

Credit Policy

Wholesale Broadband Agreement



This document forms part of NBN Co's Wholesale Broadband Agreement, which is a Standard Form of Access Agreement for the purposes of Part XIC of the Competition and Consumer Act 2010 and constitutes nbn's Latest Standard Offer.



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Version	Description	Effective Date
4.0	First issued version of WBA 4	1 December 2020

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Environment

nbn asks that you consider the environment before printing this document.

1. Introduction and Purpose

This Credit Policy forms part of the Agreement between **nbn** and RSP.

The Credit Policy enables **nbn** to assess whether entering into this Agreement with RSP and/or supplying Products to RSP creates a Credit Risk and, if it does, to provide **nbn** with financial security of a type and at a level appropriate to mitigate that Credit Risk.

RSP must satisfy the requirements of the Credit Policy as a pre-condition to, and as a continuing condition of, the supply by **nbn** of Products to RSP under this Agreement in accordance with clause A2.2 of the [Head Terms](#).

RSP will not be considered to be a Credit Risk if, subject to sections 3.2(b) and 3.2(c):

- (a) RSP has an Acceptable Credit Rating; or
- (b) **nbn** conducts a Credit Review which satisfies **nbn** that RSP is not a Credit Risk.

2. Acceptable Credit Rating

If **nbn** is not satisfied that it has sufficient information or evidence that RSP has an Acceptable Credit Rating, **nbn** may request further information or evidence in respect of RSP's credit rating from RSP and specify the timeframe within which **nbn** requires such further information or evidence. **nbn** will notify RSP once it is satisfied that RSP has provided sufficient evidence in respect of its credit rating and within 5 Business Days of RSP providing sufficient evidence.

3. Credit Review

3.1 Purpose of Credit Review

The purpose of a Credit Review is for **nbn** to assess whether RSP is a Credit Risk and if so, for **nbn** to determine:

- (a) whether **nbn**, acting reasonably but prudently, should mitigate that Credit Risk by requiring RSP to provide a Financial Security; and
- (b) what type and amount of Financial Security is required in order to mitigate that Credit Risk to **nbn**'s satisfaction.

3.2 Need for Credit Review

- (a) In its assessment under section 3.1, **nbn** may consider and weigh as it considers appropriate factors including:
 - (i) the amount of Charges that **nbn** reasonably considers RSP will have to pay to **nbn** under this Agreement;
 - (ii) RSP's payment history with its suppliers and other creditors;
 - (iii) whether RSP has been the subject of any Claim in respect of amounts owed by it to third parties or any insolvency-related proceedings;
 - (iv) whether and to what extent RSP has any material contingent liabilities which would affect its ability to pay its bills in the 12 months following the Credit Review;
 - (v) what processes and systems RSP has in place to ensure prompt payment of bills;
 - (vi) the prudence of RSP's approach to financial management generally; or

- (vii) any other factors **nbn** reasonably considers relevant to an assessment of whether RSP is a Credit Risk.
- (b) If RSP does not have an Acceptable Credit Rating, **nbn** may perform, and RSP must comply with, a Credit Review under section 3.3:
 - (i) on or around the Execution Date;
 - (ii) once each year on or around the anniversary of the Execution Date; and
 - (iii) if a Credit Review Event occurs.
- (c) If RSP has an Acceptable Credit Rating, **nbn** may perform, and RSP must comply with, a Credit Review under section 3.3 if a Credit Review Event occurs.
- (d) **nbn** may conduct a Credit Review at any time at RSP's request.

3.3 Conduct of Credit Reviews

- (a) Credit Reviews will be carried out by **nbn** and/or its professional advisors. **nbn** may impose a timeframe within which a Credit Review, or any aspect of it, needs to be completed. When **nbn** decides to assess whether RSP is a Credit Risk, **nbn** will notify RSP of a Credit Review Date.
- (b) During the course of a Credit Review, RSP must co-operate with and assist those carrying out the Credit Review, to ensure the Credit Review proceeds within any timeframes set by **nbn** for completion of that Credit Review. That co-operation and assistance includes but is not limited to:
 - (i) providing access to RSP's financial documents, materials and Personnel, including those of RSP's Related Bodies Corporate; and
 - (ii) promptly assisting those carrying out the Credit Review to contact RSP's creditors, suppliers and contractors and allowing them to discuss and disclose financial information about RSP.
- (c) It will not be a breach of this Credit Policy if RSP fails to provide the assistance referred to in section 3.3(b), but **nbn** may determine that such failure increases the Credit Risk posed by RSP.
- (d) RSP is responsible for ensuring that the information provided is complete, accurate, current and not misleading. **nbn** will make sure that any Confidential Information that RSP discloses to those carrying out a Credit Review will be treated in accordance with Module D of the [Head Terms](#).
- (e) Provided RSP complies with this section 3, **nbn** will complete its Credit Review within 20 Business Days of RSP having provided all of the information required to perform the Credit Review.

