

# nbn<sup>®</sup> SAU Statement of Pricing Intent

1 December 2023 to 30 June 2026



# SAU Statement of Pricing Intent

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1.0	First Statement of Pricing Intent issued under varied SAU	1 November 2023	1 December 2023

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## Disclaimer

This Statement of Pricing Intent is published pursuant to **nbn**'s Special Access Undertaking (SAU), which is a regulatory undertaking given to the ACCC. The information in this document should not be relied on in any context not related to **nbn**'s SAU.

**nbn** is a wholesaler and does not control prices charged by service providers. References to speeds or bandwidth profiles in this document are not to end customer speeds; they are wholesale layer 2 peak information rate (**PIR**) or potential maximum information rate bandwidth provided to retail providers unless stated otherwise. An end customer's experience, including the speeds actually achieved over the **nbn**<sup>®</sup> network, depends on the **nbn**<sup>®</sup> network technology and configuration over which services are delivered to their premises, whether they are using the internet during the busy period, and some factors outside of **nbn**'s control (like their equipment quality, software, chosen broadband plan, signal reception, or how their provider designs its network). Refer to **nbn**'s website and the Wholesale Broadband Agreement for further information.

## Environment

**nbn** asks that you consider the environment before printing this document.

## Introduction

This Statement of Pricing Intent (**SPI**) is published pursuant to clauses 2B.2.2 and 2B.2.5(b) of **nbn**'s Special Access Undertaking as varied on 17 October 2023 (**SAU**). It is a statement regarding the Prices for NBN Offers in respect of the NBN Access Service. This SPI is for the First Regulatory Cycle under the SAU and applies from 1 December 2023 to 30 June 2026 and can only be varied by **nbn** in accordance with the SAU.

The financial targets in this document and any underlying forecasts are based on assumptions. Whether **nbn** will achieve those targets is inherently uncertain and subject to a range of risks – such that actual performance may differ materially from those targets.

Capitalised terms used but not defined in this SPI have the meaning given in the SAU.

## Financial Objectives<sup>1</sup>

### Financial Objectives: General

As a Government Business Enterprise, **nbn** works to fulfil the objectives set out by its Shareholder Ministers in a Statement of Expectations (SoE) as issued and updated from time to time.

**nbn**'s financial objectives for the First Regulatory Cycle are to work towards recovering its efficient costs and being commercially sustainable, including to support efficient investment in the network and servicing and repaying its debt obligations. In this regard, particular targets are set out further below.

**nbn** is aiming to achieve its financial objectives for the First Regulatory Cycle by implementing a range of price strategies (discussed later in this document). Those pricing strategies are intended to promote efficient use of **nbn**'s network and, in particular, to support the supply of:

- an increased overall number of AVC TC-4 product components and a diversity of NBN Offers, catering to the needs of a diverse range of end customers, including those who prioritise affordability; and
- higher speed tiers at prices that enable **nbn** to better compete with alternative networks and deliver greater value to the increasing number of end customers who value higher speeds, leveraging **nbn**'s network investments.

**nbn** will seek to implement those pricing strategies to achieve its financial objectives for the First Regulatory Cycle in a manner which accounts for changing customer demand and responds to competition.

### Financial Objectives: Targets

At the time this SPI is published, **nbn**'s objectives for the First Regulatory Cycle include seeking to achieve the following targets:

- **Target number of AVC TC-4 Product Components to be supplied:** The target number of AVC TC-4 Product Components that **nbn** seeks to supply during the First Regulatory Cycle ranges from approximately 8.8 million in FY24 to approximately 9.0 million in FY26.
- **Target mix of TC-4 speed tiers:** The target mix of TC-4 speed tiers that **nbn** seeks to supply by the end of the First Regulatory Cycle is as follows:

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<sup>1</sup> Reference: SAU Schedule 2B (Pricing Framework), clause 2B.2.2(a)(i).

