



Media release

Embargoed until 12.01am Thursday 1 June 2017

nbn launches new CVC pricing model

Discounting model set to help improve consumer experience

nbn – the company building and operating Australia’s broadband network – will today officially launch its new discount model for its Connectivity Virtual Circuit (CVC) charge to help improve consumer experience on the **nbn™** network.

The new model calculates the level of CVC discount based on an individual retailer service provider’s (RSP) average capacity purchased per end-user each month, previously the discount was based on an industry average.

The new discounting model is designed to encourage higher quality services by decreasing the CVC cost per unit for retailers as usage increases.

Under the industry average model retailers had been paying \$15.25/Mbps per CVC unit but under the new model they will be able to achieve discounts based on how much CVC they purchase per end-user.

Since **nbn** announced the new discounting model in February there has been an 11 per cent increase in CVC purchased per end-user on average on the **nbn™** network.

The new model enables retailers to differentiate their offerings to consumers, which will help promote competition and a wider choice of broadband plans.

nbn will continue to review its pricing structure to support uptake and usage of the **nbn™** network.

Sarah Palmer, nbn Executive General Manager for Product & Pricing said:

“The new discount model is good news for both retailers and consumers. It is encouraging to see retailers embrace the new model and work with **nbn** to improve the consumer experience.

“It will encourage the supply of more bandwidth for consumers at home and at work, leading to a better internet experience overall.

“It will also deliver greater forward price certainty to retailers, allowing them to better manage their cost base, and support usage growth on the **nbn™** network.”



nbn responds to latest Akamai speed report

In response to Akamai's most recent State of the Internet Report, Ms Palmer said it was positive to see that there had been a 10 per cent increase in average internet speeds in Australia over the last quarter.

"The Akamai report surveys millions of people who don't yet have the **nbn**[™] network – it actually shows why rolling the network out as quickly as we can is so important in improving Australia's connectivity.

"It's important for Australians to understand that the **nbn**[™] network provides them with a choice of speed tiers. The average broadband ranking recorded by Akamai will only see a significant increase if Australians choose to purchase higher speed plans from their retailers.

"While there may be counties which have reported higher average speeds than ours here in Australia, it's important to note that some countries do not have extensive broadband networks, in fact, broadband may only be available to a small proportion of their population.

"Australia has one of the most unique terrains in the world and **nbn** is committed to delivering a minimum wholesale speed of 25Mbps for all Australians – no matter their location – despite Australia's large geography and low population density. For example, Australia is 11,106 times bigger than Singapore and could fit numerous times into Australia.

Media enquiries

Philippa Perry

0447 979 329

philippaperry@nbnco.com.au

Media Hotline

02 9927 4200>

media@nbnco.com.au

Notes to editors

- The **nbn** Ethernet Bitstream Service is primarily charged in two components – the monthly access charge for a service to each end user premises (called an "Access Virtual Circuit" or AVC) and a monthly charge for network capacity which serves multiple end user premises (called a "Connectivity Virtual Circuit" or CVC).
- The CVC is the amount of network capacity shared across an RSP's end-user premises. It is purchased based on the bandwidth required to service all an RSP's end-user premises aggregated by that CVC. As the CVC is shared capacity, the average amount per end user premises is an important concept when considering the **nbn** input cost of an RSP.
- **nbn** introduced the industry average discount model for CVC last year. This move saw the effective unit price per Mbps drop from \$17.50 to \$15.75 in June 2016. This was followed by a further reduction to \$15.25 in December 2016.



About nbn:

- **nbn** is building a new and upgraded, fast wholesale broadband network to enable communities across Australia to access fast broadband from their retail service provider. Our goal is to connect eight million homes and businesses by 2020.
- The rollout of the **nbn**[™] access network sets the scene for the biggest transformation to Australia's telecommunications industry involving Retail Service Provider network upgrades and the establishment of a network to provide access to fast broadband to Australians.
- Connecting to the **nbn**[™] network is not automatic and is a process which may take some time and preparation. **nbn** is working with the Service Providers and industry to help them better understand who is responsible for which portions of their internet experience and what steps they can take in order to receive the best possible service.
- The speeds experienced on services over the **nbn**[™] network are determined by a range of factors such as the technology used to deliver the network as well as some factors outside our control like equipment quality, software, broadband plans, signal reception and how your Service Provider designs their network.
- Fast broadband like that delivered via the **nbn**[™] network can provide a range of benefits for Australians such as opportunities to work from home, access to online education tools and options for on-demand entertainment.