

NBN Co CEO Stephen Rue address to Commsday Summit 2020

Good morning and thanks for taking the time to join us at yet another important Commsday event.

I'd like to start by acknowledging and giving thanks to the traditional owners of the lands on which we meet, and indeed wherever attendees in Australia are joining this summit from today.

I'd also like to extend my thanks to Grahame and the Commsday team for forging ahead with these events and also for the service they provide by keeping us all informed of the ins and outs of the industry.

It has been a challenging year for us all, but in many ways it has also been a year of opportunity. And I think it is fair to say that without Commsday being such a strong advocate – and when deserved, critic – of this industry, we would be far less informed of the risks and possibilities that face this sector on a daily basis.

So again, my thanks to Grahame and the team.

There are a few things I'd like to talk about today.

I will share some more detail on the network investment plan we recently announced in our Corporate Plan.

As many of you know, this is an exciting and significant transformation of the nbn that will provide the means and capability to extend the benefits of this network to millions of more Australian homes and businesses for many years to come. And it will also provide a vital stimulatory effect through the creation of thousands of jobs and significant GDP gains for our country when it needs it most.

I will also talk about how we as an industry have stood up to the challenges of COVID, and how we will help businesses bounce back.

And finally I will talk about our new Wholesale Broadband Agreement – the most collaborative we have ever put together in fact, and which has just been released today.

OUR OPPORTUNITY AND OBLIGATION

But before I get into the details of these topics, I'd first like to speak about two forces that I'd like us all to think a bit deeper about as an industry.

And that is the opportunity and obligation that we as an industry must embrace and capitalise on if we are to truly deliver the full value and digital benefit of the nbn to the nation.

I believe there is no better time to talk about these forces, because never before has the nation relied on telecommunications like it does today.

As an industry we have always known the potential of broadband connectivity.

But it wasn't until the waves of the COVID-19 pandemic crashed over our way of life, that the potential for this technology was transformed and a made a reality for millions of Australian homes and businesses.

This technology has gone from being a simple utility – to being the digital lifeline that has powered the economy, kept businesses productive and families connected.

It has triggered a profound shift in the way we work, how we measure productivity, and how we interact with colleagues, customers, friends and families.

It has led a mass migration of the doctor/patient care paradigm to the online world.

It has changed the way schools interact with and educate children.

And it has forever changed the possibilities for rural and regional Australia by collapsing distances, opening up markets, and unlocking the full suite of digital benefits that metro Australians have been lucky enough to enjoy for many years.

But while these societal and behavioural shifts have created great opportunity for us an industry, it has also created new obligations.

I know that for many people, the word 'obligation' is synonymous with 'impost'. That it sometimes conjures images of things we know we must do, but perhaps we don't necessarily want to do.

But today I'd like to challenge that thinking.

Because for me, obligation is not just about doing what someone might expect you to do.

It's also about responsibility. It's about duty. And it's about purpose.

As many of you know, our purpose at NBN is to lift the digital capability of Australia.

This is not simply about providing the infrastructure to enable faster download speeds.

This is a purpose that exists to drive and create digital opportunity right across Australia.

It's a purpose that allows school-aged children in outback Australia to have the same access to the digital tools they need to have their education.

It's a purpose that allows businesses in Broken Hill to have access to the same global markets and talent that a boutique business in Paddington, New South Wales has.

And it's a purpose that allows doctors like Tony Bongiorno in Ballarat to treat and care for his patients in some of the most remote regions of Australia.

Dr Bongiorno, whose home is connected to nbn's fixed wireless technology, is an example worth highlighting.

As COVID struck earlier this year, he quickly embraced telehealth and video conferencing as a key defence to prevent the further spread of the virus in his community, and to improve his patients' care.

He says this shift to the online world of patient care has been a game-changer for people who traditionally lack medical services because of their isolation or because of their frailty.

It's allowed busy parents to avoid the chaos of bundling their kids into the car or to spend an awkward time in a waiting room.

And for indigenous patients in remote areas where communities often lack real health services, it's provided far simpler ways to communicate with their doctor to get the health outcomes they need.

Prior to the pandemic, Dr Bongiorno told us that "this would have never happened in a million years".

