



NBN Co Ltd  
Statement of Expectations  
24 August 2016

This Statement of Expectations ('this statement') is issued by Shareholder Ministers of NBN Co Ltd ('nbn' or 'the company'). It replaces previous statements provided to the company and will be updated as required to reflect future decisions by the Government.

The National Broadband Network ('the network') aims to foster productivity and provide a platform for innovation in order to deliver economic and social benefits for all Australians. This statement provides guidance to nbn to help ensure its strategic direction aligns with the Government's objectives for the delivery of the network. This statement provides nbn with flexibility and discretion in operational, technology and network design decisions, within the constraints of the Equity Funding Agreement with the Commonwealth, and the Government's broadband policy objectives (summarised below).

nbn is accountable to the Government as sole shareholder for its performance. In investing in the project on the terms of the Equity Funding Agreement, the Government has regard to whether nbn is achieving the Government's broadband policy objectives and whether the company is acting in a transparent and accountable manner.

### **Broadband policy objectives**

The Government is committed to completing the network and ensuring that all Australians have access to very fast broadband as soon as possible, at affordable prices, and at least cost to taxpayers. The Government expects the network will provide peak wholesale download data rates (and proportionate upload rates) of at least 25 megabits per second to all premises, and at least 50 megabits per second to 90 per cent of fixed line premises as soon as possible. nbn should ensure that its wholesale services enable retail service providers to supply services that meet the needs of end users.

To achieve these objectives nbn should roll out a multi-technology mix network and build the network in a cost effective way using the technology best matched to each area of Australia. nbn will ensure upgrade paths are available as required.

nbn should pursue these objectives and operate its business on a commercial basis. In doing so nbn should be mindful of the following principles:

- **Rolling out the network:** When planning the rollout, nbn should prioritise locations that are poorly served, to the extent commercially and operationally feasible. During the rollout, nbn should be guided by the following goals: service quality and continuity for consumers; certainty for retail service providers and construction partners; and achievement of rollout objectives as cost-effectively and seamlessly as possible. nbn should apply the Government's new developments policy.
- **Vehicle for market reform:** The Government expects the network to be a wholesale only access network, available to all access seekers, that operates at the lowest practical level in the network stack. The completion of the network will enable the structural separation of Telstra and a more

competitive market for retail broadband and telephony services. nbn should retain optionality for future restructuring or disaggregation.

- **Market environment:** nbn is a commercial entity operating in a market environment and can compete and innovate like other companies in this environment in accordance with legal and policy parameters.
- **Funding:** Taxpayers have made a substantial investment in nbn. The Equity Funding Agreement imposes a cap on the maximum amount of equity funding that will be provided by the Government. nbn needs to remain disciplined in its operations, proactively managing costs to minimise funding requirements and working with the Government to optimise its capital structure.
- **Working with stakeholders:** nbn engages with a number of different stakeholder groups across Australia. The Government expects that the company will engage productively and collaboratively with its stakeholders including Members of Parliament, members of the public, local communities, retail service providers, construction partners and relevant industry bodies. In particular, the company should be engaging proactively with those in regional and remote Australia who have historically been at an access disadvantage. nbn is expected to maintain its high standards in working with communities when exercising any carrier powers and immunities. nbn together with retail service providers should work to ensure a high quality end user experience through the migration and ongoing service periods. This includes working closely with retail service providers to proactively manage any complaints.

### **Transparency, Accountability and Planning**

nbn is a wholly-owned Commonwealth company, bound by the *Corporations Act 2001* and the *Public Governance, Performance and Accountability Act 2013*, that operates at arm's length from the Government. In operating its business, nbn should be mindful of the following principles:

- **Public transparency:** The Government requires a high degree of transparency from nbn in its communication with the public and Parliament. The company should publish online weekly progress reporting of network deployment and active services, release updated construction plans on a regular basis and deliver quarterly management briefings to the public. Additionally, the company should publish information that details how it has addressed the Government's objectives outlined in this statement, on an annual basis.
- **Communicating and managing risks:** The Government expects that nbn will actively manage risk. It should communicate risk to Shareholder Ministers and Departments, and engage closely with them, including by providing monthly progress reports. The Government expects that nbn will continue to strengthen its engagement with Government agencies. This should include security agencies to address security risks related to the network.
- **Business Planning:** nbn is required to undertake a rigorous corporate planning process which aligns with the large investment the Commonwealth has made in the company and the national importance of the project. Corporate planning should be carried out in accordance with nbn's obligations as a Government Business Enterprise, applicable regulatory obligations, and the objectives, directions and guidance given to nbn by Shareholder Ministers. Any information necessary for consideration of these plans (or other network issues) should be available to Shareholder Ministers and Departments.

nbn should promptly disclose to Shareholder Ministers and Departments any material variance from its Corporate Plan assumptions or forecasts, along with other material events. Should nbn become aware that there is a substantial risk that it will be unable to complete the rollout within

the parameters set out in either the Corporate Plan or this statement, it should advise Shareholder Ministers and Departments immediately.