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15 September 2020

Mr Tony Pasin MP
Chair
Joint Standing Committee on the National Broadband Network
Parliament House
Canberra
c/- nbn.joint@aph.gov.au

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Dear Mr Pasin MP,

Thank you for the opportunity to submit our response to the Committee regarding the National Broadband Network (**NBN Co.**) and their response during these unprecedented times. The impact of the COVID-19 pandemic on Australia remains difficult to quantify as we are yet to fully understand the social, economic and mental health ramifications across our communities.

Connectivity and Our Communities

The continual provision of robust and reliable broadband services has become a focal point as we move into an increasingly *connected* and telecommunication-dependent lifestyle. It has become evident that our customers deem that *connectivity* is now an essential service along-side electricity and water.

We have seen the NBN Co. support the community via assistance and relief packages in addition to the temporary removal of CVC. Nevertheless, we remain firm that CVC should be removed in the long-term interests of the end-users for service and price stability and certainty.

I look forward to meeting with you and the Committee on Friday to discuss this further.

Warm regards,

Phillip Britt
Managing Director



1. The broadband experiences of NBN consumers, including individuals, community groups and small to medium businesses, throughout COVID-19

- The COVID-19 pandemic continues to raise challenges for NBN users (the community and business alike) as they adapt to *new ways of working and learning*.
- We have observed a continual, increased usage across our broadband customer base; this has been magnified under COVID-19.
- The projected impact from COVID-19 and its effect on the *new normal*, including increased volumes of those working and distance learning from home is expected to continue for the foreseeable future.
- The adoption of *new ways of working* within the community will likely see continued, increased pressure on home networks/ connections as fewer employees return to the office on a full-time basis and modern working arrangements are defined.
- COVID-19 has demonstrated that a vast number of employees can work remotely with minimal impacts on productivity. We expect to see that this will translate into a material percentage of staff that will not return to an office environment five days per week – therefore, increasing use and reliance on home connectivity.
- The past six months has created a ‘slipstream’ event where *actual* usage is reaching *projected* use (forecast) that is several years out.
- Industry participants, including RSPs, NBN Co. and regulators need to acknowledge this change/ milestone and take the time to recalibrate its impact and measure risk on operations, strategic objectives, and the effect to the long-term interests of end-users.
- Importantly, we do not expect to see regression on download usage following the pandemic.
- The pandemic has demonstrated that reliable and secure broadband service is essential for Australia, our communities and our economy.

2. Network performance, changing traffic volumes, usage patterns and other issues due to COVID-19

- The CVC relief that NBN Co. has offered RSPs was well-received. Notwithstanding this, we believe that the CVC must be removed. Attached is a graph showing the impact of COVID on our network traffic levels. It is worth noting that despite the impact of working from home, evenings clearly remain peak time for the Australian network.
- The ACCC approved industry forum has been useful to lobby streaming services such as Netflix to reduce streaming quality and therefore improve network performance in times of peak demand
- We have proactively responded to market demands, including our release of a 75Mbps plan. This plan was identified to address speed and cost consideration across a portion of our customer base as their needs and usage practices adapted to COVID-19.



- Aussie continues to seek the removal of the CVC charges from NBN Co. per our previous submissions to the Australian Competition and Consumer Commission (**ACCC**). We strongly believe that this is the only way to align the commercial construct of NBN Co. with market practices.
- If CVC remains, it will become challenging to offer pricing certainty and service stability to customers. With existing small margins, RSPs will need to make commercial decisions that will impact the customer; either increased costs or reduced quality of services.
- The continued presence of CVC requires RSPs to continually find a problematic balance between customer service with minimal margins and overage expenses; we strongly believe this may result in RSPs opting out of the market. A reduction in competition is undesirable for the long-term interests of the end-user.

3. nbn co's response to COVID-19, including measures to help internet service providers support affected customers.

