

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

I would like to start by acknowledging and giving thanks to the traditional owners of the land on which we are holding today's event: the Gadigal people of the Eora Nation, and their elders past and present.

Thank you to Minister Fletcher for opening the event yesterday, and to Michelle Rowland for opening today's event.

I would also like to extend my thanks to Grahame and the Commsday team, to the attendees and speakers, and to all those who participate and contribute to the important debates, around ideas and possibilities that make this industry such a vital contributor to our nation.

There are a few things I'd like to talk about today.

I will first speak of the need for us - as an industry and nation - to start thinking about how we can transition to a smarter economy and workforce supported by digital connectivity.

Secondly, I will provide an update on the network investment plan we announced in our Corporate Plan last year – and how that will play an important role in enabling this transition.

And finally, I will speak about the importance of creating a sustainable telecoms industry, including an NBN with positive free cash flow, so together we can deliver the crucial digital services that will support our collective customers' ever increasing digital ambitions and sustain both Australia's economic future, and a more equal society.

In doing so, I will provide an update on industry pricing.

When I last presented at the Commsday Summit back in October, I spoke of the opportunity and indeed obligation that we as an industry must rise to and embrace.

That obligation - to do better by customers and to deliver great service to all homes and businesses - remains and is as important as ever.

Because from this obligation will grow many opportunities.

Which takes me to my first point.

The most important of these opportunities is for us to be the industry that enables Australia's inevitable and necessary transition to a smarter economy.

I'm talking about an economy where better modes of work, better delivery of health services, better connectivity in the regions, and better access to educational and government services will help grow the collective prosperity of this nation.

For us at NBN, I view this opportunity as an integral part of our purpose to lift the digital capability of Australia.

After all, this is a purpose that exists to drive and create digital opportunity right across Australia.

I want to pause here for a moment to emphasise this point about our purpose. To lift the digital capability of Australia.

I speak about this a lot. You would have heard it from me before, and you will hear about it again.

Because this purpose transcends everything. Our industry is not here for technology. It is here for people.

We innovate. We sell. We create. We manage. But why?

We do this so people can utilise technology to play, to work, to socialise, to educate, to create, to get healthier.

It is why I came to NBN in the first place. It is why I lead NBN today. It is why I am determined with all that I have that NBN will continue to deliver upon this purpose. To lift digital capability. To make people's lives better.

Because we completed the network last year, and because we built it to be reliable, meant that the COVID-induced lockdowns across our States and Territories were successful.

Having access to fast, reliable, and secure broadband meant people could work, they could run their businesses, they could connect, they could access healthcare and they could continue educate their children - while at home.

It is frankly inconceivable that the lockdowns could have successfully contained social unrest or minimised long term economic damage without people accessing broadband in the home.

And for that, our retail partners deserve great credit too.

Just on this point, I wanted to say we at NBN were very humbled to receive the CommsDay Special Recognition Award yesterday. It truly meant a lot to me and our people at NBN.

But the achievement this award represents is something that should be shared by this whole industry for the collective efforts that were made to keep the nation connected when it needed us most.

In often trying circumstances, the combined engineering and operating teams at NBN and the telcos of Australia deserve great credit for serving the nation. Team Australia was truly on display.

Of course, COVID has led to significant and permanent changes in consumer and business behaviour.

For example, the shift to hybrid modes of work have had a profound impact, not just on our business lives but also our social lives. There is no sign this will reverse.

We've seen less congestion on the roads which has resulted in less pollution in our city centres.

We've seen greater investment in, and adoption of, cloud services and digital technologies to ensure we remain connected and productive.

We've seen parents rebalance their work and home lives, allowing more time for family bonding, less time on the train into the office and family care responsibilities more evenly shared.

It has increased opportunities for those without the access to the traditional centres of commerce, who are now able to participate and advance in the workforce.

This has had a particularly powerful effect in rural and regional Australia where we have seen people relocate from their city homes, but not their city jobs, thanks to the connectivity made possible by the NBN.

