



NBN Co Limited
Statement of Expectations
19 December 2022

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. This statement guides NBN Co so that its strategic direction is aligned with the Government's objectives for the National Broadband Network (NBN) and delivering the Government's commitments to increase access to faster, more reliable broadband. This statement may be updated by the Shareholder Ministers from time to time.

Ownership

The Government will keep NBN Co in public hands for the foreseeable future to provide the Company with the certainty needed to continue delivering improvements to the network while keeping prices affordable.

Purpose and Objectives

The enduring purpose of the NBN is to provide fast, reliable and affordable connectivity to enable Australia to seize the economic opportunities before it and service the best interests of consumers. It is essential to enabling access to key services, maximising employment and educational opportunities, and driving productivity and economic growth. NBN Co will enhance Australia's digital capability by delivering services to meet the current and future needs of households, communities and businesses, and promote digital inclusion and equitable access to affordable and reliable broadband services. NBN Co will operate on a commercial basis, drive a culture of efficiency and innovation that yields results, and meet the highest standards of transparency, governance and accountability.

Role and Responsibilities of NBN Co

NBN Co is a wholly-owned Commonwealth company, bound by the *Corporations Act 2001* (Cth). The Company operates at arm's length from the Government. 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) (PGPA Act) and related legislation and guidance materials (PGPA Requirements), other legislation applying to the Company and the Government's objectives.

The Board of NBN Co has ultimate responsibility for the performance of the Company and is accountable to the Government as its sole shareholder. NBN Co should observe the principles and obligations as set out in the Commonwealth Government Business Enterprises – Governance and Oversight Guidelines.

Enhancing Digital Capability and Productivity

- **Wholesale broadband services:** The NBN will continue to be a wholesale-only access network that is available to all access seekers. NBN Co is the default Statutory Infrastructure Provider (SIP) for all of Australia and, where it is the SIP, it must meet its legal obligations, including in relation to minimum service speed and network performance requirements.

- **Promoting take up of the NBN:** NBN Co will offer products and pricing which promote the take up and utilisation of the NBN, and support Retail Service Providers to meet consumer needs at affordable prices.
- **Upgrading and improving the NBN:** NBN Co will upgrade and improve the network to support Retail Service Providers to enhance quality of services and consumer experience, improve reliability, meet current and future demand from consumers, and build digital capability through:
 - Efficiently implementing upgrades to increase the proportion of premises with full fibre access, ensuring that 90 per cent of premises in the fixed line footprint have access to peak wholesale download speeds of up to 1 gigabit per second.
 - Efficiently implementing upgrades to the fixed wireless network and improving satellite services and data allowances.
 - Continuing to work to end the ‘co-existence’ period with legacy service so NBN services can operate at full speed, and address underperforming lines.
 - Undertaking proactive network planning, including for the transition of satellite services, and positioning itself to utilise emerging and future technologies to meet future demand, promote innovation, improve services and generate efficiencies in service delivery.
- **Promoting competition:** NBN Co operates in a manner that promotes competition in retail broadband markets through its wholesale-only mandate. NBN Co should compete fairly in markets where it participates in accordance with legal and policy parameters. NBN Co should consult with Government in circumstances where it is considering entering new markets.
- **Promoting innovation:** NBN Co should, in accordance with capital, legal and policy parameters, innovate and develop new services to meet and anticipate Retail Service Providers’ and consumer needs.
- **Regulatory certainty:** NBN Co should work constructively with the Australian Competition and Consumer Commission to vary its Special Access Undertaking and implement those changes.
- **Services for businesses:** NBN Co should promote competition in supplying wholesale broadband services to Retail Service Providers to support business consumers’ needs and 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.
- **Net Zero emissions:** NBN Co should deliver greenhouse gas emissions reductions consistent with meeting or exceeding the Government’s commitment to Net Zero emissions by 2050.
- **Network security and resilience:** NBN Co should ensure security and resilience issues are integral parts of its decision making and demonstrate best practice in managing these issues. NBN Co should take an active role in supporting telecommunications sector security, as well as maintaining a productive and cooperative relationship with security and law enforcement agencies.
- **Disaster readiness & response:** To mitigate the impact of changing climate and natural disasters, NBN Co should develop and regularly maintain and test disaster and crisis management plans in collaboration with governments and Retail Service Providers. NBN Co should seek to restore services to disaster affected communities as soon as possible. In doing so, NBN Co should work cooperatively with other providers to the extent legally possible. NBN Co should work proactively with State and Territory Emergency Service Organisations and the National Emergency Management Agency.

Promoting Equitable Access

- **Improving service and consumer experience:** Households and businesses connecting to and using the NBN should receive reliable, resilient and secure services. The Company will, through its own activities and by working cooperatively with Retail Service Providers, improve service quality of the NBN to meet the best interests of consumers, and support Retail Service Providers to meet their obligations to consumers, including by:
 - Promptly addressing circumstances where premises in the NBN footprint do not have access to the network.
 - Supporting the timely and smooth connection of consumers onto the network, including in new developments.
 - Investing efficiently and working with Retail Service Providers to simplify, enhance and integrate systems and processes, including to enable the rapid and accurate identification of the source of issues affecting consumers, and the timely and transparent provision of this information, as appropriate for a wholesaler, to consumers and Retail Service Providers.
 - Seeking to minimise and progressively reduce outages, persistent faults and other systemic issues adversely affecting broadband service levels and continuity experienced by consumers.
 - Efficiently and effectively resolving faults and outages, and doing so in a manner that minimises disruption for consumers.
 - Proactively managing complaints where they do occur, including cooperating with others in the supply chain where there are joint responsibilities, with a focus on timely resolution.
 - Providing timely and accurate public reporting on metrics relevant to consumer experience, including outages, network availability and network performance.
- **Promoting access to broadband services:** The Company should work with Government and other stakeholders to support initiatives to improve digital inclusion, particularly for low income households and other vulnerable groups that face barriers to accessing high speed broadband.
- **Connecting First Nations Australians:** NBN Co is expected to set, maintain and deliver an ambitious Reconciliation Action Plan. NBN Co will set specific targets for participation in employment and supply chains. NBN Co is expected to collaboratively work with First Nations Australians to improve digital inclusion (access, affordability and ability) and contribute, where possible, to the Government's policy objectives to meet the National Agreement on Closing the Gap targets and outcomes. NBN Co is expected to deliver services in genuine partnership with First Nations communities, such as through Community WiFi deployment, and establish robust data and reporting systems to enable transparency of outcomes in this area.