**Table 1 – Target mix of TC-4 speed tiers**

TC-4 speed tier group <sup>2</sup>	FY23 Actual <sup>3</sup>	FY26 Target
At or below 25 Mbps	24%	20-25%
50 Mbps and FW Plus	55%	40-45%
At or above 100 Mbps	21%	30-35%

To inform the target mix of TC-4 speed tiers in table 1, as at the time that this SPI is published, **nbn** has made the following assumptions about the speed tier mix in each Financial Year of the First Regulatory Cycle:

**Table 2 – Assumptions informing target TC-4 speed tier mix<sup>4</sup>**

TC-4 speed tier group <sup>2</sup>	FY23 Actual <sup>5</sup>	First Regulatory Cycle		
		FY24	FY25	FY26
Basic Bundled Offer	0%	0-5%	0-5%	0-5%
12/1 Mbps	9%	0-5%	0-5%	0-5%
25/5 – 25/10 Mbps	15%	20-25%	20-25%	20-25%
50/20 Mbps and FW Plus	55%	45-50%	45-50%	40-45%
Home Fast	15%	15-20%	20-25%	20-25%
100/40 Mbps	4%	0-5%	0-5%	0-5%
Home Superfast	1%	0-5%	0-5%	0-5%
250/100 Mbps	0%	0-5%	0-5%	0-5%
500/200 Mbps	0%	0-5%	0-5%	0-5%
Home Ultrafast*	1%	0-5%	0-5%	0-5%
1000** /400 Mbps	0%	0-5%	0-5%	0-5%

\* The Maximum Data Transfer Rate will fall anywhere between 500 Mbps and less than but close to 1000 Mbps.

\*\* The Maximum Data Transfer Rate will be less than but close to 1000 Mbps.

- **Target TC-4 average revenue per user (ARPU):** **nbn**'s TC-4 ARPU (net)<sup>6</sup> was \$47.2 in FY23 and the target TC-4 ARPU (net) that **nbn** seeks to achieve by the end of the First Regulatory Cycle is \$52.3.<sup>7</sup>

<sup>2</sup> In this SPI, references to TC-4 speed tier groups:

- include AVC TC-4s with the same maximum downlink and maximum uplink PIR, including where the PIR of a speed tier is expressed as a range;
- are to the maximum wholesale layer 2 peak information rate (PIR) bandwidth of the speed tiers **nbn** offers to retail providers, except for Fixed Wireless Plus which is a potential maximum information rate speed tier;
- are not to the speeds provided by a retail provider to end customers over the **nbn** network, which depend on a range of factors; and
- reflect the speed tiers offered by **nbn** as at the date of this SPI, which may be affected by changes over the course of the First Regulatory Cycle in accordance with the product development and withdrawal processes of the SAU.

Refer to **nbn**'s website and the Wholesale Broadband Agreement for further information.

<sup>3</sup> FY23 figures refer to an average percentage of services supplied across the Financial Year.

<sup>4</sup> Speed tier mix assumptions in this table which inform **nbn**'s targets reflect the assumed 12-month average prices across the relevant Financial Year, with the exception of FY24, which reflects the 7-month assumed average prices from December 2023 to June 2024.

<sup>5</sup> FY23 figures refer to an average percentage of services supplied across the Financial Year.

<sup>6</sup> TC-4 ARPU (net) refers to TC-4 ARPU (gross) net of customer rebates. **nbn**'s TC-4 ARPU (gross) was \$47.6 in FY23 and the target TC-4 ARPU (gross) that **nbn** seeks to achieve by the end of the First Regulatory Cycle is \$52.8. **nbn**'s residential ARPU in FY23, as stated in **nbn**'s Annual Report 2023, was \$47.

<sup>7</sup> See the Introduction section regarding the inherent uncertainty regarding achieving such targets. The target TC-4 ARPU is, in particular, dependent on other targets like the number of AVC TC-4 Product Components supplied and mix of TC-4 speed tiers – and whether **nbn** will achieve those targets is also inherently uncertain.

# Pricing Strategies<sup>8</sup>

## Pricing Strategies: General

This SPI sets out **nbn**'s pricing strategies for the First Regulatory Cycle as at the time of publication.

