

Bill Morrow

Opening Statement Senate Estimates 28 May 2015

Thank you Chair, we appreciate the opportunity to make this opening statement.

In preparation for this Hearing, I was prompted to reflect on the progress we have made over the past year.

Progress on the network

As I reported yesterday — and what is becoming obvious — is that the market for **nbn™** services in Australia continues to grow, and we have therefore seen a substantial increase in serviceable premises, end users and revenue in the nine months to 31 March 2015.

The number of homes and businesses that can order an **nbn™** service saw a near doubling over the period to nearly 900,000.

Approximately 12,000 additional premises are being made serviceable every week – an increase of 71% on the run-rate of nine months ago.

This has led to a sizeable uplift in both **nbn™** users and revenue. The number of premises with an active **nbn™** service grew by 134% to 389,000. Cumulative telecommunications revenue for the period exceeded \$100 million – an increase of 179%.

Let me put that last point into context - in just three quarters we've earned more in revenue than the company has been able to accrue in the entire previous four years of its existence.

While these numbers are welcome, they are of course modest against the cost of construction.

But the key themes here are *progress, momentum* and *trajectory*.

nbn is on a path to meet the expectations we set for both our full year results as well as our overall goal of delivering better broadband to Australians as soon as possible and at least cost to the taxpayer.

The Brand refresh

I remain as excited about the prospects ahead as I did a year ago. You will have seen evidence recently of our brand refresh, whereby we are repositioning **nbn** from being seen purely as a utility function, to that of a visionary brand that is delivering positive benefits for all Australians.

This is not branding for branding's sake: we believe this will materially help drive activations and bring forward revenue, and quite frankly it is designed to be a reboot of consumer sentiment in response to understandable uncertainty about the future of the **nbn™**.

This brand refresh is designed to re-engage the public, change the conversation, and lift the perceptions of **nbn™**. Our new tagline "Bring it on" is about being hopeful, optimistic and excited about the future and to make the most of what it holds.

Technology update and the transition to the MTM

On the technology front, we are moving at pace to integrate additional access technologies into the rollout.

We recently launched our Fibre to the Building product and have begun activating FTTB services.

We also announced yesterday that we are doubling the size of the initial Fibre to the Node construction program to around 400,000 premises, including for the first time to communities in NT, SA, WA and Victoria.

The company continues to anticipate ACCC approval of its agreements with Telstra and Optus for use of certain copper and HFC assets will be finalised in the coming months.

In the last few weeks, we have also announced our plans to remodel the existing HFC networks with the latest technology, DOCSIS 3.1. This leading edge approach will provide up to Gigabit wholesale speeds to our customers.

We continue to be delighted with the performance of our Fixed Wireless service, which enjoys great popularity and take-up, including what one Tasmanian Government Minister recently described as "unbelievable" experience on his Northern Tasmanian Fixed Wireless **nbn™** service.

And on a network that is gaining world-wide recognition, the good news continues, with the recent launch of a pilot for our Fixed Wireless service with increased wholesale download speeds between 25-50 megabit and upload speeds between 5-20. This promises to deliver to regional Australians and indeed those on our metropolitan outskirts the sort of speeds that one might only expect in our capital cities.

And finally, our Long Term Satellite remains on track for launch later this year to enable the migration of services onto this historic new service for predominantly rural and remote end-users. We continue to work with our stakeholders at all levels of Government on the benefits this will bring to remote health and education, and to indigenous communities.

Workforce capability

Of course, to meet our overall objectives, we need the full weight of our delivery partners and the wider Australian construction industry behind us.

In addition to our 3000 or so staff, there are currently up to 5000 boots on the ground at any one time rolling out the network across the country.

That's 8000 jobs that we have created or are helping to sustain.

Our expectation is that those numbers will continue to grow. We will need an even bigger pool of skilled workers to build, operate and maintain the network as we transition from incremental to exponential growth.

In order to ensure there are sufficient workers equipped with the right skills, we have a workforce development strategy in place.

And we are looking to make a further substantial investment in skills training, which we will announce in the not too distant future.

The issue is, of course, that there will always be a finite number of skilled resources in a country like Australia but an infinite number of infrastructure and telecommunications projects competing for those resources.

That's why the company has always found it necessary to supplement its workforce of 8000 Australians with skills and resources from global companies.

That's been the case since the company's inception. And it will continue to be the case. For example, recently we recently signed agreements for business process support and IT services capability with global leaders in the field.

These are people who have proven experience supporting the rollout of Fibre to the Node, Fibre to the Building and Fibre to the Distribution Point. These are skills that don't yet exist in Australia to any significant degree.

This work won't replace our local and in-house activities. It will supplement it.

And we can leverage this global best practice to broaden the skills base of our own workforce.

That way we can contribute to Australia – and Australians – becoming a leading global force in telecommunications and the wider digital economy.

That's got to be good news for the Australian economy as a whole.

Corporate Plan 2015-18

I am pleased to announce that for the first time ever we have developed a top-down, bottom-up approach to the Corporate Plan process, which resulted in a very detailed and robust analysis.

This process is what we use to develop the draft Corporate Plan.

Senators, it has been a busy quarter in a busy year, and I appreciate you will have many questions. I am joined today by our Chief Financial Officer Stephen Rue, our Chief Operating Officer Greg Adcock and our Chief Network Operations Officer JB Rousselot. We look forward to answering your questions.