The opportunity he has identified in shifting to the online world of patient care, and the obligation he embraced to treat those people better, is what I am talking about.

The opportunity to change modes of work, to find better ways to connect with people, but also the obligation for us to do better, to be better at our jobs, and to better connect and serve the communities in which we operate.

This is something we can achieve together as an industry and it's something we should aspire to and embrace.

COVID AND INDUSTRY SUPPORT

And in many ways we have, and do so on a daily basis.

In fact, these dual forces of opportunity and obligation could not be better exemplified than how the industry banded together in our response to COVID.

The nation could not have faced the social and economic challenges of COVID were it not for the technology and connectivity that this industry makes available to millions of Australians every single day.

Since the earliest days of this pandemic, we have seen vast social and business transformations take place as we have all adapted to new ways of connecting with each other and the world.

Indeed, it's humbling to think that we as an industry, and the services we provide, have made a real difference to the lives of millions of Australians and businesses as the impacts of COVID have irreversibly changed the way we connect, work and remain productive.

And this has created opportunity for us all.

It has led to more Australians recognising the importance of always on, reliable, fast and secure connectivity which has resulted in more retail and business customers signing up to broadband services.

It has reinforced the need for speed and capacity as more Australians work, study and are entertained from home – which has resulted in higher speed plans being taken up and higher revenues for retailers.

The simple fact that people are using the internet more often and for more purposes is a great result for our industry.

But on the other side of this opportunity is our obligation to continue to connect and serve Australians, no matter where they are, no matter what they need.

And we need to do this better.

Over the last decade, we have worked closely with the industry to provide the digital backbone that can meet this obligation.

We have built one of the world's largest and ubiquitous broadband networks, with more than 11.8 million premises made Ready to Connect throughout regional, remote and metropolitan areas.

More than 7.6 million residential and business premises have been activated throughout Australia, serving an estimated 17 million Australians.

And more recently, we have worked closely with the industry to reinforce this digital backbone by continuing to invest in and support customers through the ongoing impacts of COVID-19.

To date, this has included our CVC capacity boost – which has again been extended through to November with a tapering off through to January.

We've increased data download allowances for Sky Muster satellite customers, we've invested in capacity on our network, and reduced non-essential network maintenance.

But our commitment to improving the service and capability delivered over the NBN does not end here.

NETWORK INVESTMENT PLAN

Just last month, at the release of our Corporate Plan, we announced the next phase of nbn's evolution – a \$4.5 billion investment over the next three years to increase the capability, reach and value of this critical asset for the nation.

The centrepiece of this year's Corporate Plan is a \$3.5 billion investment over the next three years to enable 75 per cent of homes and businesses in the fixed-line footprint to access speeds of up to one gigabit per second.

Despite only unveiling this plan a little over a month ago, we have already made great strides in bringing this vision to reality.

For example, work has commenced on the upgrade of our HFC network to make it up to one gigabit capable.

Just seven per cent of customers in the HFC footprint were able to access our fastest speed tier at the release of our Corporate Plan. But thanks to the hard work of our engineers and delivery partners, by this time next month, that figure will jump to more than 25 per cent of HFC customers able to order Ultrafast broadband.

We will continue forging ahead with this upgrade and expect that by June 2021 over two thirds of the HFC network will be capable of delivering UltraFast broadband, with the entire upgrade being completed by the end of calendar 2021.

Together, with additional capacity upgrades to FTTC and our fibre-on-demand program, this is a plan that will ultimately ready today's network, for the data needs of the future.

This is a plan to extend fibre deeper into the network to ensure millions of more homes and businesses can access the fastest wholesale speeds we have available.

It is a plan that builds on the work we have done over the past decade, to bring competition to new regions of Australia, to provide the services, speeds and wholesale prices that will allow businesses to remain competitive in global markets.

It is also a plan that will see us working closer with industry, regulators, states and local communities to help unlock the benefits of broadband, not just for metro locations but importantly, rural and regional Australia where the effects of social and economic isolation can be more pronounced.

And it is a plan that sees us investing now to ensure Australia is in the best position to grasp the digital opportunities that will help pull us out of the economic slump we are now in.

