

Media Release

NBN Co makes it cheaper for service providers to start up on the NBN

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NBN Co is making it cheaper and easier for broadband service providers to start offering services to consumers and businesses over the National Broadband Network by providing a rebate on capacity charges in the early days of the network's establishment.

NBN Co plans to rebate the wholesale charge for the first 150Mbps per month on its Connectivity Virtual Circuit (CVC) until there are 30,000 premises passed in a connectivity serving area, which connects to a point of interconnect (Pol). Service providers will be able to connect to the National Broadband Network through 121 points of interconnect, with each point servicing between 50,000 and 162,000 premises.

Service providers will still pay the same access charges, which start at \$24 per month for a wholesale broadband service designed to achieve 12/1Mbps*. However the CVC, which reflects the size of the "pipe" needed to meet the aggregate data usage of consumers, will be rebated to assist a smoother transition to fibre services for service providers.

NBN Co Head of Product Development and Sales, Jim Hassell said: "This move is aimed at lowering the barriers to entry for RSPs and we expect it to promote retail competition and service innovation, leading to flow-on benefits for consumers. The rebate will give service providers a lower-cost opportunity to enter a geographic area, and build their customer base in the early days."

"NBN Co has been given an objective to create a level playing field in the telecommunications industry. Today's announcement shows we are doing what we can to ensure enough players also take the field."

"In making this announcement we have listened to our customers – the service providers – and taken on board what they have said in order to improve our wholesale service offer, and further facilitate their transition to the National Broadband Network. It is designed to promote the early entry of service providers to any given area by lowering the initial cost of providing services over the NBN.

"We have announced this rebate well in advance of when we plan to start charging service providers for our products, which is from October for mainland Australia," added Jim Hassell.

Simon Hackett, Managing Director of Internode said: "This is a positive outcome that has resulted from constructive interaction between NBN Co and industry around the NBN Co access pricing model.

"Our shared interest is in seeing engagement with NBN Co from as many RSPs as possible, to ensure the maximum competitive benefit from the network to consumers around Australia.

"This change encourages participation from RSPs by making it viable to offer sustainable services at appropriate performance levels until the addressable market in each service area is large enough for fully self-supporting service delivery," Mr Hackett said.

Chief Technology Officer at iinet, Greg Bader said: "One of the cost challenges in migrating to the NBN is utilisation efficiencies during the rollout phase of the network. The transitional CVC pricing is a good idea

and will help retail service providers in the period between launch and the time it takes to reach scale in the network”.

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* The speeds actually experienced by end-users via fibre, fixed wireless or satellite will depend on a number of factors including the retail broadband plan they choose, the usage of the service at the same time by other users, their equipment and their in-premises connection.

ABOUT NBN Co

NBN Co is an Australian government-owned business enterprise formed in mid-2009 to design, build and operate the NBN. The NBN will enable broadband to be delivered to all Australian households and businesses through a combination of fibre to the premise, wireless and satellite. NBN Co is operating a wholesale-only, open-access network, and making its wholesale services available to retail service providers on non-discriminatory terms. The total projected capital cost of the 9.5-year construction project is AUD\$36 billion.