



31 August 2022

Hello,

WBA4+ Bridging Offer

nbn is pleased to offer you this WBA4+ Bridging Offer in place of the Original WBA4 Extension.

This WBA4+ Bridging Offer provides additional benefits and certainty to RSPs during the Bridging Period between WBA4 expiry and when a varied SAU is implemented via WBA5.

In parallel with this WBA4+ Bridging Offer, **nbn** has released its WBA5 opening consultation paper to begin the conversation on how best to engage RSPs on WBA5 to ensure that a varied SAU is implemented as soon as possible.

A variation agreement incorporating these WBA4+ Bridging Offer changes will be provided to RSPs in the coming weeks.

Background

On 2 September 2021, **nbn** offered to extend the Wholesale Broadband Agreement 4 (**WBA4**) by 10 months from 30 November 2022 to 30 September 2023 (**Original WBA4 Extension**) to ensure that the industry could focus on the important work of the SAU variation process. As part of that SAU variation process, on 29 March 2022, **nbn** lodged its proposed SAU variation with the ACCC (**Original SAU Variation**).

Since lodging the Original SAU Variation, **nbn** has engaged in detailed consultation with the new government and the ACCC and has sought further feedback from RSPs and consumer advocacy groups involved in the SAU process. Following that, recognising the need for an SAU that reflects the changes in the policy landscape and operating environment since the Original SAU Variation was lodged, **nbn** withdrew its Original SAU Variation on 27 July 2022.

nbn is currently preparing a new SAU variation proposal (**New SAU Variation**). The ACCC has indicated it will review **nbn's** New SAU Variation once submitted and commence consultation as quickly as possible so that the ACCC's statutory process can be finalised by early 2023.¹

The Minister for Communications the Hon Michelle Rowland MP, and Minister for Finance Senator the Hon Katy Gallagher, indicated that the objective of the SAU process should be to secure an outcome as soon as possible with the aim for this to occur by early 2023. This would allow **nbn** the time to develop new systems and prepare to implement a varied SAU on 1 July 2023.

We are committed to working constructively with the ACCC and the industry to arrive at an accepted SAU variation by early 2023 to achieve the objective set out by our shareholder ministers. We will translate the benefits of a varied SAU into the commercial and operational detail of WBA5.

¹ <https://www.accc.gov.au/media-release/nbn-co-withdraws-special-access-undertaking-variation>



Original WBA4 Extension

We offered the Original WBA4 Extension so that the industry could focus on the important work of the Original SAU Variation. We note that the industry has not unanimously accepted the Original WBA4 Extension. We anticipate that many RSPs elected to wait until there was more visibility as to the outcome of the Original SAU Variation process.

Now that the Original SAU Variation has been withdrawn, and the industry has the benefit of greater certainty from the ACCC's commitment to review **nbn**'s New SAU Variation and finalise its statutory process by early 2023, **nbn** has reconsidered the best way to offer certainty and benefits to the industry during the period between WBA4 expiry on 30 November 2022 and when a varied SAU is implemented through WBA5 (**Bridging Period**). **nbn** is pleased to offer this new WBA4+ Bridging Offer in place of the Original WBA4 Extension.

New WBA4+ Bridging Offer

This new WBA4+ Bridging Offer provides additional benefits and certainty to RSPs during the Bridging Period.

Many of these measures are enabled by the substantial investments and improvements **nbn** has made to its products, systems, and processes during the term of WBA4 for the benefit of RSPs and customers. **nbn** intends to continue to invest and make improvements over time for the benefit of RSPs and customers independent of any WBA renewal processes.

The WBA4+ measures span 4 key areas and are designed to address RSP feedback and contractually reflect recent improvements to our products, systems, and processes:

- A. Financial measures;
- B. Fixed wireless quality measures;
- C. Service level and systems improvements; and
- D. Operational improvements.

nbn's TC-4 Bundles Discount Roadmap continues to apply post WBA4 expiry, and it sets the maximum effective charges and minimum CVC inclusions up to April 2024. **nbn** expects that the revised pricing proposed in the SAU variation will become effective on 1 July 2023 under WBA5 and supersede the current WBA4 pricing arrangements.

In its Pricing Review 2022 Consultation Closure Paper (RMID1098) released on 28 June 2022, **nbn** committed to reviewing usage growth (peak utilisation Mbps per SIO) against the forecasts provided in the consultation paper if the SAU was likely to be delayed.

Peak utilisation is currently 2.33Mbps per SIO for the week ending 25 August 2022, increasing from 2.32Mbps at June 2022 and consistent with the forecasted growth rate of 9.2% p.a. to June 2023 as shared in the Pricing Review 2022 Consultation Closure Paper.