Over the course of the First Regulatory Cycle, **nbn** will seek to implement the pricing strategies in this SPI to set prices that: respond to evolving RSP and end customer demands, respond to increasing competition, and allow **nbn** to pursue its financial objectives. Such prices are subject to the pricing regulation framework in **nbn**'s SAU, which requires that **nbn** publish a Tariff List for each Financial Year which meets certain requirements, and to have regard to certain pricing principles (set out below) in changing prices or setting new prices.<sup>9</sup>

The pricing strategies **nbn** intends to implement for NBN Offers in respect of the NBN Access Service during the course of the First Regulatory Cycle (subject to the SAU pricing regulation framework) are set out below. Broadly, those strategies include:

- **progressively increasing prices for Bundled TC-4 Offers** for a smooth transition towards efficient pricing which allows **nbn** to seek to recover its efficient costs, while supporting the continued increase in the overall number of services supplied;
- **more gradually increasing prices for Entry Level Offers** to balance the need to transition towards efficient pricing (which allows **nbn** to recover its efficient costs) with the need to maintain affordable access to **nbn**'s network;
- **more gradually increasing prices for residential-focused Flat-Rate Offers** to balance the need to transition towards efficient pricing (which allows **nbn** to recover its efficient costs) with the objectives of meeting competition and promoting uptake of such services;<sup>10</sup>
- **decreasing prices for selected business-focused Flat-Rate Offers and TC-2 NBN Offers**, with a focus on stimulating growth in demand from small-to-medium business end users and others who will particularly value the utility of higher speed services; and
- **potentially decreasing individual prices** where **nbn** considers that is warranted to respond to competition, ensure affordable access to **nbn**'s network and encourage uptake of **nbn** services among particular end customer segments.

The remainder of this section is organised by each type of NBN Offer that applies in respect of the NBN Access Service.

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<sup>8</sup> Reference: SAU Schedule 2B (Pricing Framework), clause 2B.2.2(a)(ii).

<sup>9</sup> **nbn**'s pricing strategies for the First Regulatory Cycle also involve accounting for and adjusting to changes in the Consumer Price Index (CPI), noting that changes in CPI are a key input into the SAU pricing regulation framework.

<sup>10</sup> In this SPI, references to residential-focused Flat-Rate Offers are to the Flat-Rate Offers in respect of the Home Fast, Home Superfast and Home Ultrafast speed tiers, and references to business-focused Flat-Rate Offers are to the Flat-Rate Offers in respect of the AVC TC-4 100/40 Mbps, 250/100 Mbps, 500/200 and 1000/400 Mbps speed tiers.

## 1. TC-4 Offers

- **Flat-Rate Offers:** In respect of the Flat-Rate Offers, **nbn** will seek to:
  - **comparison to Bundled TC-4 Offers:** initially set the difference between the Bundled Price of the 50/20 Mbps speed tier (the highest of the Bundled TC-4 Offers) and the Price of the Home Fast speed tier (the lowest of the residential-focused Flat-Rate Offers) at \$5 to stimulate demand for higher speed tiers amongst those end customers who may value higher speeds (noting the corresponding difference under **nbn**'s previous pricing construct was \$13 in FY24);<sup>11</sup>
  - **strategy for residential-focused offers:** progressively increase the prices of residential-focused Flat-Rate Offers to support the transition towards efficient pricing (which allows **nbn** to recover its efficient costs) while balancing the objectives of meeting competition and promoting uptake of such services;
  - **strategy for business-focused offers:** re-align the relative prices for business-focused Flat-Rate Offers with a view to encouraging uptake by materially reducing the prices of all but the lowest of those services (the 100/40 Mbps service) in FY25, and then applying more modest price increases to such business-focused Flat-Rate Offers (including the 100/40 Mbps service) at the start of FY26 to support the broader transition towards efficient pricing;<sup>12</sup>
  - **focused simplification strategy:** investigate options to simplify the mid-range business-focused Flat-Rate Offers to maximise efficient use of **nbn**'s network.
- **Bundled TC-4 Offers:** In respect of the Bundled TC-4 Offers, **nbn** will seek to:
  - re-balance, during the First Regulatory Cycle, the pricing that applies in respect of the Bundled TC-4 Offers so that the fixed Bundled Price component is increased and the variable TC-4 CVC Charge component is reduced, until the TC-4 CVC Charge is finally reduced to \$0.00 by the start of the Second Regulatory Cycle;
  - increase the prices for the Bundled TC-4 Offers, with Entry Level Offer pricing increasing at a slower rate than the other Bundled TC-4 Offers (at or below CPI increases per annum); and
  - manage any price changes to the 12/1 Mbps speed tier and 25 Mbps speed tier group to enable RSPs to offer the 12/1 Mbps speed tier as a voice-only and basic connectivity service and to offer the 25 Mbps speed tiers as an entry level broadband connectivity service. This strategy intends to differentiate the two sets of speed tiers as follows:
    - the 12/1 Mbps speed tier (Basic Bundled Offer) will be priced to prioritise the need for affordable access to **nbn**'s network for the purposes of voice-only and other very basic connectivity needs, with no or minimal price increases to the Basic Bundled Offer over the course of the First Regulatory Cycle; and
    - the 25 Mbps speed tier group will be priced to balance the need for affordable access to **nbn**'s network with the need to recover **nbn**'s efficient costs of supplying products and services, including by offering prices that support low-income end customers who seek to upgrade from a 12/1 Mbps (non-basic) speed tier to a 25 Mbps speed tier without facing price shocks.