3.4 Outcome of a Credit Review

- (a) To what extent RSP is a Credit Risk is a matter for **nbn** to determine in its absolute discretion.
- (b) If **nbn** is unable to conduct a Credit Review to its satisfaction, including because RSP does not co-operate with and assist those carrying out the Credit Review, then **nbn** may consider RSP to pose a Credit Risk sufficient to require the provision of a Financial Security prior to supply or continued supply of any Product to RSP.

- (c) Following completion of the Credit Review, **nbn** will let RSP know whether **nbn** requires RSP to provide a Financial Security as a condition of supply or continued supply of any Product to RSP.

4. Financial Security

4.1 Circumstances in which a Financial Security may be required

Notwithstanding sections 2 and 3, **nbn** may require RSP to provide a Financial Security:

- (a) if RSP is a Credit Risk;
- (b) if RSP is subject to an Insolvency Event (regardless of whether RSP is a Credit Risk or has an Acceptable Credit Rating); or
- (c) if RSP is in material breach of this Agreement and does not cure that breach within 20 Business Days after the date on which **nbn** provides RSP with notice to do so (regardless of whether RSP is a Credit Risk or has an Acceptable Credit Rating).

4.2 Form of Financial Security

- (a) RSP must provide the Financial Security to **nbn** in the form chosen by RSP, and in the amount and containing the terms and conditions specified by **nbn**, within 20 Business Days of the date **nbn** advises RSP that it requires that Financial Security. RSP must do all things reasonably necessary to give full effect to any Financial Security, such as assisting to perfect that security, where required by **nbn** acting reasonably.
- (b) **nbn** will usually require a Financial Security of a value equivalent to the Charges **nbn** estimates it will bill RSP under this Agreement during any 3 month period of stable retail service provider order activity. However, this may not always be the case. **nbn** may, for example, choose to take a different approach if RSP is a particularly high Credit Risk.
- (c) Failure to provide a Financial Security or a revised Financial Security in accordance with the requirements of this Credit Policy is a Material Default for the purposes of this Agreement.
- (d) Provision by RSP of a Financial Security is not a substitute for paying the Charges or other amounts payable under this Agreement which must be paid by RSP as they become due and payable under this Agreement.

4.3 Changes to an existing Financial Security

RSP must increase and may replace, supplement, adjust or reduce its original Financial Security (as applicable) to comply with the new Financial Security requirement within 20 Business Days where **nbn**'s requirements change in respect of a Financial Security it requires from RSP following a Credit Review.

4.4 Enforcement of Financial Security

- (a) Without affecting any other rights **nbn** may have under this Agreement, if any amount due and payable by RSP under this Agreement has been due and payable for longer than 20 Business Days, **nbn** may enforce the Financial Security to recover that amount. "Enforce" in this context means call on, use or otherwise take action to exercise or obtain the benefit of the Financial Security.
- (b) If **nbn** enforces any Financial Security, but the amount of that Financial Security is not enough to fully settle the due and payable amount, then RSP remains liable to pay the balance to **nbn**.

- (c) If **nbn** enforces any Financial Security, then RSP must within 10 Business Days of that enforcement restore the amount of Financial Security to the level it was at before **nbn** enforced the Financial Security.

4.5 Return of Financial Security

- (a) **nbn** will return the Financial Security to RSP if following a Credit Review **nbn** is satisfied that a Financial Security is no longer required from RSP.
- (b) **nbn** will return any Financial Security in force on expiry or termination of this Agreement no later than one month after the later of:
 - (i) the expiry or termination of this Agreement (unless RSP is entering into a subsequent wholesale broadband agreement, in which case the Financial Security may be retained for the purposes of that wholesale broadband agreement); or
 - (ii) the date that RSP pays to **nbn** all outstanding amounts payable by RSP under this Agreement.

5. Credit Review Events

RSP must notify **nbn** immediately if it becomes aware of or has reasonable grounds for suspecting that a Credit Review Event will occur.