

Thank you Senator. With me today is Stephen Rue, our Chief Financial Officer, and Karina Keisler, our Chief Corporate Affairs Officer.

nbn has never been far from the headlines, but the last few weeks have been particularly active. We don't shy away from scrutiny, and you will have seen the company out in the media presenting the facts to be sure there is an informed view.

With this same objective in mind, I would like to inform the committee of a few key points.

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First, there continues to be allegations that the current concerns are a consequence of the MTM model and would not have existed if we stayed with the 92% fibre model.

Digging trenches, building nodes, and pulling cable will inevitably create issues that will result in customer complaints, despite the best efforts of a good plan. This is just as it relates to the work of nbn. The involved processes, systems, and customer interactions with the RSPs also add to the likelihood of something going wrong.

It's easy to assume this all must be due to the existing copper and PayTV networks, but the previous rollout, before MTM, had its share of bad stories too:

- Remember, in June 2013 there were 163,000 premises declared RFS. 34% of these were service class 0 and could not order a service, pushing out the ready to connect time frame to dates unknown.
- If that's not enough, consider the people of Western Australia where this percentage was actually closer to 70%.
- Construction partners tried their best but found themselves in serious legal disputes, at odds with management, and even downed their tools leaving homeowners stranded without a connection.

These problems were due not only to a poor culture but also due to the high cost and difficulty of taking fibre into the home.

I've also heard Dubbo being used as an example of the new digital divide. This is an absolute insult to the many thousands of Australians who have no access to decent broadband at all and who are waiting for the nbn.

A city where almost everyone can order faster speeds than they require is not a city divided.

The real digital divide is between people who can do all they want online, and those who can not.

We know that 90% of the premises in Dubbo that are on FTTN have selected 25 mbps or less plans.

If there was a digital divide wouldn't they all be clamouring for higher plans or at least the 50 mbps plans?

And what about the other side of town that has FTTP?

Is there a massive difference for them in the speeds they choose? Not really.

85% have still felt they are happy with 25Mbps or less. In fact, more people in FTTP areas are choosing the very lowest speed tier than those in FTTN areas with the 12Mbps plan making up 30% of FTTP and only 23% on FTTN.

At least for now, the desire to pay for the higher speeds is not evident in the market and the access technology doesn't make a material difference.

But the Dubbo study reveals far more than FTTN technology being sufficient for today's needs. It demonstrates how FTTN is faster to deploy and cheaper to build. Let me explain:

nbn's three-year plan from April 2013 said that Dubbo was supposed to have begun construction in March 2013 and the last module was due to start at the end of 2017, meaning it would be finished at the end of 2018, or almost 6 years later, if all went to plan.

Because of the switch to MTM, however, we began in 2014 and finished the entire town by June 2016, more than two years ahead of that original schedule. On top of this, we saved \$15 million dollars by completing Dubbo with FTTN, and we did that in a third of the time it took us to do the FTTP areas.

Extrapolate those numbers across the country and you quickly see that Dubbo is in fact an example of how we are closing the real digital divide as quickly as possible and at the same time keeping costs down so our internet bills are also as low as possible.

I've heard some argue the lower speeds that are on fibre are due to our prices being too high. Well imagine what they'd be if we had to take longer and spend more money.

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Second, it is suggested that we can build FTTP for the same price as New Zealand. We have debunked this comparison with facts and realities that were based on decisions back in 2009 and irreversible today.

Anyone who is interested in why NZ's cost per premises is different to ours should read the blog on our website which goes into detail. Should you have any questions tonight, Stephen and I are here to help.

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Third, it is suggested that because of nbn, we are now worse off with internet speeds than third world countries. Equally so here, we can explain why it is misleading to compare the speeds across Australia with Kenya where just 2% of the population have access to fixed broadband. Our average AVC speed purchased by the RSPs is over 30Mbps. If Akamai looked solely at nbn circuits, we would be at or near the top of their list.

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I'm sure we'll get to some of this tonight, so I'd like to close with a quick update on our progress since we last met.

As of last week, we're now up to 6.2 million premises ready to connect and more than 3 million end users active on the nbn network.

We have released our FY17 results, our Annual Report, and 2018-2021 Corporate Plan. The headline results from the last financial year are:

- exceeding targets by near doubling of Premises ready for service
- exceeding targets by more than doubling Active end users, and
- exceeding targets by more than doubling Revenue

We remain on track to complete the network build by 2020, within the \$49 billion peak funding envelope, and while maintaining our internal rate of return between 3.2 and 3.7%.

What's more, in our first year of post build in 2021, nbn will be cash flow positive, and see \$5.4b in revenue from 8.6 million active services.

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With our momentum well underway, our priority is on improving the customer experience. The industry transformation is the most significant churn event the industry has ever seen. This brings with it, evidence of a price war between retailers, as they compete for these millions of customers who are choosing a new telephone provider and a new product, some for the first time in many years.

nbn also faces other challenges inherent in the design of the company and industry model as a whole. As you know, nbn is a wholesale-only company and designed to leave all consumer related matters to the RSPs.

For example, nbn has no visibility of end user names or details, which means our communication cannot be personalised and is less specific than the rich customer information that RSPs have.

Similarly, by design, nbn should only be engaging with end users in regard to the physical rollout or property damage. You'll have heard us say that "you have to talk to your RSP" about a certain issue – that is because of this handoff, where the RSP manages the customer relationship with the end user.

Due to the unique circumstances, we have been addressing other issues with calls directly from the end users but this is proving to leave the end user even more confused.

Despite these inherent challenges, our focus continues to be squarely on customer experience.

We are collaborating with our industry partners on this challenge. We continue to have productive discussions as part of the Minister's roundtable, which will see further progress on the work retailers and nbn are already doing to improve customer experience.

Finally, I'd also like to take the opportunity to address the recent TIO report. The increase in complaints to the TIO in the last financial year is regrettable and represents less than 1% of the customer base.

We have hit critical mass as we are reaching the peak of the rollout, and no large scale construction project has ever been problem-free. Nine out of every 10 Australian premises will be impacted by this industry-wide transformation, and we have thousands of RSP employees on top of the 30,000 people employed or contracted via nbn to manage this monumental task – it's impossible to guarantee that everything will go smoothly 100% of the time.

However, it's also important to note that the TIO does not distinguish between complaints that are the responsibility of nbn to resolve and those that are the responsibility of the retail service provider.

nbn as a company receives less than 15% of the complaints the TIO categorises as 'nbn-related'. This means that roughly 85% of nbn-related complaints are resolved at the RSP level, suggesting, in the vast majority of cases, the core issue causing the complaint does not lie with nbn.

Rest assured, we at nbn do not want anyone to have a poor experience and we are working hard to be sure that is the case. You'll be pleased to know, the TIO complaints in general have been trending down in the period since the TIO's Annual Report, which is a sign that industry is responding to these issues.

With that, we look forward to answering any questions you may have.