



NBN Co submission on Telecommunications Legislation Amendment (Competition and Consumer) Bill 2019 and the Telecommunications (Regional Broadband Scheme) Charge Bill 2019

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NBN Co Limited (NBN Co) welcomes the opportunity to provide a submission to the Senate Environment and Communications Legislation Committee inquiry into the Telecommunications Legislation Amendment (Competition and Consumer) Bill 2019 and the Telecommunications (Regional Broadband Scheme) Charge Bill 2019.

NBN Co is close to completing the volume rollout and achieving the Australian Government's goal of making broadband services available to Australians regardless of where they live or work. The company views this as central to its purpose of lifting the digital capability of Australia. This means working with retailers so that Australians have access to high-speed, resilient and secure broadband, including of course, those who live outside of major cities and who have traditionally not had access to fast broadband.

NBN Co will increase its focus on those communities in the coming years and has recently appointed a Chief Development Officer (Rural and Regional) and created a dedicated business unit to continue to work with regional Australia to identify and meet community needs. We know that broadband accessed over the **nbn™** network is having a very significant impact on the lives of people in regional and remote parts of Australia. Our research estimates that the impact of the **nbn™** access network will create up to 31,000 new jobs by 2021 with businesses able to thrive where they are established instead of moving to the city to access online markets. Furthermore, more regional, rural and remote Australians should have an opportunity to enrol in online education and training, helping to create opportunities for personal and career growth for young and old alike in an age where we know that lifelong learning is essential. Critical Australian industries such as agriculture and tourism are anticipated to benefit from enhanced productivity and expanded market opportunities through access to the **nbn™** network.

NBN Co continues to innovate to find communications solutions for regional areas. NBN Co's launch of Sky Muster Plus and Business Satellite Services (BSS) are opening up options to homes and businesses in regional and remote Australia. BSS is specifically designed for this market with a range of options for different use cases such as high bandwidth 'best effort' information rates for remote crew welfare, and Committed Information Rates (CIR) to help extend the corporate network to remote sites that enable flexible terms for exploration, seasonal industries and disaster recovery.

While the social and community benefits are substantial, NBN Co's overall investment in regional and remote Australia does not produce a financial return. Most Fixed Wireless and Satellite connections in rural and regional operate at an overall loss and are subsidised by the operation of services in metropolitan areas. This cross-subsidy is an integral part of the **nbn™** model and provides an ongoing funding source for the provision, maintenance and upgrade of services in regional Australia. Alternatives to this cross-subsidy model have been attempted in the past with little success. In contrast to previous models, NBN Co is currently providing access to broadband for hundreds of thousands of homes and businesses that previously had little or no access.

The Regional Broadband Scheme (RBS), while not covering the full cost of cross-subsidy, is an important part of maintaining the cross-subsidy and addressing the ongoing and increasing cost of providing fixed wireless and satellite services. As demand for broadband continues to grow, further investment will be required to meet customer expectations to remain connected for longer periods,



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to access more services and to download an increasing amount of data. It is appropriate that providers that only invest in profit-making services, yet compete with NBN Co, should make a contribution to the cost of those loss-making services NBN Co is required to provide.

The RBS mandates a premises-based charging model which NBN Co believes is workable and able to be implemented because NBN Co has based its location data on a series of unique identifiers by premises.

An early review of the RBS by the Australian Competition and Consumer Commission will also help to ensure that the scope of contributing companies is appropriate, and accounts for the most recent developments in the rapidly evolving broadband industry.

We consider the introduction of the RBS an important step toward a more equitable sharing of the cost of providing services in the parts of Australia that have in past been left behind and we look forward to further discussions around measures to fund these costs in the future.