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<sup>11</sup> In this SPI, references to residential-focused Flat-Rate Offers are to the Flat-Rate Offers in respect of the Home Fast, Home Superfast and Home Ultrafast speed tiers.

<sup>12</sup> In this SPI, references to business-focused Flat-Rate Offers are to the Flat-Rate Offers in respect of the AVC TC-4 100/40 Mbps, 250/100 Mbps, 500/200 and 1000/400 Mbps speed tiers.

- **Asymmetric AVC Offers – Satellite Network:** In respect of the Asymmetric Offers for the NBN Co Satellite Network, **nbn** does not propose to make any significant alternations to current pricing, with a view to continuing to support end customers who elect to acquire NBN Co Satellite Access Services (as distinct from more managed **nbn**<sup>®</sup> Sky Muster Plus services or differentiated **nbn**<sup>®</sup> Business Satellite Services).

## 2. TC-2 and TC-1 Offers

- **Bundled TC-2 Offers:**
  - **nbn** has introduced new pricing constructs and prices for Bundled TC-2 Offers for the First Regulatory Cycle under the SAU.
  - From this starting point, **nbn** will seek to reduce the prices that apply to TC-2 speed tiers of 20–100 Mbps and reduce or remove the differences in price between these speed tiers that exist as at 1 December 2023. This is intended to stimulate growth in demand for the higher speed tiers, in the circumstance that very few of those higher speed tiers are being supplied at the time of publication of this SPI.
- **Symmetric Access Capacity Offers (TC-1):**
  - In respect of the Symmetric Access Capacity Offers (TC-1), **nbn** will seek to continue supporting expected demand for TC-1 services without making significant alterations to current pricing – noting that pricing reflects the maximum prices set out in **nbn**'s SAU as accepted in 2013 and **nbn**'s SAU as varied in 2023.<sup>13</sup>
  - However, **nbn** will seek to actively monitor the demand for specific TC-1 speed tiers and may make adjustments to the relative prices of TC-1 speed tiers if it considers that this is likely to better support the recovery of **nbn**'s efficient costs while maximising efficient use of **nbn**'s network and continuing to support end customer access to TC-1 services.

## 3. Connectivity Virtual Circuit Offers

- **nbn** intends to reduce the price for CVC TC-4 (for non-Satellite services) to \$0.00 by no later than 1 July 2026 in conjunction with the re-balancing of the pricing that applies in respect each Bundled TC-4 Offer, as described above.
- In respect of prices for CVC TC-2 NBN Offers, **nbn** does not intend to make any significant alterations to current pricing. This reflects that each Bundled TC-2 Offer includes CVC TC-2 capacity at a 1:1 ratio with the AVC TC-2 in the bundle, making the separate CVC TC-2 NBN Offer pricing of relatively marginal relevance.
- In respect of prices for CVC TC-1 NBN Offers, **nbn** does not intend to make any significant alterations to current pricing, consistent with the pricing strategy for the Symmetric Access Capacity Offers (TC-1) discussed above.

## 4. CVC Class Offers (Satellite)

- In respect of the CVC Class Offers for the NBN Co Satellite Network, **nbn** does not intend to make any significant alterations to current pricing, consistent with the pricing strategy for the Asymmetric Access Offers for the NBN Co Satellite Network discussed above.

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<sup>13</sup> See clause 1C.4(e) of **nbn**'s SAU as accepted in 2013 and clause 2.2 of Attachment E of **nbn**'s SAU as varied in 2023.

