



Media release

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Initial build complete, NBN Co announces next phase of network investment to meet future demand

Corporate Plan 2021 highlights:

- NBN Co's highest peak wholesale speed tiers of 500 Mbps to close to 1 Gbps¹ available on demand to an estimated 75 per cent of homes and businesses on the fixed-line network by 2023², plus dedicated regional co-investment funding
- Investment in a range of initiatives to provide businesses across Australia with on-demand capability to support innovation, productivity and growth
- \$4.5 billion network investment plan to be funded by private debt, which is forecast to create an additional 25,000 jobs in Australia

NBN Co today released its Corporate Plan 2021, which outlines how the Company will provide access to higher wholesale speeds and greater capability on its network to millions of customers living and working across Australia.

NBN Co will take advantage of the momentum it has established in building the initial network by bringing forward the next phase of planned network investment to help meet future demand for higher speed broadband services. This demand has been accelerated by changes in the way people work, study and communicate in response to the global health crisis. It is also clear that economic recovery will in part be driven by digital enablement and innovation.

Network Investments

NBN Co will allocate \$3.5 billion to network investments that will benefit homes and small businesses across the Fibre-to-the-Node (FTTN), Fibre-to-the-Curb (FTTC) and Hybrid-Fibre-Coaxial (HFC) networks. This will mean that by 2023 an estimated 75 per cent of homes and businesses in the fixed-line footprint will have access to peak wholesale speed tiers of 500 Mbps to close to 1 Gbps^{1,2}.

As this investment takes place, an increasing number of premises connected to the **nbn**[™] by FTTN technology that require higher speeds will be able to access higher wholesale speed tiers via Fibre-to-the-Premises (FTTP) technology. NBN Co will use the existing fibre infrastructure already built to nodes and invest in the continued rollout of fibre deeper into community areas.

Customers living or working in these areas will be able to place an order with any participating internet retailer for a higher speed **nbn**[™] Home Fast, **nbn**[™] Home Superfast or **nbn**[™] Home Ultrafast broadband plan. At that point, NBN Co will complete the build of the fibre lead-in to the premises. Following further detailed planning and

development of business rules for lead-ins, NBN Co will be in position to release further information on timing and locations.

NBN Co will also aim to enable premises connected to the **nbn** by Fibre-to-the-Curb (FTTC) technology, to access the **nbn**[™] Home Superfast and **nbn**[™] Home Ultrafast wholesale speed tiers through on-demand enablement and deployment of G.Fast capability or the provision of fibre lead-ins in certain circumstances.

NBN Co will further dedicate significant investment to benefit customers living in approximately 2.5 million premises in capital cities that are connected to the **nbn** by Hybrid Fibre Coaxial (HFC) technology.

When NBN Co launched its higher speed tiers earlier this year, participating retailers were able to market and sell plans based on the **nbn** Home Fast speed tier to all customers connected to the **nbn** by HFC, while the **nbn**[™] Home Superfast speed tier was available to approximately 70 per cent of HFC-connected premises and the **nbn**[™] Home Ultrafast plan was available to approximately 7 per cent of HFC-connected premises. The initial launch proved there is strong demand for higher speed tiers.

The planned upgrade of the entire **nbn** HFC footprint will offer all customers in HFC-connected premises access to the **nbn**[™] Home Ultrafast plan.

Supporting Australian Businesses

As announced yesterday, working in partnership with retail internet providers, NBN Co will invest up to \$700 million in a multi-faceted package of initiatives over the next three years to support business innovation, productivity and growth. The initiatives recognise the growing importance of online collaboration and cloud-based productivity tools for businesses and increasing demand for premium-grade business **nbn**[™] solutions.

The centerpiece of this package is the creation of up to 240 **nbn**[™] Business Fibre Zones nationally, including a presence in 85 regional centres. All businesses within these zones will have access to **nbn**'s wholesale premium-grade business offering, business **nbn**[™] Enterprise Ethernet, with wholesale prices for service providers significantly reduced, in some cases by up to 67 per cent³. These zones are expected to cover more than 700,000 business premises.

Secondly, NBN Co is also investing to deliver the necessary fibre infrastructure to support Enterprise Ethernet. When an internet retailer places an order for Enterprise Ethernet, for an estimated 90 per cent of business premises in the national **nbn**[™] network footprint, we will not charge the retailer for building the fibre. Plus, if an internet retailer signs up for a three-year Enterprise Ethernet plan, we will not charge the retailer an up-front connection cost⁴.

Enterprise Ethernet is NBN Co's fastest symmetrical wholesale product and premium-grade business offering. It has options for prioritised traffic, high capacity and symmetrical upload and download wholesale speeds from 10Mbps to close to 1Gbps⁵, as well as enhanced 24/7 support through the business **nbn**[™] Operations Centre with a dedicated team located in Australia.

