

## **Stephen Rue keynote - CommsDay Summit 2024**

Good morning, it's great to be here with you all today.

I begin by acknowledging the Traditional Custodians of the land on which we meet today, and pay my respects to their Elders past, present and emerging. I extend that respect to Aboriginal and Torres Strait Islander peoples here today.

Thanks to Tim Webster for opening today's event. As a sports lover, I have taken a keen interest in your sports journalism over many years. And of course, thank you to Grahame and the CommsDay team for putting on such an important event and for inviting me to speak.

As I have done in the past, I would like to commend CommsDay for the extremely knowledgeable and balanced way they cover the industry. Your contribution to the success of this industry is very significant.

It was such a great evening at the Edison Awards last night. Thank you Grahame, and the CommsDay team.

Any award is a win for cross-functional collaboration and teamwork and it was a great honour for **nbn**'s teams to be recognised as **Best Wholesaler**; joint-winner in the **Sustainability** category; and for the high commendation for our ever-green, always-on, and always evolving **Scams Awareness** campaign.

And on this front, I would like to recognise the entire industry's efforts. We have come such a long way in the last few years to protect customers and provide better education and information. Vigilance is key. And knowledge is power. And, as an industry, we are all doing so much to help customers to protect themselves.

And, of course, congratulations to all of the other deserved winners, many of whom are in the room today.

I would now like to outline the key issues that I want to talk to you about today.

First, I want to speak about how **nbn** as an organisation continues to evolve to support our growing digital economy.

Second, I will speak about how the rollout of **nbn** fibre deeper into communities is providing the higher speed tiers and capacity necessary for our nation's growing data needs.

And thirdly, I will speak about how digitalisation is changing our way of life.

As an organisation **nbn** has gone through significant change as we deliver on our company purpose: To lift the digital capability of Australia.

We've now moved beyond the start-up phase...

And beyond the project phase – which of course was building the network.

And we are well and truly into our third phase...

Which is to mature as a service delivery partner to the industry and ultimately to people in homes and businesses across the nation.

That means building better technology across the country while operating ever more efficiently, and of course that also means working closer and closer with industry to do so.

As you all know, we are a Government Business Enterprise.

We are an enterprise in service of two things...

The first is to help implement government policy.

And the second is to run a business that supports policy delivery, but with a commercial objective in mind.

For us as a company, that commercial objective is to operate as efficiently as possible and ensure we have cashflows to keep on building out better technology and sufficient earnings to support what we do.

Of course, you all have shareholders too.

And your shareholders may include private equity players; superannuation and managed fund investors; private security-holders; and employees. And your shareholders have their needs as well.

Your own Key Performance Indicators and targets will measure things like Return on Invested Capital (ROIC); earnings; cashflow; number of subscribers, and, of course, profit.

If you look at an industry with a wholesaler and retailers - and then overlay government policy and the national interest on top of that - then there's no surprise that there are times, of course, when **nbn**'s viewpoint and the retailer viewpoint and objectives may be slightly different and divergent.

But ultimately as an industry, we are here to serve the needs of customers in an ever-changing world.

So, working closely together is important for you, it's important for **nbn** and it's important for the nation as well.

Now I know there will be bumps along the way...

But I also have no doubt that through partnering we can work together to deliver a win/win for all of us, and, most importantly, for our customers as well.

We worked collaboratively with industry and the ACCC for over the last two years in delivering our new SAU and Wholesale Broadband Agreement (WBA5).

The SAU took a long time to complete; many would say too long.

But I would like to thank you for your contribution throughout that period of time.

Yes, we had our disagreements along the way. We all made concessions. And we all made compromises. But we got it done.

I was really impressed by how quickly and smoothly we, as an industry, agreed and implemented the Wholesale Broadband Agreement that followed. And I know that involved a lot of work from all of you.

Completion of the SAU now gives us an opportunity to work together for the betterment of all our customers.

As an industry we must now increasingly work together to enable Australia's digital future.

