Media release

7 May 2014

Broadband connections in the bush to triple, says NBN report

- Demand outside fixed-line footprint up to three times greater than originally anticipated
- Near doubling of fixed-wireless footprint can serve 85 per cent more users
- Fibre-to-the-Node network should be extended
- Tighter management of scarce satellite capacity needed to deliver robust speeds to users
- Funding requirements for expanded program in line with Strategic Review; 33 per cent more funding required than in previous Corporate Plan
- Closer co-operation with mobile operators required to identify tower-sharing opportunities

The company building and operating the National Broadband Network will make high-speed internet available to more Australians in rural and low-density areas.

A review of NBN Co's satellite and fixed-wireless programmes estimated there was demand for the NBN from more than 600,000 families, farms and businesses outside Australia's cities by 2021 – up to three times greater than originally anticipated.

The Fixed Wireless and Satellite Review follows NBN Co's Strategic Review of the rollout in the fixed-line footprint, published in December 2013. Both documents will form key inputs into the company's new Corporate Plan, to be released later in the year.

Among the key findings of the Fixed Wireless and Satellite Review:

- Up to 620,000 homes, farms and businesses outside the fixed-line footprint will be connected to the NBN by 2021, up from the 230,000 envisaged in NBN Co's 2012-15 Corporate Plan

- To accommodate the higher take-up, NBN Co must:
    - improve construction methods;
    - nearly double the number of fixed-wireless base stations from 1400 to 2700 to serve 85 per cent more premises; and
    - extend the reach of the Fibre-to-the-Node network to serve the needs of up to 25,000 homes, farms and businesses that had been slated for a fixed-wireless or satellite connection

- The company must also secure additional radio spectrum to ensure 80,000 premises located in the urban fringes of cities and other major population centres, such as the Gold Coast hinterland, can receive the fixed-wireless NBN

- The fixed-wireless and satellite programs will cost up to $5.2 billion by 2021 – around a third more than originally anticipated – but contribute just $1 billion in accumulated revenues over the period (versus c.$200 million), even with the greater take-up rate. This reflects the loss-making nature of serving premises outside the fixed-line network. These higher cost assumptions align with those made about the non-fixed line footprint in the December 2013 Strategic Review. No further changes are necessary to the peak funding requirements should NBN Co decide to implement the recommended approach

NBN Co CEO Bill Morrow said:

"A central aim of the NBN is to ensure all Australians have access to high-speed broadband no matter where they live or work so they can participate in the digital economy. This comprehensive review sets out a range of options that can help us deliver better broadband to more people more effectively in rural, remote and low-density areas.

"In order to meet the higher-than-expected demand for broadband in these areas, the review tells us we need to think smarter about the way we use technology. That way we can meet the needs of those Australians who stand to benefit most from fast, affordable and reliable broadband."

As of last week the fixed-wireless network covered 80,868 premises, with 12,859 connected to the NBN. There were 43,652 premises using the NBN Interim Satellite Service.

Future challenges

The comprehensive review also considered a range of alternative operating models and commercial options for both the satellite and fixed-wireless networks, including sale-and-leaseback arrangements and joint ventures with private operators, but ultimately recommended they continue to be managed by NBN Co and remain in public ownership for the foreseeable future.

The report did however recommend that NBN Co explore closer cooperation with mobile operators to maximise the opportunity to share towers.

The Review also urged NBN Co and its customers, the retail telecommunications providers, to work together to carefully manage the available capacity on the two Long Term Satellites. It said satellite products should be designed to include better and more enforceable fair usage controls to enable all users to receive consistent, quality performance from the new satellites, at up to 25 Mbps wholesale speeds.

It further suggested that the commencement date for the Long Term Satellite Service be moved to early 2016, or sooner if possible, to enable NBN Co to focus on its activation as well as the migration of services from the Interim Satellite Service.

Media enquiries

Andrew Sholl	NBN Co Media Hotline
0448 805 806	02 9927 4200
andrewsholl@nbnco.com.au	media@nbnco.com.au

Notes to editors

- Download the NBN Co Fixed Wireless and Satellite Review www.nbnco.com.au/fwsatreview

- Follow the NBN rollout www.nbnco.com.au/about-us/weekly-progress-report.html

- NBN Co is committed to fulfilling the Federal Government's policy goal of ensuring that Australians have access to fast broadband as soon and as cost-effectively as possible, as set out in the Federal Government's Statement of Expectations to the company http://bit.ly/1p6t345

- A Strategic Review carried out by NBN Co and completed in December 2013 recommended that the National Broadband Network could be rolled out faster and as cost-effectively as possible by employing a broader range of best-fit technologies and taking into consideration existing infrastructure. http://www.nbnco.com.au/about-us/media/news/strategic-review.html

- For more information, visit www.nbnco.com.au

*NBN Co provides services to its wholesale customers, telephone and internet service providers, and does not provide services directly to end users. End user experience including the speeds actually achieved over the NBN depends on some factors outside our control like equipment quality, software, broadband plans and how the end user's service provider designs its network.