Thirdly, NBN Co has allocated \$50 million over three years to work with local councils and state and territory governments to identify opportunities to extend business-grade services outside of designated **nbn**[™] Business Fibre Zones.

Collaboration with State and Territory Governments

More broadly, the Company has also committed up to an additional \$300 million investment to work with state and territory governments and local councils to deliver access to higher speed wholesale broadband services over the **nbn** network to households and businesses in regional and remote areas of Australia.

Further Operational Investments

In addition to the network investments, NBN Co will invest \$1.5 billion to connect more than 300,000 new premises, extend some COVID-19 relief measures into FY21, and invest in IT simplification to reduce cost for NBN Co and internet retailers, and enhance overall customer experience. The Company will increase its focus on regional areas through targeted investments in fixed wireless and satellite networks, an expansion of fixed-line networks in regional areas, and the deepening of community engagement.

Funding and Forecast Economic Outcomes

In May 2020, NBN Co entered into bilateral agreements with a group of leading Australian and international banks providing revolving credit facilities totaling \$6.1 billion. The credit facilities each have a five-year term and represent NBN Co's inaugural long-term borrowing from private debt markets.

The financing transaction was oversubscribed and represented a strong endorsement of NBN Co's credit profile and business outlook as the company moves from completion of the initial rollout to the next phase of operations. The Company allocated \$2 billion of the credit facilities to completing the initial rollout within the \$51 billion funding envelope.

To bring forward new network investment of \$4.5 billion and invest in additional programs valued at \$1.5 billion, as announced today, while refinancing and repaying the \$19.5 billion Commonwealth Government loan, NBN Co is expecting to raise a total of \$27.5 billion of private debt by June 2024. This includes the \$6.1 billion credit facilities already executed.

By developing the network to deliver higher speed broadband services to more customers sooner rather than later, in a report commissioned by NBN Co, economics firm AlphaBeta estimates that this stimulus package will improve national productivity and has the potential to add more than \$6.4 billion to the annual GDP from 2024. NBN Co's ongoing investment program is also forecast to create an additional 25,000 direct, indirect and induced jobs over the next two years.

NBN Co Chief Executive Officer Stephen Rue said:

"The National Broadband Network is the digital backbone of the nation. Now that we have completed the initial build, we will continue to invest in the nbn to be ready to meet the evolving needs of residential and business customers.

"With millions of people working and studying from home and thinking more about the download and upload speeds they need, demand for higher speed broadband services is growing. We are investing now and starting work immediately to meet this demand.

"Together, the initiatives outlined in this \$4.5 billion network investment plan will have a real and positive impact on Australia's retail and business telecommunications landscape and help lift the digital capability of the nation. With this plan we will support businesses, boost the competitiveness of regional areas, strengthen network performance and further enhance customer experience.

"With residential and business customers, and education and healthcare service providers more reliant on broadband than ever before, we believe the time is right to invest in the network capabilities that Australia will need in the years to come.

"Core to the success of this plan is to ensure that we continue to be customer-led in all we do, focussing on delivering great customer experience in collaboration with our retail partners, and ensuring we address the diverse needs of customers.

"The **nbn** network is a critical piece of Australia's infrastructure, playing its part to drive the social and economic benefits that this country needs now, and in the future."

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1 Regardless of the retail service you purchase, the actual wholesale speeds delivered by **nbn**'s highest wholesale speed tiers of 500 to close to 1000 Mbps will be less than 1Gbps due to equipment and network limitations and the peak information rate may fall anywhere in this range. In addition, the HFC Home Ultrafast bandwidth profile downstream service provided to retail providers is a ranged profile with a maximum sustained information rate of 750Mbps. Reference to speeds are not end user speeds; they are wholesale layer 2 peak information rate bandwidth provided to retail providers. An end customer's experience, including the speeds actually achieved over the **nbn** network, depends on some factors outside our control (like equipment quality, software, and how your retail service provider designs its network) and the **nbn** technology used for your connection.

2 Wholesale speeds subject to the access technology by which the service is supplied.

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

4 **nbn** is a wholesaler and does not control costs charged by service providers. Customers should contact their preferred service provider to ask about availability and any fees and charges from their provider that may be applicable. These pricing offers are not available for most premises in the **nbn**[™] Fixed Wireless or Satellite footprints or for most premises which have complex connections – further costs are likely to apply to these premises.

5 Regardless of the retail service you purchase, the actual wholesale speeds delivered by the **nbn**[™] Enterprise Ethernet product will be less than 1Gbps and no more than 952Mbps due to equipment and network limitations. **nbn**[™] Enterprise Ethernet is only available on the **nbn**[™] fixed line network. An end customer's experience, including the speeds actually achieved over the **nbn**[™] network, depends on some factors outside our control (like their equipment quality, software, and how their retail service provider designs its network).