Research we conducted last year into the behavioural impacts from COVID showed that in education: almost one third of Australians surveyed used lockdown to upskill by taking online work skills training.

In small business: 70 per cent of Australians surveyed consciously supported local business during lockdown whilst also highlighting the importance for those companies to provide an online presence.

And in healthcare: almost half of the survey respondents who had a medical consultation had it via telehealth – with two thirds saying they would consider telehealth in the future.

So, following the tragedy of this pandemic, I believe we have a real opportunity to build a better society and a more resilient economy, aided by the technological acceleration we have all experienced over the last 12 months.

I am talking about a future where workplaces and increased productivity are made possible because of connectivity, not geography, so both our CBD and outer regions can thrive.

But this will involve carefully managing the transition from today to an even greater digitally enabled Australia, and as we diversify our economy away from last century's manual modes of production and growth cycles that are tied too closely to commodity prices.

A future where connectivity allows us to work in smarter ways, to deliver services not just locally, but to global audiences.

That means we must look towards digital services to evolve our skills and capabilities as well as to enable exportable intellectual property and value-added services.

Thankfully, in Australia, we have a great head-start on making this transition because we already have the ubiquitous, high-speed broadband network that will help make it a reality.

There is an important word in what I have just said, which I would like to pause on.

And that is “ubiquitous”.

Broadband ubiquity.

Having a ubiquitous network that provides access to fast, reliable and secure broadband is a significant advantage for Australian homes and businesses.

While the last ten years has seen NBN focus on building this critical asset, we want to spend the next decade focused on how we can better serve industries, businesses, schools and health services so they too can transform and deliver better service, be more productive and create new sources of value for society.

But if our communications infrastructure is to power our digital economy of the future, we cannot stand still.

Instead, we need to continually reinvest in these crucial assets so that the networks of today can meet the demands of tomorrow.

## **NETWORK INVESTMENT UPDATE**

That's why, last September, with the release of our Corporate Plan 2021, we laid out the blueprint to ensure we have the right level of investment to continually evolve the NBN.

The \$4.5 billion investment we have committed to over the next three years will see us increase the capability, reach and value of this critical asset for the nation.

As many of you already know, the centrepiece of this blueprint is a \$3.5 billion investment over the next three years to enable 75 per cent of homes and businesses in the fixed-line footprint to access speeds of up to one gigabit per second.

Which takes me to the second part of my presentation regarding an update on the progress of this program.

I am pleased to say that we continue to make good progress on these plans, and as Minister Fletcher revealed yesterday, more than one million homes and businesses have now been identified as becoming eligible for FTTN to FTTP upgrades.

These include details of the first suburbs and towns in Tasmania, the ACT and Northern Territory that will be included in the extended fibre roll out.

We also announced additional suburbs and towns in New South Wales, Victoria, Queensland, South Australia and Western Australia that will benefit from the new fibre extensions and access to higher speed broadband services, on demand.

With more than one million premises identified as part of our network investment plan, we expect to begin taking the first customer orders for fibre lead-ins and higher speed services in eligible areas from November 2021.

When customers living or working in premises currently served by FTTN order a plan based on wholesale speed tiers of 100/20 Mbps or higher, we will build the FTTP technology to enable that.

We are also planning similar full fibre upgrades to be made available on demand to eligible customers living or working in premises currently served by Fibre to the Curb.

Due to the faster current capabilities of FTTC, we will complete the on-demand upgrade to FTTP when customers on this network order a 250 Mbps or higher speed plan. .

We also continue to make good progress on the upgrade of our HFC network to make it more of it up to one gigabit capable.

Just seven per cent of customers in the HFC footprint were able to access our fastest speed tier at the release of our Corporate Plan.

But that figure now stands at more than 58 per cent of HFC customers able to order nbn Home Ultrafast broadband.

Come July, about 80 per cent of the HFC network will be capable of delivering UltraFast broadband and by the end of the year the entire upgrade should be completed.

