

# NBN Co Limited

# Statement of Expectations

# 26 August 2021

This Statement of Expectations (‘this statement’) is issued by Shareholder Ministers for NBN Co Limited (‘NBN Co’ or ‘the Company’). It replaces previous statements provided to NBN Co. Following the declaration on 11 December 2020 that the National Broadband Network (‘the NBN’) should be treated as built and fully operational, this statement guides NBN Co’s transition to its fully operational phase to ensure its strategic direction remains aligned with the Government’s objectives for the NBN.

NBN Co has flexibility and discretion in the management of its business as a Commonwealth company and Government Business Enterprise (GBE), within the parameters of the *Public Governance, Performance and Accountability Act 2013 (Cth)* and related legislation and guidance materials (PGPA Requirements), other legislation applying to the Company and the Government’s objectives.

## Objective

The Government’s objective is to maximise the economic and social benefits of the NBN and for NBN Co to operate as a sustainable, commercial business. Within legal and policy parameters, NBN Co should generate sufficient revenue to support appropriate levels of investment in the network to meet the current and future needs of Australians, wherever they live. NBN Co will reliably and affordably meet the current and future broadband needs of households and businesses, including in regional and remote Australia, foster productivity and innovation, and support our goal for Australia to be a leading digital economy and society by 2030.

## Service Expectations

* **Wholesale broadband services:** The NBN will continue to be a wholesale only access network that is available to all access seekers. NBN Co will support retailers to affordably and innovatively meet end user needs and offer products that promote the take up and use of the NBN. NBN Co is the default Statutory Infrastructure Provider (SIP) for all of Australia and, where it is the SIP, it must meet legal obligations, including in relation to minimum service speed and network performance requirements. Within its capital constraints, NBN Co will continue to upgrade the network technologies to support retailers to meet demand from end users which exceeds these minimum requirements, including implementing current plans to expand access to peak download speeds of up to 1 gigabit per second.
* **Improving consumer experience:** The Company will, through its own activities and by working cooperatively with retailers, continue to improve consumer experience for households and businesses connecting to and using the NBN, and support retailers to meet their obligations to end users, including by:
* Promptly resolving the small number of premises in the NBN footprint without access to the network.
* Minimising and remediating outages, persistent faults, and other issues adversely affecting broadband service levels and continuity experienced by end users, and supporting the smooth migration of end users onto the network, including in new developments.
* Working with retailers to enhance and integrate systems and processes to enable timely and transparent provision of information to end users, improve service quality, efficiently and effectively resolve faults and outages and, where they do occur, proactively manage complaints.
* Delivering a reliable, resilient and secure network.
* Publicly reporting on metrics relevant to consumer experience, including outages, network availability andnetwork performance in a timely manner.
* **Universal Services:** NBN Co will work with the Government and other parties on optimising the delivery of the Government’s Universal Service Guarantee on an ongoing basis and with due regard to its SIP obligations.
* **Regional and remote:** NBN Co will improve its wholesale services and assist in addressing access challenges in regional and remote areas. The Government recognises that, in meeting its obligations,NBN Co cannot generate a commercial return on all of its activities in parts of regional and remote Australia. It is expected the Company will support these activities through returns in other parts of its business, and contributions from the Regional Broadband Scheme. NBN Co will be transparent in delivering these activities and ensure its expenditure is efficient, and that it maintains flexibility to adopt future innovations and advancements. The Company will proactively engage with stakeholders and seek specific opportunities to improve outcomes in regional and remote areas. For example, by incorporating non metropolitan areas in upgrade plans where commercially prudent, including through working with governments and other organisations to fund and deliver enhanced services in these areas.

## Fostering competitive and efficient markets

NBN Co will serve the long-term interests of end users by promoting competition and innovation, and by delivering and supporting the efficient provision of services and investment, through:

* **Promoting competition:** NBN Co should continue to compete fairly in markets where it participates in accordance with legal and policy parameters, and promote competition in retail broadband markets.
* **Promoting innovation:** NBN Co should, in accordance with capital, legal and policy parameters, innovate and develop new services to meet evolving needs.
* **Efficiency:** NBN Co will be efficient in its own operations and support retailers and other commercial partners to achieve efficiencies, including through providing predictability for their forward planning.
* **Regulatory Certainty:** The Company is expected to update its Special Access Undertaking to incorporate all of the Multi-Technology Mix networks and promote certainty for all stakeholders by working constructively with the Australian Competition and Consumer Commission (ACCC) to obtain approval of those updates.
* **Services for businesses:** NBN Co should act pro-competitively in supplying wholesale broadband services to retailers to support business end users’ needs. The Company should earn commercial returns in supplying these services. In supplying business grade services, NBN Co should aim to improve retail and infrastructure competition and access for businesses, including in less well served areas.
* **Network build activities:** NBN Co should continue to support future demand, reinforce data speed capability where needed, and act pro‑competitively in providing network build activities in accordance with legal and policy parameters.
* **Future technologies:** NBN Co should position effectively for and utilise as appropriate emerging and future technologies where this can improve service in an effective or cost-efficient manner.