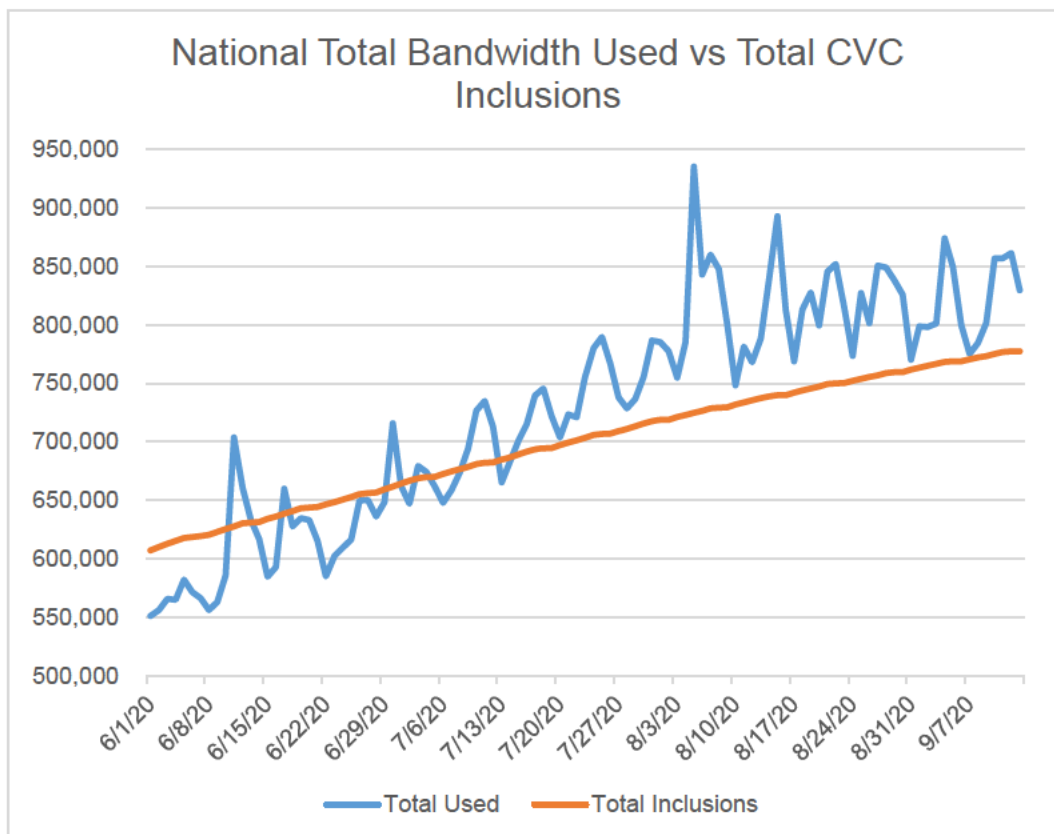
- It was pleasing to see the relief and assistance packages the NBN Co. offered specifically to low and socio-economic challenged customers. Remaining connected during these challenging times is paramount.
- NBN Co.'s acknowledgement and positive impact of the relief and assistance packages of a reliable connection to facilitate home-schooling and connectivity for essential services, for example, telehealth consultations, is commendable.
- Aussie has responded to our customers experiencing difficulty during this time with relief on bills/ payment plans, suspension of disconnections for financial hardship reasons, and the temporary increase of inclusions to several plans without additional costs for the end-user, including unmetered business hours data for customers on limited data plans, and free upgrades on request from the lowest level plan (12/1) to the next level up (25/10) for anyone working from home.



Our Data

- In the period prior to 25 June 2020, Netflix and YouTube had bit rate restrictions in place.
- During the period 25 June 2020 to 21 August 2020 Netflix and YouTube removed their bit rate restrictions and traffic levels grew significantly above the included CVC.
- From around 21 August 2020 the bit rate restrictions were re-instated again at the request of nbn and the 6 service providers that sit on the special working group.
- We expect that the bit rate restrictions will be lifted again around 22 September 2020 leading to bandwidth continuing to increase further above the inclusions.
- Customers traffic and streaming patterns have fundamentally changed leading to considerable traffic above the inclusions (see *Graph One (1). National Total Bandwidth Used vs Total CVC Inclusions* below).

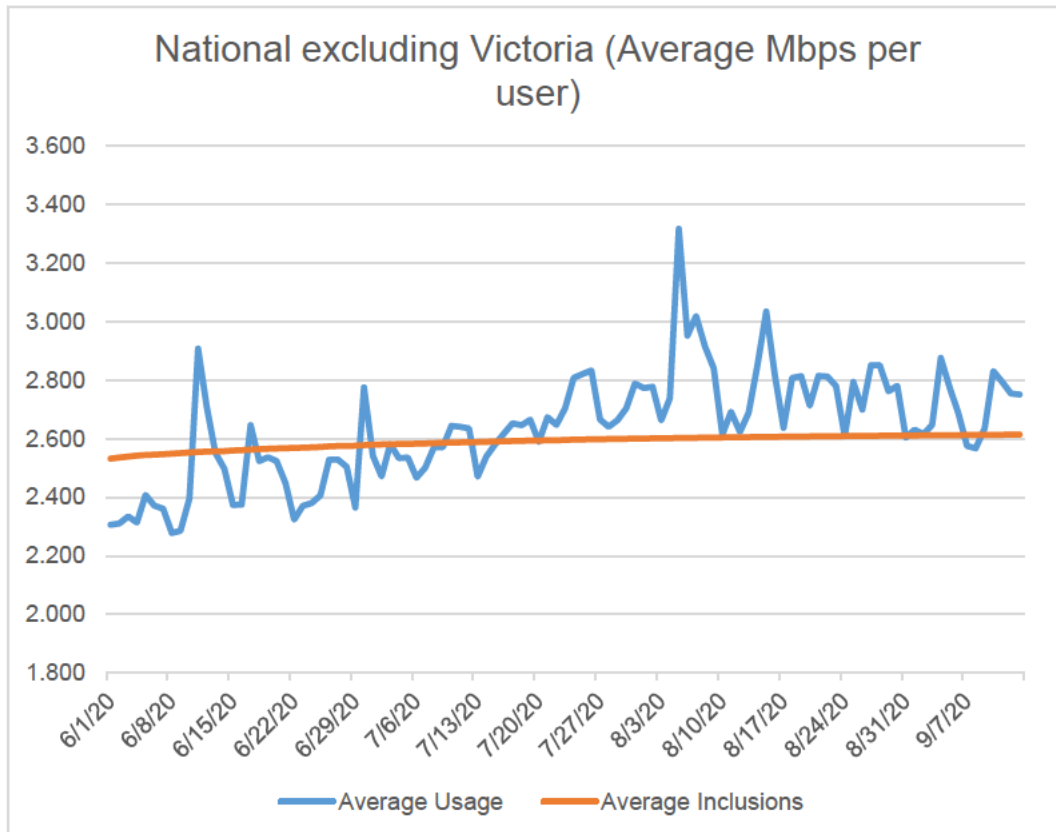
Graph One (1). National Total Bandwidth Used vs Total CVC Inclusions





