



Estimates Hearing CEO Opening Statement

It is great to be back in Canberra with you this evening.

Joining me is Mr Gavin Williams, our Chief Development Officer, Regional and Remote. Our Chief Customer Officer, Ms Anna Perrin was originally due to join us before the Committee on this occasion. However, unfortunately Ms Perrin is unwell, and therefore unable to appear this evening. She looks forward to making her first appearance before the Committee at a future hearing.

I will be brief, as I said, but I wanted to open with our key financial highlights for the first half of Fiscal 24, the six months to 31 December 2023.

I am very pleased to report that **nbn** is on track to meet all key financial targets the Company set for the fiscal year, as outlined in our Corporate Plan 2024. During the half we achieved total

revenue of \$2.75 billion, up 5 per cent on the prior corresponding period. Our earnings before interest, tax, depreciation and amortisation – otherwise known as EBITDA – was \$1.99 billion, up 10 per cent on last year.

And our national broadband network now has 8.58 million premises connected and accessing a service, which equates to over 20 million people.

We continue to push fibre deeper into communities and to improve our fixed wireless and satellite networks. This saw capital expenses in this half-year of \$1.87 billion, up 32 per cent on last year. But the feature of this spend was the delivery by 31 December last year of 2 million premises in the fibre to the node (FTTN) footprint with the ability to obtain a fibre to the premises (FTTP) connection. And, as promised, this means that as of 31 December three in four premises in our fixed line network can achieve wholesale speeds of between 500 megabits per second and 1 gigabit per second.

Offsetting this spend was the receipt of more than half a billion dollars during the first half of the financial year as an equity injection from the Commonwealth, as part of the Government's \$2.4 billion commitment toward fibre upgrades across the nation.

It's core to our strategy that we make these investments now. It's part of a shared vision with Government – to ensure that all Australians can reap the economic and social benefits of a faster, deeper capacity **nbn** network today, and in the years to come.

We operate in a competitive market. Enhancing competition was one of the reasons **nbn** was established. We create competition, and we face competition. This is a good thing, competition delivers the best possible outcomes for customers.

First of all, I'd like to reiterate that net additions to the **nbn** network in Calendar Year 2023 was 50,000 connections. There

is obviously a lot of new 'greenfield' residential development in this number helped by the demand for new housing.

This growth in our customer base comes in the context of expanding competition from other industry players. Competition can be seen in winning new development buildings, in certain multi-dwelling buildings, in mobile operators using surplus spectrum to sell 4G, 5G and fixed wireless access services, and, of course, in low orbit satellites. Competition has never been stronger, and this is healthy for the industry, for **nbn** and for consumers. Consumers on our network tell us that the main reasons they choose an **nbn** alternative is to seek a faster internet connection, or the perception of an unreliable service. That is one of the many reasons why we are expanding our FTTP footprint and building out greater speed and capacity on our fixed wireless network.

And we are rapidly making **nbn** future proof. Data demand has grown tenfold in the last decade. The average Australian home

has 22 internet-connected devices today; we forecast it will have 33 by 2026 and 40 by the end of the decade. We are investing in the **nbn** network to ensure our network is the best equipped and provisioned network in Australia to accommodate the huge demand that is coming. And, of course, accommodating the ability to carry large volumes of data is our competitive advantage.

As I said earlier, 75 per cent of the fixed line footprint, or some 8.4 million premises, are now close to gigabit capable. More than 3.5 million premises are now able to order upgrades from legacy copper technology to full fibre. We continue to see positive momentum in the demand for these full-fibre orders, which saw an average of 7,000 orders a week across November and December 2023. And the total number of premises upgraded to FTTP is now over 200,000.

Since my last appearance, the Company announced its intention to consult industry on further improving speed tiers on

our fixed wireless network including proposing to increase the wholesale speed of our most popular existing wireless plan to up to 100 megabits per second, and increasing the download speeds on our fastest, new, high speed-tier to be up to 400 megabits per second, all at no additional wholesale cost. This means those customers remaining on our Sky Muster satellite network benefit from reduced congestion and are therefore able to achieve better speeds too. As this Committee may know, on 1 July last year, we launched our first ever uncapped data usage Satellite plan, Sky Muster Plus Premium, with anticipated typical busy period download speeds of 48 megabits per second, and burst upload peak speeds of 100 megabits per second available on the **nbn** Satellites for the very first time, subject to fair use and shaping. On 1 December 2023, we also introduced two additional uncapped data plans that were designed to ensure that we can meet the needs and budgets of remote homes and communities. These new Sky Muster Plus Premium plans have been well received by end

users, and have grown to almost 31,000 customers in just seven months.

The business case for an ultrafast, deep capacity **nbn** network has never been stronger. Last week, we released new economic research from Accenture, which features the first use of a new longitudinal data set to model the relationship between increases in Australian broadband speeds over time, and key national economic indicators. The report estimates that a faster, high capacity **nbn** network will increase gross domestic product by around \$400 billion over the eight years to the end of the decade.

This increase in GDP is forecast to be felt all across the nation, with increases in average broadband speeds having 16 times the impact in remote areas, and twice the impact in regional areas than in capital cities. In the decade from 2012 to 2022, the digital uplift created by the **nbn** network is estimated to have created 169,000 jobs, and 87,000 new businesses. In

2022, Accenture found the GDP uplift created by the network was estimated to be \$31 billion, and this rises annually to a forecasted \$68 billion per annum by 2030. So the future is bright, and undoubtedly digital and the **nbn** has proven to be the great equaliser and the great enabler.

In my last appearance before the Committee, I talked about the acceptance of **nbn**'s Special Access Undertaking with the ACCC. Since that time, as of 1 December our new pricing under the new Wholesale Broadband Agreement has come into effect. This represents an important milestone for the Company, and a watershed agreement for the industry. It delivers greater commercial and regulatory certainty for the entire industry – which means price certainty and collaborative efforts with clear lines of accountability for delivering customer service improvements.

And lastly, I want to take the opportunity to acknowledge the work the Government has commenced in relation to

considering the future of the Universal Service Obligation, and the provision of telecommunications services to the bush through its Regional Telecommunications Independent Review Committee. Core to **nbn**'s purpose is connecting Australians, no matter where they live or work, and we stand ready to contribute to this process and the future of the sector.

So Chair, Gavin and I are now happy to take your questions.

Thank you.