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Fact Check: NBN Co Wholesale Pricing and Product Consultation – and video streaming

NBN Co has released an industry-wide Wholesale Pricing and Product Review Consultation Paper, which seeks Retail Service Provider (RSP) feedback on delivering great customer experiences at affordable prices, while meeting Australians' changing needs and internet usage behaviour, including increasing demand for Broadband.

The paper also seeks feedback on options to increase take-up of **nbn**[™] network services and address underserved customer segments. We want to achieve these objectives while helping to ensure NBN Co and the industry have sustainable business models that enable continued investment in upgrading and maintaining the network, providing the required support for new technologies, while at the same time developing new products and services for customers in the future. We are discussing these issues with industry at present, and the initial discussions have been very constructive so far.

One of the important services that the **nbn**[™] network provides to customers is the ability to provide access to high-quality video streaming. It is a significant part of current internet traffic volume, which is only forecast to increase. As part of the consultation, we are seeking feedback from RSPs on how to best support RSPs to provide video streaming services in the future. Our context for posing this question is the fact that NBN Co has introduced a number of discounts in recent years in response to increases in usage demand.

Our consultation is geared towards wholesale pricing and product mechanisms between NBN Co and RSPs. We are not working towards any pre-defined ideas, and the process is *not* about levying additional charges on customers. Instead, it is focused on continuing to evolve our wholesale pricing to reduce complexity for RSPs, help RSPs manage increasing demand, increase certainty for RSPs and ultimately achieve the objectives noted above.

In short, the paper is not angled at introducing a 'Netflix tax' or any other 'tax' on customers. Rather, at this stage, we are simply seeking input from industry on whether they believe video streaming is an area that requires attention and, if so, we are open to possible ideas they may wish to suggest.

The success of our previous wholesale pricing consultation, which commenced in 2017, was built on working with industry. This led to the introduction of our 'Focus on 50' campaign and new discount bundles, which has resulted in 64 per cent of **nbn** customers now using wholesale speed tiers of 50Mbps and above – and is a large part of the reason why more than 70 per cent of new **nbn** customers choose wholesale speed tiers of 50Mbps and above.

NBN Co is building the **nbn**[™] network to meet the needs of Australians today as well as delivering capacity upgrades to meet growing data demands into the future, which includes the provision of additional capacity within the network to accommodate the rise of streaming services. Our commercial constructs also need to be forward looking.

The next stage of the consultation will include draft proposals from NBN Co after considering industry feedback which is due at the end of this month, and we will then re-engage with the industry and consult further in detail before finalising and announcing outcomes later in 2019.

ENDS

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