In the WBA4+ extension, **nbn** commits to reviewing the TC-4 Bundles Discount Roadmap in October 2022 and to a further review in Q3 FY23. As part of each of those reviews, **nbn** will assess whether average monthly industry peak utilisation is materially higher than forecasted, and if so, commits to providing an increase in CVC inclusions and/or rebates which is designed to help ensure that **nbn** and RSPs share the impact of materially above forecast industry peak utilisation between 1 December 2022 and 1 July 2023.



A. Financial measures

#	Key change	Key benefits
1.	<p><u>Waive RSPs' liabilities to nbn in respect of lost NCDs</u></p> <p>Under section 14.1(f) of the Supply Terms Self-Install Kit HFC & FTTC RSPs are liable to nbn for certain unaccounted for NCDs during the Stock Take period 1 July 2019 to 30 June 2021.</p> <p>nbn proposes to waive its right to recover from RSPs any Replacement Costs of Unaccounted for nbn-Supplied Equipment during the Stock Take period 1 July 2019 to 30 June 2021.</p>	<ul style="list-style-type: none"> RSPs have their liability to nbn (if any) in respect of Replacement Costs for nbn Supplied Equipment (NCDs) during the relevant period waived.
2.	<p><u>Extend certain Discounts, Credits and Rebates</u></p> <p>nbn proposes to extend the following items in the relevant Discounts, Credits and Rebates Annexure (DCR) to align with the new WBA4+ expiry date unless otherwise specified:</p> <ol style="list-style-type: none"> the TC-4 Business Bundles by updating the Campaign Period to 31 December 2024 from the current 14 October 2023, and the Sunset Period to 30 June 2025 from the current 14 April 2024 (unless new arrangements in WBA5 supersede this item prior to these dates); the TC-2 Business Bundles by updating the Campaign Period to 31 December 2024 from the current 14 October 2023 (unless new arrangements in WBA5 supersede this item prior to these dates); the 50 Kbps CVC Credit; the First Battery Credit; the Ancillary Charges Waivers (section B1.3); the Professional Wiring Service Charges Waiver; the NNI Diversity Upgrade Rebate, and in addition extend from 3 months to 9 months the period during which the RSP must migrate from the single chassis NNI to be eligible for the rebate; the FTTC Installation Rebate and Waivers; the HFC Installation Waivers and Rebate; the Change of Access Technology Partial Waiver; and the Professional Wiring Service Modify Order Discount. 	<ul style="list-style-type: none"> RSPs benefit from greater commercial certainty.



B. Fixed wireless quality measures

#	Key change	Key benefits
3.	<p><u>Defer enforcement of Wireless Fair Use Policies</u></p> <p>Under section 4.6(a) of the nbn[™] Ethernet (Wireless) Fair Use Policy, RSP must not exceed 200GB (download) or 60GB (upload) per calendar month of average data usage across the RSP's nbn[™] Ethernet (Wireless) user base.</p> <p>In addition, under section 4.3(a)(iii), it is Unfair Use on nbn Ethernet (Wireless) for any individual AVC TC-4 to exceed 120GB upload usage in a calendar month.</p> <p>If RSP exceeds either of the above thresholds, and additional criteria are satisfied, nbn may apply a Service Reduction during the busy period to any AVC TC-4 that exceeds 400GB download usage or 120GB upload usage in a calendar month. This Service Reduction applies to specific application types responsible for consuming high volumes of capacity on the nbn[™] Wireless Network (Intensive Applications).</p> <p>nbn proposes to not seek to enforce the above limits until no earlier than 31 March 2023 and to give at least 60 calendar days' notice of the date from which it will commence enforcement.</p>	<ul style="list-style-type: none"> • RSPs obtain certainty that the relevant data limits will not be enforced until no earlier than 31 March 2023. • RSPs receive more time to prepare for the Wireless Fair Use Policy changes.
4.	<p><u>Increase the Wireless download data threshold by 25%</u></p> <p>As noted above, once the relevant thresholds in section 4.6(a) and/or section 4.3(a)(iii) of the FUP are exceeded, and additional criteria are satisfied, nbn may apply a Service Reduction to Intensive Applications on an AVC TC-4 that exceeds 400GB download usage in a calendar month.</p> <p>nbn proposes to increase this monthly data usage threshold by 25% from 400GB to 500GB.</p>	<ul style="list-style-type: none"> • Once Wireless FUP enforcement begins following the deferral, RSPs and customers benefit from 25% more download data usage before a Service Reduction for Intensive Applications may be applied.