And this is a future where we expect Australia's data demands to double once again in the next five years.

So, we are making our network future-ready by rolling out fibre deeper into communities to enable high-speed internet and deeper capacity.

The global and national business case for a faster, deeper capacity **nbn** network has never been stronger.

New economic research from Accenture, 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.

This research, which we commissioned, shows that our network is supporting productivity and social equity for the nation.

The report estimated that a faster, higher capacity **nbn** network will increase gross domestic product by about \$400 billion over the eight years to the end of the decade.

And this increase in GDP is forecast to be felt 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, which are now growing from higher baseline speeds.

Indeed 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.

Better, faster **nbn** broadband will help create an additional 113,000 new jobs and 55,000 new businesses by 2030.

So, the future is bright; it's undoubtedly digital, and the **nbn** has proven to be the great equaliser and the great enabler.

Now, it is my job, and that of my team, to build and deliver a resilient, financially stable and sustainable company. And that's not just me answering our government shareholders. A resilient, sustainable **nbn** and predictable, sustainable capital investment and allocation strategy is good for our entire industry – and it's good for Australians.

Our successful debt raising through bank facilities and debt capital markets means we will be in a position to repay the outstanding \$5.5 billion balance of the original Commonwealth loan by 30 June 2024, when it is due to mature.



And because broadband is such a critical national infrastructure, we have prioritised investment to ensure our network is resilient to threats from natural disasters and other challenges that could disrupt internet services.

We are now focussing on allocating capital to enable more than 10 million premises – or up to 90 per cent of the Fixed Line network – to access close to gigabit speeds by December 2025. That's the end of next year.

And as I said, we are working hard now to get these upgrades into the market now because we have seen data demand doubling every five years and we expect this trend to continue or, as I'll talk about later, to grow even more exponentially in the next five to ten years...

This data growth is being driven by the increasing demands from households and business demands for data-hungry applications that are becoming increasingly essential in daily life.

We know that the average Australian home now has 22 internet-connected devices today.

This is forecast to increase to 33 internet-connected devices by 2026, and 40 by the end of the decade.

Our proposal to turbo-charge three of our highest residential speed tiers on FTTP and HFC technology is designed to give Australians access to even faster download and upload speeds to help support their future data needs.

And again, I would like to thank you all for your involvement in our consultation process. We see this as another important partnering approach to deliver for customers.

We are listening and we will continue to work closely with you on this. And we look forward to receiving your submissions by 10 May.

Now, as you are aware, as part of the SAU and WBA, we committed to transparency and certainty of wholesale pricing – and as you know – we will publish a three-year wholesale pricing roadmap and tariff list on 1 May every year.

And today is the 1<sup>st</sup> of May. So, later this morning we will share our roadmap and tariff list. The tariff list details our wholesale prices across our product range for FY25, and the roadmap sets out the FY25 wholesale prices and indicative wholesale prices for FY26 to FY27.

Within the strict price controls established by the SAU, we have set wholesale prices, which come into effect from 1 July 2024, and we have updated our guidance for wholesale prices for FY26 and FY27, consistent with CPI forecasts.

These wholesale prices reflect our efficient capital investments to maintain and upgrade Australia's wholesale broadband network.

And this prudent investment is essential to provide faster **nbn** speeds and more capacity to keep pace with the increasing demands on the network from households and businesses across Australia.

Our priority now is making fibre available for 5 million premises on FTTC and FTTN. And we're progressing well, with fibre now available to more than 70 per cent of those premises.

And for the most part, fibre lead-ins are delivered to the premises when customers place an order for an eligible higher speed plan. And I'm pleased to report that thanks to the concerted efforts of everyone in this room, more than 300,000 of those customers have already ordered and received an upgrade to the **nbn** full fibre network.

As well as enabling customers to access our highest residential speed tiers, we are also committed to improving customers' experience of the **nbn** network by removing, what I call, 'CX irritants.'