Improving Connectivity for Regional and Remote Australians

- **Better connectivity:** NBN Co will continue to improve its services and assist in addressing access challenges in regional and remote areas to enhance connectivity, improve safety and increase productivity. The Company will support this by continuing to innovate, proactively engaging with governments and stakeholders to support the funding and delivery of enhanced services and digital inclusion, and efficiently incorporating regional and remote areas in upgrades plans in a manner consistent with the Company's commercial expectations. Outcomes should include:
 - Ensuring at least 660,000 premises in regional and remote Australia are included in the commitment to expand full-fibre access to a further 1.5 million premises.

- Efficiently implementing upgrades to provide all premises in the fixed wireless network with access to wholesale download speeds of up to 100 megabits per second and typical wholesale busy hour speeds of at least 50 megabits per second.
- Improving the Sky Muster satellite service, including increasing wholesale monthly data allowances to on average at least 90 gigabytes per month on completion of the fixed wireless upgrade.
- Ensuring at least 80 percent of premises in regional and remote Australia have access to wholesale download speeds of at least 100 megabits per second by 2025.
- Continue to improve access and affordability to business grade services for businesses in regional and remote areas, including through continuing to expand the footprint of Business Fibre Zones in non-metropolitan areas, and provision of business-grade satellite services.
- **Universal Services:** NBN Co will work with the Government and other parties on optimising the delivery of baseline voice and broadband services, including in regional and remote areas, and with due regard to its SIP obligations.

Working with Stakeholders

- NBN Co will engage productively and collaboratively with its stakeholders, including through:
 - Working closely with Retail Service Providers to promote certainty and provide affordable high quality services to consumers and to design products that meet future needs.
 - Maintaining high standards in working with landowners and communities when exercising any carrier powers and immunities.
 - Adhering to the Australian Supplier Payment Code for practices that engage Small and Medium Enterprises.
 - Engaging constructively with government agencies, regulators, industry groups and communities.

Operating Commercially

- **Operating efficiently:** NBN Co must operate efficiently within its capital constraints and proactively manage costs. NBN Co will work with and support Retail Service Providers and commercial partners to achieve efficiencies, including through providing predictability in forward planning.
- **Commercial sustainability:** NBN Co needs to be commercially sustainable to support efficient investment in the network, servicing and repaying its debt obligations, achieving and maintaining a standalone investment grade credit rating, and providing an appropriate return to the Commonwealth as shareholder.
- **Managing trade-offs:** There will be circumstances where there will need to be trade-offs between NBN Co's commercial objectives and its obligations and policy expectations:
 - The Government recognises that NBN Co will not be able to generate a commercial return in delivering all of its obligations, particularly in regional and remote Australia, and it is expected the Company will take a flexible approach to supporting these activities, including through contributions from the Regional Broadband Scheme and, where necessary, returns in other parts of its business. However, where this occurs, NBN Co will be transparent, demonstrate that its expenditure is efficient and will maintain the flexibility to adopt future innovations and advancements.

- NBN Co is also expected to be transparent in informing Government of circumstances where it considers there is a material trade-off between fulfilling or supporting a policy objective and its commercial objectives. NBN Co is expected to consult with Government on its approach to managing the trade off in these circumstances.

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 the prevailing version of the 'ASX Corporate Governance Principles and Recommendations' to the extent it is consistent with NBN Co's other governance and accountability obligations.

- 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 a remuneration structure** that: is transparent; ensures that the executive remuneration is appropriately aligned to key performance indicators, with fit for purpose targets that incentivise high performance beyond business as usual outcomes but are restrained and justifiable to the Parliament and the Australian public; is appropriately governed; is not inconsistent with relevant industry benchmarks; and is consistent with any Government guidance;
 - **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) ensuring a culture which encourages the highest standards of respect, diversity and inclusion; (5) setting targets and programs for gender equity; and (6) creates an engaged results-orientated staff culture that minimises unplanned turnover;
 - **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.

- The Government expects NBN Co to be a model employer and seek to promote similar outcomes from its contractors. NBN Co must, to the extent reasonably possible, ensure it can identify individuals and entities who perform work on the NBN and the entity who has engaged them. NBN Co must also ensure it has effective processes in place to identify and respond to concerns regarding the conduct of third parties engaged by the Company. NBN Co will adhere to the *Modern Slavery Act 2018* (Cth).
- 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 able to provide advice independent of company management and who Board members can raise matters with confidentially and seek advice from as a governance expert.

Senator the Hon Katy Gallagher
Minister for Finance

The Hon Michelle Rowland MP
Minister for Communications