achieving wholesale download speeds of 83 Gigabits per second on the live nbn full fibre access network (as part of a technical demonstration), and **in May** we published our wholesale tariff list for FY25 and three-year wholesale pricing roadmap for FY25-27, as we are required to under the special access undertaking.

Coming back to nbn's consultation, our proposed acceleration of the speed tiers is in response to the step-change in technology adoption and usage in Australia and globally. The move leverages the growing capabilities of fibre connectivity and responds to the demand we're seeing now and in the future for full fibre upgrades and higher speed tiers.

Four weeks ago, we responded to feedback from our internet retailers by bringing forward discussions on 2 Gigabit per second wholesale download speeds.

The company also issued a related consultation paper on Next Generation FTTP Network Termination Devices also referred to as NTDs or 'nbn connection boxes'. An essential requirement to enable multi-gigabit speeds.

The deadline for retailers' feedback on the original consultation paper and the new consultation is 27 June 2024 – and we expect to confirm the outcomes of the consultation process in the first quarter of FY25.

This ongoing consultation with retailers is providing them with line-of-sight to a multi-gigabit future. This will enable them to prepare their products and customer services to meet the growing desire for speed amongst residential, business and enterprise customers.

Our investments in fibre, higher speeds and greater network operational capacity will help us to realise the economic and social opportunities that come from a more connected Australia. We are seeing more nbn customers realise the benefits of a high-speed and reliable full fibre connection. In the current Financial Year in the ten months to April 2024 nbn full fibre connections grew by more than 280,000 to 2.1 million premises.

Our job has to be to ensure that the infrastructure is sufficient to support the explosion of data that we are going to see in years to come. And we also need to evolve our products over time to keep up with the rapid pace of change in technologies.



Economic research from Accenture, commissioned by nbn and published in February 2024, shows that our network is supporting productivity and social equity for the nation. The Accenture research report has estimated that a faster, higher capacity nbn network will increase gross domestic product or GDP by about \$400 billion over the eight years from 2023 to 2030. And this increase in GDP is expected to be felt across the nation with increases in average broadband speeds having 16 times the impact in remote areas, and twice the impact in regional areas than in capital cities.

Understanding and leveraging fibre and higher speeds helps nbn stay competitive in a constantly changing modern communications system, as it prepares the nation to realise the benefits of emerging consumer trends and technologies and business productivity opportunities from applications like Artificial Intelligence or AI.

That's why we will continue to invest in fibre and engage closely with the community and our RSPs to ensure these initiatives are a success.

Thank you Chair. Dion, Gavin, Anna and I are now happy to take your questions. Thank you.

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