

## **Senate Estimates Hearing CEO Opening Statement**

**Tuesday, 25 February 2025**

Thank you Chair.

It's great to be in Canberra for what is my first appearance before the Committee.

Tonight, I am joined by our Chief Financial Officer Philip Knox; Chief Customer Officer, Anna Perrin; Chief Network Officer Dion Ljubanovic; and Chief Development Officer for Regional and Remote, Gavin Williams.

Before I start, I would like to thank Philip Knox for his leadership as interim CEO. I'd also like to acknowledge our former Board Chair Kate McKenzie and Director Elisha Parker for their contributions. Kevin Russell is acting as interim Chair.

I'd like to open with our financial positions for the first half of FY25, the six months to 31 December 2024.

I am pleased to report that nbn is on track to meet all key financial targets for the fiscal year as outlined in our 2025 Statement of Corporate Intent.

During the half we achieved total revenue of \$2.9 billion, up 4 per cent on FY24.

Our earnings before interest, tax, depreciation and amortisation – was \$2.1 billion, up 7 per cent.

We saw solid growth in business revenue which rose to \$599 million, up 5 per cent on H1 FY24.

Our operating expenses decreased by 2 per cent compared to the prior corresponding period, down to \$821 million. This reduction is reflective of our efficiency and cost optimisation initiatives which helped to mitigate continuing inflationary cost pressures.

We continue to push fibre deeper into communities, and to improve our Fixed Wireless and Hybrid Fibre Coaxial networks. Capital expenditure in the half of \$1.9 billion, up 2 per cent on H1 FY24 as we invested in network digital infrastructure and capacity.

Our national broadband network now connects 8.62 million residential and business premises, after adding more than 36,000 connections in the 12 months to 31 December 2024.

This equates to over 20 million Australians accessing the network every day and nbn carrying more than 80 per cent of Australia's data traffic.

Our results reflect the discipline in our Capital Management Plan and our ongoing focus on our customers, simplification, and innovation to become a sustainable business.

Since completing the initial build in 2020, we are upgrading virtually every part of our network.

It is core to our strategy to provide improved network reliability, greater capacity and faster speeds to more premises around Australia, while ensuring that all Australians can reap the economic and social benefits of fast broadband, today and in the future.

To that end, 82 per cent of homes and businesses, or 9.4 million premises across the country, are now close to gigabit capable.

We are on track to complete upgrades to the local fibre network that will enable 3.5 million homes and businesses served by Fibre to the Node, along with 1.5 million served by Fibre to the Curb, to upgrade to Fibre to the Premises by the end of December 2025.

This will take the percentage of homes and businesses that are near gigabit capable to over 90 per cent.

In the two and a half years since we launched our Fibre Connect Program, a total of 628,000 premises have upgraded to full fibre connections - gaining access to the most reliable, resilient and future-ready technology coupled with the fastest available nbn residential and business speed tiers.

In fact, well over 50 per cent of all new service orders in December were for wholesale plans that were 100 Megabit download speeds and above.

On our network, built to carry large volumes of data, we are seeing ongoing growth in traffic, as consumers continue to adopt higher speed plans and use the network in new ways in areas like healthcare, business, education and entertainment.

In fact, just last Friday, through the busy hours of 7pm and 11pm, nbn recorded the highest peak traffic in its 15-year history, nearing 33 Terabits per second.

The business case for an ultrafast, deep capacity nbn network has never been stronger.

Economic research from Accenture commissioned by nbn estimates that a faster, high capacity nbn network will improve gross domestic product by around \$400 billion to the end of the decade.

This GDP increase is forecast to be felt all across the nation, with increases in average broadband speeds having 16 times the impact in remote areas, and twice the impact in regional areas than in capital cities.

At a network level, we continue to prioritise reliability, capacity, security and speed.

That is why the recent announcement of a joint investment of up to \$3 billion in equity from the Australian Government, coupled with more than \$800 million from nbn, to provide an upgrade path for the remaining FTTN network across Australia is critical for lifting our digital capabilities.

Significant upgrades have also been completed to our HFC network, which currently offers services to around 2.5 million premises.

HFC customers can now access our highest residential and business speed tiers and, alongside customers on FTTP, will be among the first that stand to benefit from the boost to our highest speed products planned for September this year.

Our Fixed Wireless and Satellite Upgrade Program has also been completed on time and on budget and is now delivering fast broadband to Australians in regional and remote areas where fibre is not available.

There has been a lot of recent interest in Low Earth Orbit Satellites.

For nbn, as a Statutory Infrastructure Provider, it is essential that we have a range of technologies to service the connectivity needs of Australians, no matter where they live.

Currently, our aim is to have a LEOSat offering in place before our Sky Muster geostationary satellites reach end of service in the early 2030s.

We are advanced in our procurement process for selecting a LEO service provider and I look forward to having more to say about this soon.

Upgrading our network is about providing capacity to meet large data demands as this continues to grow.

For context, the average data downloaded per nbn service per month was 492 Gigabytes in December 2024, which is more than seven times what it was a decade before.

As technology innovation advances, multi-gigabit broadband speeds will become increasingly essential to support the explosion of data-hungry applications like virtual and augmented reality, AI and large language models that are fast becoming mainstream.

For businesses, faster broadband will drive productivity gains, innovation and the chance to access new markets online and talent from anywhere.

Australia needs to be future-ready and nbn's strategy is to make sure that it is.

It is also why we continue to support the Australian Government's School Students Broadband Initiative, First Nations community Wi-Fi and engage with the Low-Income and Digital Inclusion Forum.

We operate in a competitive environment. The growth in our customer base comes in the context of this intense competition, including from mobile broadband, fixed wireless, and, of course, LEOSat providers.

That level of full and open competition is what makes Australia's telecommunications sector so dynamic.

It is why nbn is focussed on delivering reliable, fast and robust wholesale broadband services to meet the current and future needs of our customers, and why we continue to work collaboratively with our retailers and regulators on initiatives like, new and improved speed tiers and service standards as part of our Replacement Module Application under our Special Access Undertaking.

Let me close by saying what a privilege it is to be leading nbn at a time when Australians increasingly depend on broadband connectivity in almost every aspect of their lives.

nbn is not just building and maintaining infrastructure for today, it is making a fundamental contribution to the social and economic fabric of our nation.

Thank you Chair, we are now happy to take the Committee's questions.

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