## 5. NNI Offers

- **nbn** has introduced new pricing constructs and prices for Network to Network Interface Offers which will come into effect during the First Regulatory Cycle as part of the SAU, in the form of 10G NNI Starter Offers. In addition, the SAU commits **nbn** to providing a new rebate for NNI Upsize Migrations completed from 31 March 2024 to 30 June 2027. These changes are intended to empower newer and smaller RSPs to scale their services on **nbn**'s network more efficiently, to maximise efficient use of **nbn**'s network.
- **nbn** expects that the nature of investments and the operational changes that RSPs will need to undertake to make full use of the new NNI pricing will take time, and accordingly **nbn** does not intend to make further significant alterations to pricing of Network to Network Interface Offers until the result of these investments and operational changes is more apparent. Rather, **nbn** will seek to focus on the short-term measures committed in the SAU for the First Regulatory Cycle.<sup>14</sup>

## 6. Second UNI-V and AVC Offers

- **nbn** will seek to continue supporting the Second UNI-V and AVC Offer, but does not expect any material demand for this NBN Offer and in that context does not expect to make any significant alterations to current pricing.

## 7. Enhanced Fault Service Level Offers

- In respect of the Enhanced Fault Service Level Offers, **nbn** will seek to implement the following pricing strategies:
  - pricing the Enhanced-12 (24/7) Fault Service Level and Enhanced-4 (24/7) Fault Service Level to stimulate demand for these Enhanced Fault Service Levels, including through bundling the first of these service levels within the price for Bundled TC-2 Offers, increasing the activities performed by **nbn** (such as monitoring after fault resolution) within the same price, and offering business-focused discounts or price reductions for these Enhanced Fault Service Levels;
  - monitoring the demand for the recently introduced Enhanced (90 Day)-12 (24/7) Fault Service Level, noting that the purpose of this Enhanced Fault Service Level is to stimulate demand for the other Enhanced Fault Service Levels, allowing business end customers to try the Enhanced Fault Service Level for an introductory period to decide if it enhances the utility of **nbn**'s services to those business end customers; and
  - in respect of all Enhanced Fault Service Level Offers, observing changes in demand for these services with a view to informing any price changes, particularly as any such changes in demand may coincide with shifting demand for business-focused Flat-Rate Offers and TC-2 Offers. In some circumstances, **nbn** may need to increase its prices for these NBN Offers to reflect increases in **nbn**'s cost in supplying these services, particularly any increases to labour costs.

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<sup>14</sup> Note also that the SAU commits **nbn** to conducting and completing an NNI Pricing Review by the end of FY27. **nbn** will be preparing for that review during the First Regulatory Cycle.

## 8. NBN Co Smart Places

- In respect of the Flat-Rate Offers, Bundled TC-4 Offers and Bundled TC-2 Offers for NBN Co Smart Places, **nbn** will seek to encourage continued adoption of NBN Co Smart Places by aligning its prices with the prices for corresponding **nbn**<sup>®</sup> Ethernet services. This strategy reflects that NBN Co Smart Places is a relatively new and specialised service and its adoption is likely to be particularly affected by implementation and management costs for RSPs.
- **nbn** will continue to actively monitor take-up of NBN Co Smart Places and corresponding RSP productisation in downstream markets, and whether continuing to align these prices with the prices for corresponding **nbn**<sup>®</sup> Ethernet services continues to support the recovery of **nbn**'s efficient costs while maximising efficient use of **nbn**'s network.

### Pricing Strategies: Taking into account **nbn**'s Pricing Principle obligations<sup>15</sup>

The pricing strategies set out above take into account **nbn**'s obligation to have regard to specified pricing principles in changing prices or setting new prices in the Tariff List and Pricing Roadmap, as set out below. This section is organised by reference to each pricing principle.

#### 1. Efficient costs of supplying products and services

**nbn**'s pricing strategies take into account the efficient costs of **nbn** supplying products and services – by being designed to achieve a key objective of those strategies, which is to work towards **nbn** recovering its efficient costs. For example, see the pricing strategy for Bundled TC-4 Offers which notes the relevance of a smooth transition towards efficient pricing in that context.

Given the scale of **nbn**'s up-front investments, **nbn** faces strong incentives to ensure that its pricing strategies and related pricing changes support **nbn**'s recovery of its efficient costs.