To put this into perspective, at the release of our Corporate Plan 2021, about 17 per cent of our fixed-line footprint could achieve our highest speed plans of up to one gigabit per second.

Just seven months on, that figure has doubled to 34 per cent and is climbing higher every month.

## **WHOLESALE PRICING CONSULTATIONS**

This important body of work will unlock access to higher speeds and greater capacity across our network.

But, it will take an industry-wide effort to ensure more Australians can access the reliable, fast, and secure broadband they need to thrive.

Which takes me to my third and final point.

To deliver on the ambitions of this network investment plan, NBN must not only be sustainable and successful, but so too must our retail, industry and construction partners.

As you know, we are currently in consultation with the industry on the latest iteration of our wholesale pricing plans.

We are focused on three key objectives when it comes to shaping this long-term pricing framework:

- improving accessibility and affordability of broadband for Australian customers;
- creating a level playing field for retail competition; and
- maintaining our ability to earn a reasonable return so that we can re-invest in the network for the long-term.

Having listened to industry feedback, and with these principles in mind, last week we released a number of proposals to address the main two areas of industry concern around greater cost predictability in our two-year roadmap and requests to fast-track long term pricing reform.

With these in mind, the key proposals from this second round of pricing consultation include:

- First, increasing data inclusions across most wholesale bundle discounts in the Bundles Roadmap for the two years to April 2023.
- Second, both increasing and bringing forward data inclusion for the 250 down, 100 up speed tier Business Bundle to December 2021.
- And third, introducing a soft cap for variable usage charges aimed at addressing industry uncertainty around data usage and potential cost increases. This soft cap is proposed to run from December 2021 for 12 months and is subject to industry feedback.

Looking ahead, we recognise the need to provide further predictability to industry on our pricing and are willing to work with industry to deliver changes to do this.

Some of the proposals we are looking to discuss with industry would likely require changes to our Special Access Undertaking, which provides the long-term regulatory framework within in which we supply our services.

We believe it makes sense for NBN to work constructively with the ACCC, industry and other stakeholders to discuss a new pricing approach, but as part of a wider set of changes we will be putting forward for a revised Special Access Undertaking.

This will deliver new pricing sooner.

We will be providing industry with our initial thinking on these Special Access Undertaking changes and our pricing proposals later this month.

The ACCC has also indicated that they will be holding an industry round-table next month on these issues.

We look forward to working with them to deliver the changes that we and the industry need.

Together, these proposals are about creating solutions that deliver predictability and value to the industry and most importantly, to Australian homes and businesses both now and in the long-term, and in both metropolitan areas and the bush.

They represent a measured approach to the industry feedback we received and strike the right balance between providing retailers greater cost certainty and ensuring NBN is able to generate reasonable but sufficient revenue to reinvest in the network.

I know there has been some industry criticism of these plans, and of course, we can't expect everyone to agree with us.

We know there will always be a healthy level of tension in any consultation between wholesalers and their retail customers – but I want to make it clear that NBN is here to play the long game – to ensure digital capability is uplifted for the reasons I outlined at the very start.

NBN has shown our willingness to evolve our pricing model to adapt to the changing digital needs of consumers.

Witness our behaviour during COVID. Or our response several years ago when consumers were on the wrong speed plans and having a congested experience.

But, to be clear, it would not be fair for the future economic and social prosperity of Australia, nor the taxpayers who funded this network, if we were to bow to calls for wholesale price cuts that would prevent NBN from continuing to invest in and upgrade this critical national asset for the country.

Again, uplifting digital capability to deliver a great future for Australia, is our purpose, and is why we exist.

## **ACCESS AND AFFORDABILITY**

But what about affordability for consumers?

Of course, one of the main reasons for the original establishment of NBN was to create a more level playing field for retailers by fostering a highly competitive retailer market.

Ultimately this is good for consumers.

And we have seen that exactly play out, with the advent of NBN leading to intense retailer competition, partially on service delivery, but especially on price.

