



Media release

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New discount-based pricing to encourage enhanced broadband experience

- **New pricing model to encourage greater CVC capacity per end-user**
- **Reflects rapid increase in Australian data consumption**
- **Result of extensive industry consultation**
- **Ongoing evolution working closely with our customers**

nbn – the company building Australia’s Broadband Network – today announced a new discount model for its Connectivity Virtual Circuit (CVC) charge, with a CVC price as low as \$11.50 depending on the average CVC bandwidth that industry provisions to all end users.

The new model, planned to be introduced in June, known as dimension based discount (DBD), responds to the rapid increase in data consumption by Australian consumers and aims to reward retailers with a discount (determined at an industry level) for delivering a better customer experience through the better allocation of CVC to end users.

nbn CEO Bill Morrow said: “We know more bandwidth can mean a better broadband experience for homes and businesses, so we are excited to evolve our CVC pricing model for our retailers.

“The broadband market is changing and consumption continues to boom. We have seen average usage on the **nbn** network increase from 75 gigabytes in February 2015 to 125 gigabytes today.

“We know increased usage has presented challenges to our retailers, and we have consulted with them on a new CVC pricing model that creates greater flexibility and opportunity for the industry – acknowledging that broadband use is expanding.”

The new discount-based model is calculated on the average CVC bandwidth assigned by all retailers to all end users on the **nbn** network at an industry level– the more CVC bandwidth provisioned per end user, the bigger the CVC pricing discount available to the industry.

The level of discount applied to the standard CVC unit price will be calculated on a quarterly basis and will be available equally to all **nbn** wholesale customers, regardless of size, and aims to encourage retail providers to deliver a higher quality service. The calculation and application of the discount will exclude satellite.

“The model aims to encourage our retail providers to better dimension their network, and help retailers to provide a better broadband experience for homes and businesses,” said Morrow.

“We do not plan to stop here. We see the DBD model evolving further and ideally being applied directly to each retailer rather than an industry level. We will continue to evolve it in close consultation with our customers.”

The new model is the result of a six-week industry-wide consultation and aims to continue to provide retail service providers with cost certainty of **nbn**’s pricing structure.

The feedback received during the consultation was supportive of the tiered discount approach.

The discount model is intended to remain in place up to two years, but will be reviewed on an ongoing basis in conjunction with our customers.

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