#### 2. Maximising efficient access to, and usage of, the NBN Co Network

**nbn**'s pricing strategies take into account the objective of maximising efficient access to, and usage of, **nbn**'s network. In particular, the following strategies reflect **nbn**'s intention to make price changes having regard to different end customer groups that demand different value propositions from **nbn**'s network:

- price differentiation of the Bundled TC-4 Offers and residential-focused Flat-Rate Offers from the business-focused Flat-Rate Offers (while implementing price reductions on business-focused Flat-Rate Offers in FY25 to stimulate demand);
- price differentiation of the 12/1 Mbps Basic Bundled Offer from the 25 Mbps Entry Level Offers; and
- price bundling and differentiation of the different Enhanced Fault Service Level Offers.

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<sup>15</sup> Reference: SAU Schedule 2B (Pricing Framework), clause 2B.2.2(a)(ii)(A).

### 3. Maintaining affordable access to the NBN Co Network

**nbn**'s pricing strategies take into account the objective of maintaining affordable access to **nbn**'s network, including as follows:

- the strategy for 12/1 Mbps Basic Bundled Offer pricing to be kept constant in nominal terms or change only gradually supports affordable access by end customers with voice-only and other very basic connectivity needs; and
- the strategy for the 25 Mbps Entry Level Offers pricing to be increased only at a rate that is at or below CPI also supports affordable access to **nbn**'s network.

### 4. Maintaining a diversity of NBN Offers at a reasonable price relativity to each other

**nbn**'s pricing strategies take into account the objective of maintaining a diversity of NBN Offers at a reasonable price relativity to each other through the price differentiation noted above, where **nbn** seeks to set price differences between various speed tiers by taking into account differences in demand and willingness to pay for different speed tiers, with a view to encouraging uptake of **nbn**'s services, promoting the efficient use of **nbn**'s network and achieving **nbn**'s financial objectives. **nbn**'s pricing strategies also take into account the requirement to comply with the TC-4 Price Relativity Restriction in the SAU.

Within the Bundled TC-4 Offers, **nbn** is pursuing a strategy to differentiate the role served by the 12/1 Mbps speed tier, through the Basic Bundled Offer, and the role served by the 25 Mbps speed tiers, which **nbn** has positioned as Entry Level Offers. Prices for **nbn**'s highest-speed Bundled TC-4 Offer (relating to the 50/20 Mbps speed tiers) differ from prices for the lowest-speed Flat-Rate Offers (relating to the Home Fast speed tiers), although as noted above, that price difference will effectively reduce to \$5 as at 1 December 2023 (from \$13 under **nbn**'s previous pricing construct) to stimulate demand for higher speed tiers for those end customers who may value them, while **nbn** continues to supply a diversity of other offers. Amongst the Flat-Rate Offers, **nbn**'s strategy involves differentiating the residential-focused and business-focused Flat-Rate Offers from each other.

As noted above, **nbn** intends to reduce or remove the price differences between Bundled TC-2 Offers for 20–100 Mbps speed tiers. However, **nbn** will maintain a diversity of Bundled TC-2 Offer pricing by encouraging demand for a greater diversity of high-speed and low-speed TC-2 services. At the time of publication of this SPI, over 92% of ordered TC-2 services have speed tiers of 5 Mbps, 10, Mbps or 20 Mbps symmetrical (the pricing for which will remain differentiated from each other and from the 30-100 Mbps symmetrical speed tiers) while less than 8% of ordered TC-2 services (around 2,000 services in total) have speed tiers between 30-100 Mbps. **nbn** intends to increase the proportion of TC-2 services with these higher speed tiers by stimulating demand for them. If successful, this will effectively increase the diversity of TC-2 services supplied, with a more even balance between lower speed tier services (< 30 Mbps symmetrical) and higher speed tier services (≥30 Mbps symmetrical).

### 5. Managing price transitions

**nbn**'s pricing strategies take into account the ability of RSPs and end user to manage price transitions, where:

- **nbn**'s initial pricing of Bundled TC-4 Offers and Flat-Rate Offers follows from an extensive SAU variation consultation process; and
- price changes over the First Regulatory Cycle must be consistent with the SAU pricing regulation framework (and in particular, the intended re-balancing of the fixed and variable price components which apply in respect of Bundled TC-4 Offers is subject to SAU price controls which apply to the average combined charge of such services).