Neither the NBN wholesale pricing construct, nor the actual level of NBN wholesale pricing has held this back. And as it turns out, it has actually been good for affordability.

We will soon be releasing new research from Accenture, commissioned by NBN, that shows telecommunications prices have significantly reduced as the rollout of the NBN increased.

This research found that in the decade before NBN came into existence, telecommunications prices in Australia were growing, increasing by about 1 per cent, on average, per year.

However, since 2013 when the pace of the rollout of the NBN started to significantly increase, we have seen a correlation between the availability of our services and declines, in real terms, of the cost of telco services across the country.

According to Accenture, telecommunications prices have reduced dramatically, falling by 27 per cent over the last seven years.

In fact, the average price for telecommunications has fallen so much that Australians are now paying 20 per cent less for an equivalent broadband and telecommunications services than they were 20 years ago.

In that same 20 year period, the average cost of a basket of consumer goods for Australians has increased by 60 per cent.

This difference is even more stark when compared to other essential household utilities, where electricity and water have on average increased by 159 per cent and 158 per cent respectively over the last 20 years. Incidentally, perhaps it is no surprise that we've read in the news over the past week, that power prices could soon be slashed as demand has fallen...

On the global stage, retail pricing for the NBN also compares favourably in terms of affordability.

In its research, Accenture also looked at relative purchasing power and income levels in a study across 2,800 broadband plans from 13 OECD countries, and found Australia was the sixth most affordable market.

This places us ahead of places like Italy, the UK, Canada and New Zealand.

When you look at our four key speed tiers (12, 25, 50 and 100), the affordability of NBN plans is quite consistent with Australia being placed between 4th and 6th amongst its OECD peers.

In fact Australia saw the largest improvement against its peers in affordability over the last three years.

And, importantly, 7 in 8 consumers have no concerns with affordability of NBN services.

To me the conclusion is clear. Australians have benefited from far better broadband capability and service, thanks largely to the increased competition, access and affordability that has been enabled by NBN.

That's not just a positive for Australian consumers, but it is also a positive outcome for our industry.

Like ships on a rising tide, we all benefit as more Australians use and value the essential service that is broadband connectivity.

## **CONCLUSION**

Of course, there will be some quick to dismiss this evidence of sustained price reductions due to increased competition.

But the point I want to make as I close is an important one.

We passionately care about achieving the right balance for this industry.

We need the right balance to ensure our services remain affordable.

We need the right balance to ensure all Australians can access the high speed, reliable and secure broadband they need to participate in the digital economy.

And we need the right balance to ensure that NBN can continue to invest in and grow the capability of this critical asset so it can serve our needs in the future.

Achieving this balance will put us in the best position to create an Australia that can be a global leader in showing the world how ubiquitous broadband can be the springboard to launch a smarter, digitally-enabled economy.

The NBN was created to enable this and more.

Now, with the NBN firmly in place as Australia's digital backbone, I believe we as a nation have a great opportunity to show true global leadership when it comes to thinking about how smart economies of the future will operate.

As a nation we already possess many of the qualities required to build the economically strong, resilient and smart society that will allow us to thrive in the future.

Australia has strong and stable governance, a respect for both the role of markets and governments, a highly innovative private sector, and an informed, educated and aware civic society.

Time and again we've seen how these various qualities come together to manage the risks we routinely face as a nation.

We saw it through COVID and we see it every year as floods, fires and cyclones ravage our coasts and towns.

In times of disaster, I am continually amazed and humbled by this nation, as the combined efforts of emergency services, utilities and governments come together to ensure life and property are safe.

And the fact that business and industry pull together to help communities stay connected, and then continue to offer support through our social and economic recoveries should give us all great hope of the possibilities we can achieve when we work together.

It is that sense of purpose, coordination and drive that needs to be at the forefront of our thinking if we are to transition to an economy that can ride the waves of disruption in the future, and if we are to embrace a future society that is more equal for all.

Thank you.