We will have much more to say on how, when and where we will deliver these network upgrades in the near future, but today I want to talk about how we as an industry can work together on some of these Corporate Plan initiatives to support businesses and provide the digital opportunities that I believe will play a critical role in helping the nation recover from the impacts of COVID 19.

SUPPORTING AUSTRALIAN BUSINESSES

One opportunity we must embrace from the fallout of this pandemic, is the opportunity to modernise and become a more digitally-connected nation.

We all know that businesses power the economic engine of the nation, so it is vitally important that we support them to grow and stay competitive on the local and global stage.

We also know that while many businesses have suffered through COVID-induced lockdowns, those that are not just surviving but thriving, are the same ones that have embraced digital solutions.

Therefore, our opportunity and obligation here is to enable businesses, no matter where they are located, with the support they need to grow, employ people and provide for their communities' needs.

And that is why we have made significant investments in our Corporate Plan to support Australia's small and medium businesses.

Working in partnership with internet providers, we have committed up to \$700 million of initiatives over the next three years to further support business innovation, productivity and growth.

This is not just about providing the speeds and services that businesses need to stay connected and productive.

It's also about providing the network infrastructure into new areas that will kickstart competition for small and medium businesses, wherever they may be.

As part of our Corporate plan we signalled our intent to effectively dismantle our traditional pricing model for premium-grade business services with the creation of up to 240 nbn Business Fibre Zones in areas covering more than 700,000 business premises.

These zones, which will include 85 regional centres, will allow businesses to access symmetrical down and upload speeds through our Enterprise Ethernet product, at significantly reduced wholesale prices.

The rationale for this support was a matter of a simple question we asked ourselves: if we can deliver the infrastructure and achieve a commercial return, why should a business in Port Macquarie or Bendigo be subject to a higher wholesale price than the middle of Sydney or Melbourne?

If businesses are constrained by distance and if opportunities for business prosperity are limited to only those in our capital cities and major metropolitan centres, then we will fail our purpose to lift the digital capability of the nation.

So just as we levelled the playing field for retail broadband services, we are committed to doing the same for businesses across this wide land.

We know this is a popular initiative among retailers as many have already been in market spruiking the initial 150 zones we announced at the end of September and are eager to get their hands on the complete list.

And so today, we are releasing all 240 Business Fibre Zones locations where Enterprise Ethernet is available at wholesale pricing previously only available in CBD zones.

INNOVATE WITH NBN

While I believe these Business Zones will play a critical role in supporting the digitisation of the nation, we also want to provide a boost to more regional areas.

We know many regional businesses today are facing challenges that they never faced before. But we also know that many of these are also developing innovative approaches to maintain competitiveness and relevance in their markets.

So in order to support and showcase digital innovation in regional Australia, I am also very pleased to announce today the 'Innovate with NBN' grants program – a joint initiative of NBN Co and the Regional Australia Institute.

The 'Innovate with NBN' grants program will consist of \$95,000 in grants to enable regional businesses to access funding to support innovative ideas that leverage the nbn network.

The program will provide grants across the health, agriculture, tourism, arts and education industry segments. There will also be an indigenous business grant and a women in business grant.

A \$10,000 grant will be awarded in each category and the overall best innovative idea will receive an additional \$25,000 grant.

Applications, which open today and close at the end of November, will be assessed by a panel of judges, including representatives of NBN Co and the Regional Australia Institute.

This is an incredibly exciting initiative and we look forward to the innovative ideas that we know we will be inundated with over the coming months.

INDUSTRY PRICING AND SUPPORT

These initiatives I have outlined today are just some of the plans we have in train to help improve digital connectivity and opportunity across the nation.

But without the support of the telco sector to bring these visions to reality, the opportunities they promise will wither on the vine.

And this brings me to the final part of my presentation today, and what I believe is the most critical piece of work facing us at the moment – and that's our obligation to build a sustainable telecoms industry.

To fully realise the benefits that nbn can deliver, we need to have the right balance between industry economics, nbn sustainability, customer experience, and regulation.

Over the last two years we have remained committed to meeting the market with new pricing bundles that not only satisfy the data and speed needs of customers, but also the economic needs of our retail partners with greater discounts and larger inclusions.

Just last week we announced our latest effort to expose more customers to higher speed broadband plans with the launch of our 'Focus on Fast' campaign.