For up to 200,000 FTTN customers who are unable to consistently achieve wholesale download speeds of 50 Mbps or more, or who experience multiple dropouts in a month, we want to upgrade them to **nbn** full fibre.

This upgrade to FTTP technology will have no requirement on customers to upgrade to a higher speed tier.

As we all know, copper lines, particularly those that are aged, can experience reduced speed, instability or cease working completely as a result of external factors such as water ingress.

Fibre results in lower fault rates, less dropouts and greater speed predictability, and improves customer experience.

We are phasing in the introduction of these upgrades to keep up with demand and the availability of technicians.

And approximately 85,000 of those identified households are now available to upgrade to full fibre with no requirement, as I said, on customers to upgrade to a higher speed tier.

And we expect another 35,000 households to become available in coming weeks.

So all this means that eligible customers can upgrade to fibre, stay on the plan they are on if they choose to, and experience the benefits that fibre brings such as a more reliable and consistent connection.

In another shift for households, we are also working to prioritise fibre lead-ins for all 'never connected' premises.

In February 2023, we undertook a trial to deliver full fibre connections to a small number of premises that have not previously connected to the **nbn** network, when they order an **nbn** service.

At that time, we identified 5,000 premises that had so far not ordered an **nbn** service that were eligible to participate in the trial and receive a permanent Fibre to the Premises (FTTP) connection.

And following the success of last year's trial, last month we communicated to retailers a further trial initiative to change approximately 10,000 FTTC premises that have never been connected to the **nbn** network to be eligible for FTTP, again without the need for a high-speed tier order.

Eligible premises – which have been selected based on their proximity to a Splitter Multipoint (SMP) – will be 'flipped' to a Service Class 1 (SC1), meaning they will be Ready to Connect (RTC) to our fibre network.

This will mean that first-time connections are on fibre rather than copper.

This is not just a more efficient use of capex given the future-proof nature of rolling our new fibre rather than new copper, and greater reliability of fibre, meaning fewer future truck rolls, it will also deliver better customer experience as I spoke to earlier.

The trial began just a few weeks back, and we look forward to sharing the results with you in due course.

At **nbn** we want to work even closer with our retail partners in service of customers and in driving efficiencies across the whole industry.

We want to make it easier for retailers to work with **nbn**, so we are working hard to improve their experience – the retailer experience - through initiatives like reducing the complexity of our IT systems, removing duplication, streamlining processes and systems, adding automated business processes and reducing average handling times.

By working together, we can ensure that the nbn network continues to be resilient, continues to be reliable and secure and plays a key role in unlocking new social and economic benefits for households, businesses and communities across the nation.

By pushing more energy-efficient fibre deeper into communities, we are enabling long-term reductions in network power demand and ensuring the network is future-ready and available for consumers when they need it.

We have made solid progress on our commitment to 100 per cent renewable electricity purchases and reducing annual energy use by 25 GWh per annum, both by December 2025.

We are upgrading to a greener network by replacing copper with fibre. Not only is fibre faster than copper, it is also more energy-efficient and resilient to the effects of climate change.

And, as everyone in this room is aware, technology and digitalisation have a key role to play in helping the world respond to the risks and opportunities presented by climate change.

There is no doubt in my mind that connectivity enabled by fibre and 5G, and ultimately 6G networks, is critical for a more sustainable world.

In both residential and commercial settings, high-speed low latency internet delivered via the **nbn** network in partnership with key stakeholders such as our



retail partners and manufacturers of smart technologies, has the potential to enable emissions avoidance across the whole Australian economy.

Therefore, importantly, our ongoing investments in network upgrades will not only help improve customer experience and support the nation's transition to net-zero by 2050. The technology will help enable us all to do better than net-zero and start to move towards the achievement of 'climate positive' outcomes.

I have got absolutely no doubt that the technology changes we are seeing today will create much greater societal changes than we've ever, ever seen.

If you overlay that on geopolitical changes and on environmental changes, then we are living in a world of significant change.

New technology is driving heavy demand for data over the **nbn** network.