C. Service level and systems quality measures

#	Key change	Key benefits
5.	<p><u>Improve Service Level for Access Component Modification</u></p> <p>nbn currently must meet a 1 Business Day Service Level for Access Component Modification (no attendance at Premises required) and a Performance Objective of 90% or more.</p> <p>In addition, nbn has an Operational Target for Access Component Modifications of 6 hours. Operational Targets are non-binding and aspirational.</p> <p>nbn proposes to improve the Service Level for Access Component Modification (no attendance at Premises required) from 1 Business Day to 4 Business Hours, and the Operational Target from 6 hours to 1 hour.</p>	<ul style="list-style-type: none"> • RSPs receive an elevated Service Level for Access Component Modification (no attendance at Premises required).
6.	<p><u>Improve Service Level for CVC Modification</u></p> <p>nbn currently must meet a 1 Business Day Service Level for CVC Modification and a Performance Objective of 90% or more.</p> <p>nbn proposes to improve the Service Level for CVC Modification from 1 Business Day to 4 Business Hours.</p>	<ul style="list-style-type: none"> • RSPs receive an elevated Service Level for CVC Modification.



#	Key change	Key benefits
7.	<p><u>Introduce a Performance Objectives for availability of the CV&T Sandpit</u></p> <p>nbn currently makes available to RSPs a Certification, Verification and Testing (CV&T) environment in which RSPs can test their IT development against nbn published B2B specifications before their production deployment. RSPs also use this environment for their on-going IT changes including to conduct regression tests prior to production deployment.</p> <p>nbn proposes to introduce a Performance Objective for the availability of the CV&T environment of 99% during Business Hours.</p>	<ul style="list-style-type: none"> RSPs receive more certainty as to the availability of the CV&T environment. nbn must meet a Performance Objective in respect of the availability of the CV&T environment.
8.	<p><u>Commit to an outage-free weekend per month for the NPIS</u></p> <p>nbn may conduct works on the nbn Platform Interfacing Service (NPIS) and underlying systems by triggering Planned Outages during weekends to minimise disruption to RSPs and customers.</p> <p>nbn proposes to commit to not conduct any Planned Outages on the NPIS and systems which support Key Business Transactions for at least one weekend per month. This does not apply to NPIS Preventative Maintenance Outages and Emergency Outages.</p>	<ul style="list-style-type: none"> RSPs receive certainty that there will be at least one weekend per month without a Planned Outage impacting NPIS or the ability to execute Key Business Transactions, except in cases where an NPIS Preventative Maintenance Outage or an Emergency Outage is necessary. RSPs can better manage their own works and outages by conducting them during the nbn outage-free weekends.

D. Operational improvements

#	Key change	Key benefits
9.	<p><u>Provide rebates to RSPs even for services impacted by FMEs (natural disasters) from October 2022 to May 2023</u></p> <p>As nbn implements improvements in its operational processes for managing Force Majeure Events (FMEs) relating to natural disasters, nbn proposes to, for the coming disaster season, pay rebates to RSPs even if nbn's ability to perform is impacted by a natural disaster FME.</p> <p>A natural disaster which constitutes a FME is an Excluded Event. Service Levels, Performance Objectives and Operational Targets do not apply, and Commercial Rebates do not accrue, for the period and to the extent that nbn's ability to perform a relevant Activity is adversely affected by an Excluded Event.</p> <p>Despite that exclusion, nbn proposes to pay rebates to RSPs for a failure to meet its Connections, Missed Appointments or Service Fault rectification Service Levels even if its ability to perform the relevant Activities is adversely affected by a natural disaster.</p> <p>This is proposed to apply for Activities between October 2022 and May 2023 and the total aggregate rebates payable by nbn to all RSPs for natural disaster FMEs will be limited to \$500k per natural disaster FME and \$2m in total during that period.</p>	<ul style="list-style-type: none"> As the 2022/2023 natural disaster season approaches, RSPs benefit from rebates even if nbn's ability to perform is impacted by a natural disaster. RSPs benefit from nbn's continued improvements in its processes for managing FMEs.



#	Key change	Key benefits
10.	<p><u>Improve the process for managing FMEs by providing RSPs more granular data about services impacted</u></p> <p>nbn currently provides RSPs with information including geographical information setting out the areas that have been impacted by the Force Majeure Event.</p> <p>As part of nbn's improvements in its processes for managing FMEs, nbn proposes to commit to provide to RSPs, from no later than 31 October 2022, more granular data pertaining to the locations and services impacted during a Force Majeure Event.</p>	<ul style="list-style-type: none">• RSPs receive more granular information about the locations and services impacted during an FME.• RSPs are better able to respond to FMEs and offer more targeted communications to customers.

Next steps

A variation agreement incorporating these WBA4+ Bridging Offer changes will be provided to you in the coming weeks. If you have already signed the Original WBA4 Extension you do not have to do anything in relation to that except sign the new variation agreement as it replaces the Original WBA Extension.

If you wish to discuss this letter, please contact contractmanager@nbnco.com.au or your **nbn** Account Manager.

Yours sincerely,

Jane Witter
General Manager, Wholesale Supply