This campaign, much like our successful 'Focus on 50' campaign, has been designed to help our retail partners encourage more customers to take-up higher speed plans and to deliver a better home internet experience

As part of the Focus on Fast campaign, we will bring forward the release of additional CVC data inclusions on our Home Fast, Superfast and Ultrafast plans to be available from December.

And as a sales and upgrade incentive, we will also offer wholesale pricing rebates from February 2021, which will be applicable for up to six months.

And finally, to assist retailers' transition to the additional data inclusions and pricing rebates, we will again offer additional CVC capacity at no extra cost.

While nine months of additional CVC boost has provided an important shock absorber to the industry during heightened data demand through COVID, it is time for us to adjust to the 'new normal'.

The additional data inclusion we announced last week will go a long way in supporting the data needs of customers as they continue to upgrade to higher speed plans.

WORKING TOGETHER ON WBA4

Of course, our commitment and obligation to work closely with the industry does not start and end with how we price access to the nbn.

Indeed, the glue that will bind our commitments to each other - and by extension benefit the customers and businesses we collectively serve – will be our Wholesale Broadband Agreement 4, or WBA4, which is also being released today.

This WBA is the most important we have ever put together.

It's important because of the collaborative way in which it has been forged. This has truly been a joint-effort between nbn and industry that has involved a significant co-investment of time, resources and expertise. And so I send my thanks to all from the industry who have been involved in this process.

This WBA is also important as it will not only underpin pricing certainty and improved access terms for retailers - it will also underwrite the customer service excellence that we

believe will make for a stronger industry and help all retailers thrive for many years to come.

WBA4 will deliver more than 70 changes to the current WBA3. These changes will drive substantial improvements for retailers, create better customer experience outcomes, and will ensure the WBA is optimised for the post-rollout environment.

Much of the focus is on improving the fix experience, providing simpler and more certain pricing for retailers, providing substantially stronger service delivery and performance rebates, removing costs and complexities out of our interactions, and providing better support for retailers in managing the needs of their customers.

This is a WBA that is about achieving a level of balance between us and our retailers, not just so we clearly understand each others' roles and responsibilities, but so we can work together to make sure all Australians can get the broadband service and performance they need to stay productive, educated and entertained.

And significantly for consumers, WBA4 has also been specifically designed to align incentives for us at NBN and for retailers so that we work closely together to resolve issues quickly and improve the customer experience.

We will do this by:

- providing greater pricing certainty for customers connecting to the nbn network;
- giving retailers the best information available on service performance to help manage expectations at the retail level regarding speed; and
- by providing nbn with even stronger incentives so that we meet service standards for connections, fault repair, appointment keeping, and network performance.

While I believe this WBA will be incredibly important for the industry by creating the right economic and service incentives we need to build a thriving sector, it is only the beginning.

I still believe there is much more we need to do.

For example, many of our IT systems that underpin the sales and service interactions between nbn and retailers are too clunky and often result in poor customer outcomes.

As part of our Corporate Plan initiatives we have committed \$200 million to simplify our IT systems in an effort to rectify this.

Again, this is both an opportunity and obligation that we are embracing.

The opportunity here is to create a seamless IT environment where all information on sales, service and maintenance can be easily and quickly accessed by our retail partners.

This would not only result in a more cost-efficient way to run the systems and interactions between us and retailers, but it would help fulfil our obligation to provide superior customer service through better transparency and commitments to fix the issues that arise, when they arise.

SEIZING OUR OPPORTUNITES

There will always be new technologies that shape generations – the first printing press that helped democratise knowledge; the first steam engine that kickstarted the industrial revolution; indeed the first web page that heralded the beginning of the information age.

But to truly grasp the potential of these – as those of the past did - we must seize the opportunities they create, not just for ourselves, but for our communities and the people we serve.

I believe we are on the right track, and I'm incredibly proud of the way this industry has seized its opportunities to connect people, businesses and communities.

I'm also humbled by the way this industry has stood up to the challenges of COVID to support the nation's connectivity needs when it needed us most.

But let us not also forget our obligations to create a better Australia, to be better businesses, to provide better customer experience, to empower communities with the social and economic benefits of connectivity, and to lift the digital capability of Australia.

Thank you.