Video Currently makes up 50 per cent of traffic on the **nbn** network. And it will continue to make up the lion's share of data demand for years to come.

Moving forwards, AI created video and live sports streaming will drive even more demand for higher speed tiers.

In the U.S. we're already seeing the development of new direct-to-consumer sports streaming services which provide offerings from all major leagues.

These are capable of multi-angle streaming, which allows fans to focus on specific players, regions of the field, or switch between angles to get a more immersive and personalised experience.

Live sports streaming is expected to significantly drive up broadband usage, given its high bandwidth requirements – necessitating enhanced network capacity.

And we will have the option of multiple video streams on three or four household TVs concurrently - all enabled by new fibre.

This is fuelling demand for bigger and better TVs with greater resolution and no buffering.

Already we are seeing widely available in stores today short throw laser projectors that can turn a blank wall in your home into a 100-inch TV screen with 4K resolution.

And the pace of change is accelerating...

Last year we were talking up the merits of ChatGPT and its ability to generate text...

And the new thing this year is creating video from text.

OpenAI have launched their first foray into AI-generated video, called Sora, which can create realistic and imaginative scenes from text instruction.

Sora has the ability to create complex scenes with multiple characters.

So, today, we've now got the equivalent of Hollywood B-roll grade AI-generated footage being created on demand – and all generated by a text prompt.

This even has the potential to help school students in creating realistic scenes for their history lessons!

Sora will radically change the economics of the content industry by reducing the cost of producing high-quality long-form videos quickly and cheaply.

And this could potentially accelerate the adoption of 4K, 8K and spatial 360 videos.

As an industry and a society, we have seen profound changes in the way we live and work. Hybrid working is now normalised...

But, let's face it, hybrid working has also created a very two-dimensional hall of mirrors...where the in-office experience so often becomes just a different location to dial into video conferences.

As an industry, we can do better. And we will do better.

Big tech is already working on more immersive Augmented Reality, with the projection of perspective-accurate 3D-rendered holograms being projected into an empty seat at the Boardroom table or meeting room. And it's not as far away as you might think. And it all requires faster speeds and deeper data capacity.

The integration of AI and Extended Reality (XR) technologies are a defining moment for the industry as they are encouraging the creation of essential partnerships that drive significant advancements.

So, there is no doubt, no doubt at all, we are in a time of unprecedented digital evolution and this is driving data demands on all of us in this room.

Our homes and communities are getting smarter.

People are relying on the internet for connected health, such as health monitors and baby monitors.

There's growing use of smart appliances such as air conditioners, washing machines and fridges, energy saving smart home products, smart security surveillance and even smart home pet care devices.

And we're now seeing robot vacuum cleaners, robot lawn mowers and AI-enabled Smart living solutions that help us run our households more efficiently.

The use of virtual reality and augmented reality is growing 15 per cent year-on-year, and it has not even come close to reaching its potential.

So for us at **nbn**, we need to have the right technology for the industry, for the nation, for our company and for your companies.

That's why we are building out more fibre. That's why we are building out XGS PON. That's why we are moving our cable network to Distributed Access Architecture (DAA).

That's why we are employing 5G millimetre wave in regional Australia to help provide faster speeds for **nbn** Fixed Wireless.

That's also why we are upgrading our transport network with modern technology and we are having discussions with the LEO players to find out how we can evolve eventually to a LEO world as well.

Our job has to be to ensure that the infrastructure is sufficient to support the explosion of data that we are going to see in years to come.

And we also need to evolve our products over time, of course, in consultation with all of you.

So, technology is changing society.

Digitalisation is driving new ways of working...

New ways of living...

New ways of being entertained, as I talked about earlier.

So, as an industry we should be feeling very excited.

We all have an important role to play – and in working together – to ensure our networks continue to support consumers in enjoying the benefits of the applications they will be using more and more on a daily basis for all aspects of their lives.

So, thank you for your time, and I look forward to continuing to work with you all.

**ENDS**