Further, pricing changes over the First Regulatory Cycle may be supplemented with product enhancements to improve their value proposition, which would deliver greater value for these prices over time.

## 6. Low-Income and Digital Inclusion Forum outcomes

**nbn**'s pricing strategies take into account the potential outcomes of the Low-Income and Digital Inclusion Forum by leaving open the opportunity to do either of the following:

- set new prices following formal consultations with Forum members, including in respect of a possible 'TC-4 Starter Plan' described below; and
- implement specific price changes for the 12/1 Mbps Basic Bundled Offer in response to formal consultations with Forum members.

### Pricing Strategies: Transitional Arrangements<sup>16</sup>

The main transitional arrangement that **nbn** intends to implement in connection with changes to Prices for NBN Offers is the re-balancing of price components that apply in respect of Bundled TC-4 Offers. As noted above, the re-balancing of those price components is subject to SAU price controls which apply to the average combined charge of such services.

In addition, **nbn** intends to continue using targeted discounts, including to provide opportunities for end customers to try higher performance services before deciding whether to commit to longer term acquisition of such services.<sup>17</sup>

### Intended changes to the Price structures for NBN Offers<sup>18</sup>

The only change that **nbn** intends to implement for the Price structures for NBN Offers is the re-balancing of the fixed and variable price components that apply in respect of Bundled TC-4 Offers. As noted above, the re-balancing of those price components is subject to SAU price controls which apply to the average combined charge of such services.

### Areas of likely product innovation and development<sup>19</sup>

The SAU contains requirements and procedures in Schedule 2H which apply to the development of products by **nbn**, including obligations to engage with members of the Product Development Forum (**PDF**). Such product innovations may include the introduction of new speed tiers and products during the First Regulatory Cycle, including as **nbn** seeks to invest in increased fibre into its network and to deploy network technologies that deliver higher speeds.

Areas of likely product innovation and development that are expected to influence Price changes during the First Regulatory Cycle are as follows:

**TC-4 enhanced Product Features:** **nbn** is committed to continuously improving its value proposition in market in relation to its core residential and business products, with a particular focus on enhancing existing Product Features. Future enhancements may include appropriately improving downlink and uplink headline speeds to leverage network capability improvements, meet customer demand and respond to competition. **nbn** would consult with PDF members on any such enhancements (or notify them via the PDF for more minor variations or enhancements). For example, **nbn** intends to commence such a consultation in FY24 in relation to increasing the headline speeds of select Fixed Wireless services.

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<sup>16</sup> Reference: SAU Schedule 2B (Pricing Framework), clause 2B.2.2(a)(ii)(B).

<sup>17</sup> Note that the SAU contains provisions regarding **nbn**'s use of discounts – see clauses 2C.3 and 2C.4.

<sup>18</sup> Reference: SAU Schedule 2B (Pricing Framework), clause 2B.2.2(a)(iii).

<sup>19</sup> Reference: SAU Schedule 2B (Pricing Framework), clause 2B.2.2(a)(iv).

**Fibre and HFC-enabled focus on higher speed tiers:** nbn continues to invest in the expansion of its fibre network footprint including through the Fibre Connect Program and through upgrades to its HFC network. These investments will enable the supply of higher speed tiers to more end customers and may in future enable the supply of new speed tiers (in addition to supporting improved network reliability). nbn intends to continue focussing on strategies to stimulate growth in demand for these higher speed tiers amongst end customer groups who would value the higher speed tiers, including as bandwidth demand increases amongst end customers, so as to maximise efficient use of nbn's upgraded network.

**TC-4 Starter Plan:** nbn intends to consult with PDF members and Low-Income and Digital Inclusion Forum members on the potential development of a Product Idea targeted at end customers with low usage and basic connectivity requirements. The focus of this Product Idea will be to bridge a potential gap that may develop in nbn's product set in the transition of the Bundled TC-4 Offers to Flat-Rate Offers by the end of the First Regulatory Cycle. In particular, such a gap may affect low usage broadband end consumers who are accessing nbn-based services via retail plans that have limited data allowance and which rely on variable CVC pricing that is to be reduced (with the TC-4 CVC Charge being reduced to \$0.00 by 1 July 2026).