

Media release

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NBN Co delivers commercial response to cherry pickers

NBN Co will bring forward its rollout of wholesale very fast broadband to apartments and office buildings in Australia's inner cities, in a commercial response to emerging competition for high-value customers in these markets from vertically integrated telecommunications carriers.

Preparations are underway to deploy the National Broadband Network (NBN) – a wholesale network funded by taxpayers and open to all service providers – to inner city residential and commercial complexes in parallel with the NBN rollout in other parts of Australia, including priority areas currently under-served by fast broadband.

NBN Co's push into high-density urban areas will allow consumers to benefit from the competitive market the NBN enables, and purchase broadband, telephone or other services from the retail service provider of their choice.

A list of initial priority areas will be announced in the coming weeks. It is expected to include Haymarket in Sydney, New Farm and Fortitude Valley in Brisbane and South Melbourne, with NBN services scheduled to be available to these premises in the middle of the year.

The company's move follows plans by internet service provider TPG to provide fibre to the basement directly to 500,000 apartments, with others signalling they may follow suit.

NBN Co is concerned that rollouts of this type may require building owners to agree to exclusive supply arrangements and thereby limit competition at the retail level.

NBN Co Chief Executive Officer Bill Morrow said:

"The NBN levels the playing field for Australian telecommunications and creates real and vibrant competition. We can make this statement because the NBN doesn't sell directly to consumers and is open to all retail service providers to use on equal terms.

"Vertically-integrated carriers – companies that both own networks and market to consumers – cannot offer those same guarantees. A building that signs up to TPG runs the risk of being left with only one retail service provider – TPG itself.

"We believe NBN represents the superior solution for building owners and the families and businesses they house. There are 44 retail service providers operating over the NBN, representing more than 90 per cent of the retail broadband market."

Industry concerns

The company's comments are echoed by others in the Australian telecommunications industry.

A survey of industry participants by Communications Day, a respected telecommunications newsletter, found that 47 per cent of respondents were opposed to TPG's plans to offer Fibre to the Basement to apartments; 20 per cent said TPG should structurally separate its network arm; and another 20 per cent said it should offer wholesale access on reasonable terms.

Just 13 per cent said TPG should be allowed to exclusively offer its own services over its planned FTTB deployment.

“The verdict is clear,” Mr Morrow said. “The NBN offers a once-in-a-lifetime opportunity to allow competition in Australian telecommunications to flourish. A clear majority of the industry is opposed TPG’s plans or wants the firm to be subject to competition constraints.”

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