## Operating commercially

Taxpayers have made a substantial investment in NBN Co and the Company will operate its business commercially. NBN Co should operate efficiently within its capital constraints and proactively manage costs. It should also, within legal and policy parameters, generate sufficient revenue to support investment in the network to meet end user needs, including in regional and remote areas, as well as appropriate returns to the Commonwealth as shareholder and repaying its loan from the Commonwealth in accordance with contractual arrangements. The Company will utilise available funds to add to shareholder value, targeting ongoing improvements in the Company’s return on investment. NBN Co will target an optimal capital structure, with a focus on achieving a standalone investment grade credit rating and delivering an appropriate return to the Commonwealth as shareholder.

## Working with Stakeholders

NBN Co will engage productively and collaboratively with its stakeholders. The Company is expected to support initiatives to increase digital capability and inclusion. NBN Co is expected to maintain high standards in working with landowners and communities when exercising any carrier powers and immunities. NBN Co should also adhere to the Australian Supplier Payment Code for practices that engage Small and Medium Enterprises (SMEs).

## Transparency, Governance and Accountability

The Government expects NBN Co’s Board to meet the highest standards of transparency, governance and accountability for corporate and government-owned entities. NBN Co should adopt, as far as practicable, the prevailing version of the *‘ASX Corporate Governance Principles and Recommendations’*.

NBN Co’s Board is fully accountable to Shareholder Ministers for:

* + **the performance of NBN Co**, including (but not limited to) promoting: (1) the proper use and management of the economic resources for which the Board is responsible; (2) the achievement of the objects and/or purposes of the GBE; and (3) financial sustainability;
	+ **internal governance of NBN Co**, including (but not limited to) establishing and maintaining: (1) an appropriate system of risk oversight and management including in respect of cyber security risks; and (2) an appropriate system of internal controls;
	+ **setting strategic direction, organisational leadership and establishing and maintaining a culture** that meets the high standards expected by the public in relation to (but not limited to): (1) efficient, effective, economical and ethical expenditure of money; (2) proactive and open disclosure of information that is reasonably in the public interest; and (3) following best practice principles and guidelines that go beyond strict legal obligations (e.g. probity and value for money); (4) creates an engaged results-orientated staff culture that minimises unplanned turnover; and (5) setting a remuneration structure that balances reasonable reward for meeting clearly defined objectives where achievement is genuinely ‘at risk’, with public expectations for compensation.
	+ **ongoing compliance with external governance frameworks**, including (but not limited to): (1) any governance documents that operate between the Government, as shareholder, and NBN Co; (2) the *Commonwealth GBE – Governance and Oversight Guidelines*
	(GBE Guidelines); and (3) the PGPA Requirements, including Corporate Planning and associated Key Performance Indicators; and
	+ **timely, accurate and transparent provision of information**, including (but not limited to): (1) the obligation to keep Shareholder Ministers informed; and (2) advance notice of, and the opportunity to review, public statements and media releases.
* The Government expects that NBN Co representatives appearing before the Parliament have a detailed understanding of their duties per the *Government Guidelines for Official Witnesses before Parliamentary Committees and Related Matters* (Parliamentary Witness Guide).
* Where NBN Co engages a third-party (e.g. a contractor), it must take into account the risks associated with that approach and, impose on them obligations in relation to the efficient, effective, economical and ethical expenditure of money.
* Where NBN Co’s Board delegates its power (or authorises an employee or third-party to exercise its power) it must be clearly documented and recorded.
* The Board should have **access to a company secretary**, who reports to the Board (through the Chair) and is independent of company management and who Board members can raise matters with confidentially and seek advice from as a governance expert.

**Senator the Hon Simon Birmingham The Hon Paul Fletcher MP**

### Minister for Finance Minister for Communications, Urban Infrastructure,  Cities and the Arts