- Even when Victoria is excluded, all other stages are using in excess of the CVC inclusions (see *Graph Two (2). National excluding Victoria (Average Mbps per user)* below).

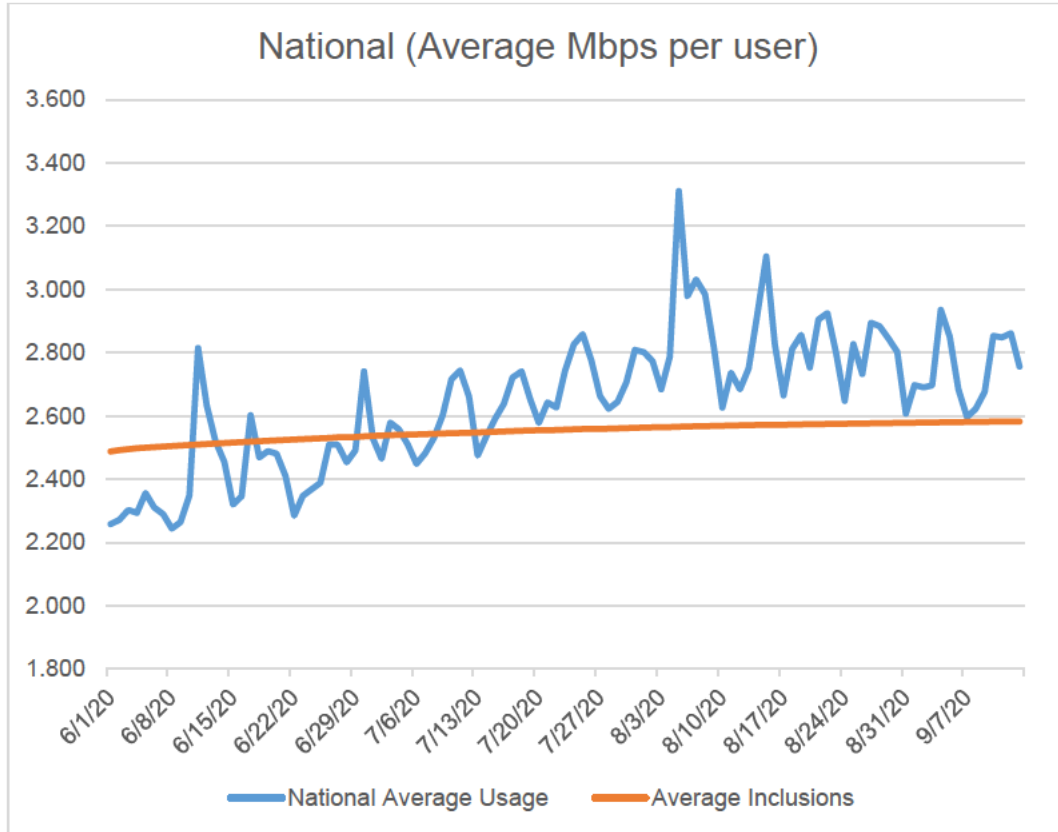
Graph Two (2). National excluding Victoria (Average Mbps per user)



- Victoria, despite having the most stringent lockdown does not add significantly more bandwidth per user (see *Graph Three (3). National (Average Mbps per user)* overleaf).



Graph Three (3). National (Average Mbps per user)





- Overage, or “excess” CVC is increasing as customers bandwidth usage increases. We predict that Overage expressed as a percentage of revenue will increase over time based on increased customer usage (see *Graph Four (4)*). *Overage costs as a % of revenue (July 2019 to June 2022)* below).

Graph Four (4). Overage cost as a % of revenue (July 2019 to June 2022)

