



## Media release

Wednesday 28 April 2021

# NBN Co proposes additional data inclusions and 12 month soft cap for variable charges in second round wholesale pricing consultation

### Summary of the Pricing Review 2021 Consultation Paper 2:

- Soft cap for variable capacity charges, subject to industry feedback
- Data inclusions increased across most wholesale bundles discounts in the Bundles Discount Roadmap for the two years to April 2023
- Data inclusions increased for the 250/100 Business Bundle and brought forward to December 2021
- Long-term evolution of wholesale pricing model to be part of a Special Access Undertaking variation consultation with industry and the Australian Competition and Consumer Commission.

NBN Co is proposing a soft cap on variable data capacity charges, more generous data inclusions and will progress long-term pricing reform through a Special Access Undertaking (SAU) variation consultation with industry and the Australian Competition and Consumer Commission (ACCC).<sup>1</sup>

The Pricing Review 2021 Consultation Paper 2 released today takes into consideration industry feedback received via 14 submissions from all major internet retailers, representing 95 per cent of the retail market, and key consumer advocacy groups during the five-week, first-round consultation period.

Responding to feedback in Part A of the first consultation paper, NBN Co will add more value to the two-year Bundles Roadmap by increasing the Connectivity Virtual Circuit (CVC) inclusions across most wholesale bundles discounts, increase inclusions in the Business Bundles discounts and bring forward inclusions for the 250/100 Mbps<sup>2</sup> speed tier.

NBN Co is proposing to improve industry certainty around data usage by introducing a soft cap on variable charges for eligible retailers, subject to a fair use policy. The offer is intended to increase retailers cost certainty in the potential event that data usage increases significantly. NBN Co is proposing to run the offer from December 2021 to December 2022.

In light of Industry's request to implement future changes to its pricing construct as soon as possible and the ACCC's preference to engage directly with retailers and other stakeholders on a sustainable, long-term

pricing framework, NBN Co intends to initiate an SAU variation process that will also serve as the vehicle for further consultation on long-term pricing reform.

This process will also provide the framework to discuss key aspects of the SAU variation, such as inclusion of select **nbn** network™ access technologies that are currently not included in the SAU, applicable price controls and the possible development of a targeted, long-term, low-income offer.

NBN Co intends to provide a discussion paper to industry outlining the key elements of our proposed approach to the SAU variation in May 2021. We understand that the ACCC may also seek industry views on our proposed approach prior to any lodgement of the variation.

#### **NBN Co Chief Customer Officer, Brad Whitcomb, said:**

“The proposals put forward in Paper 2 today are the latest in a series of steps to deliver more value and certainty to customers and the industry around wholesale and retail pricing of **nbn** services.

“Our job is to deliver a fast, reliable, high capacity network and provide a wholesale framework that supports robust retail competition, which ultimately leads to better outcomes for customers.

“We are proposing to offer retailers a soft cap to limit the potential cost of additional capacity. We see this offer serving as an important bridge between the two-year roadmap and the potential for longer-term pricing changes via the SAU process.

“In response to the industry’s strong desire for **nbn** to implement long-term pricing changes quickly, we are initiating an SAU variation consultation that will involve the ACCC. We believe this is the best way to progress this important industry conversation. By engaging the ACCC and the industry early in the process, we are hoping to expedite the delivery of outcomes that will benefit customers and the industry.”

#### **Two-Year Bundles Discount Roadmap**

NBN Co will proceed with the planned increases in CVC inclusions for the 50/20 Mbps, 25/5 Mbps speed tiers<sup>3</sup> and Fixed Wireless Plus Bundles in the May 2021 roadmap, which will range from 11 per cent to 20 per cent of additional capacity. As previously stated, NBN Co brought forward significant additional CVC inclusions for selected higher speed tiers in December 2020.

In the May 2022 roadmap, NBN Co is proposing no change to the Discount Bundle effective charges but will be providing between 0.1Mbps to 0.75Mbps of additional CVC inclusions to the 25/5Mbps and higher speed tiers<sup>4</sup>. CVC inclusions for the Home Ultrafast speed tier will increase from 6.25Mbps to 7Mbps from May 2022 and capacity for the Home Superfast will rise from 5.25Mbps to 5.75Mbps, with any unused CVC able to be shared across other speed tiers.

NBN Co will be adding more value to the wholesale business services by increasing the CVC inclusions for all the Business Bundles constructs and bring forward the inclusions for the 250/100Mbps speed tier. Under the changes, CVC inclusions in the 250/100Mbps speed tier will increase from 3.5Mbps to 5.25Mbps effective from 1 December 2021 and will be available as a Business Bundle with enhanced service level eSLA12 included, with a further rise to 5.75Mbps from 1 May 2022. For the 500/200 speed tier, CVC inclusion will increase to 6.25Mbps from 1 May 2022 and will be available as a Business Bundle with eSLA12. CVC inclusions for the close to 1000/400Mbps speed tier<sup>5</sup> will increase to 7Mbps from 1 May 2022 and will also be available as a Business Bundle with eSLA12.

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## Media enquiries

**Katherine Jimenez**

Email: [Katherinejimenez@nbnco.com.au](mailto:Katherinejimenez@nbnco.com.au)

Mobile: 0456 811 401

**Greg Spears**

Email: [gregspears@nbnco.com.au](mailto:gregspears@nbnco.com.au)

Mobile: 0406 315 014



For further information, visit [www.nbnco.com.au](http://www.nbnco.com.au)

## Notes to editors

1. nbn is a wholesaler and does not control costs charged by service providers. End customers should contact their preferred service provider to ask about their fees and charges.

2. nbn provides wholesale services to phone and internet providers. **nbn**<sup>™</sup> wholesale speed tiers available to providers vary depending on the access technology in an end customer's area. An end customer's experience, including the speeds actually achieved over the **nbn**<sup>™</sup> broadband access network, depends on the **nbn**<sup>™</sup> access network technology and configuration over which services are delivered to their premises, whether they are using the internet during the busy period, and some factors outside of **nbn**'s control (like their equipment quality, software, chosen broadband plan, signal reception, or how their provider designs its network). Speeds may also be impacted by the number of concurrent users on the **nbn**<sup>™</sup> Fixed Wireless network, including during busy periods. Satellite end customers may also experience latency.

3. In this reference, **nbn** wholesale download speed tiers of 50Mbps include wholesale plans available to phone and internet providers with download speeds of 50Mbps and 25-50Mbps.

<sup>4</sup> Excludes the original high-speed tiers. The original high wholesale speed tiers are 250/100 Mbps; 500/200 Mbps and close to 1000/400<sup>2</sup> Mbps under the TC4 Bundles Discount.<sup>5</sup>

5. Regardless of the retail service you purchase, the actual wholesale speeds delivered by **nbn**'s highest wholesale speed tiers of close to 1000 Mbps will be less than 1Gbps due to equipment and network limitations. Reference to speeds are not end user speeds; they are wholesale layer 2 peak information rate bandwidth provided to retail providers.