



Further information following ACCC forum on nbn pricing options

18 July 2023

This document is provided in July 2023 to facilitate the assessment of **nbn**'s proposed variation to its Special Access Undertaking (SAU) following the release of the ACCC's Draft Decision on 2 May 2023.

nbn is a wholesaler and does not control prices charged by service providers. The indicative wholesale average combined charges in this document are exclusive of GST.

References to speeds or bandwidth profiles in this document are not to end customer speeds; they are wholesale layer 2 peak information rate (PIR) bandwidth provided to retail providers unless stated otherwise. An end customer's experience, including the speeds actually achieved over the **nbn@** network, depends on the **nbn@** 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.

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Context for nbn providing additional information following ACCC forum

RSPs have requested **nbn** provide an updated indicative Pricing Roadmap to assist with their assessment of modified ‘floor and ceiling’ options

nbn recognises that further information about future prices under a floor and ceiling pricing construct will assist RSPs in finalising their submission to the current consultation process.

It is not feasible to develop 3 versions of the Pricing Roadmap in the time between the RSP forum on 14 July and the consultation concluding on 21 July. Also an updated roadmap would include RSP feedback provided during the consultation.

Instead **nbn** is providing the following information to assist RSPs in finalising their submissions to the current consultation process. This is in addition to the information already provided in **nbn**’s submission to the ACCC on 4 July 2023, titled ‘*Floor and Ceiling – Modified Pricing Options*’.

- A change in the wholesale pricing construct is not expected to result in a sharp and material change to end customer usage which is generally correlated with access to technology and use cases. For reference, the usage forecast **nbn** provided in support of the November SAU Variation is set out on the following slide – while this forecast may be updated prior to finalising the 3-year Pricing Roadmap to be published under the varied SAU to reflect the most up to date information available, we do not expect any such changes to be significant.
- The indicative percentage increase of the Average Combined Charge (ACC) for each Bundled TC-4 Offer for FY25 and FY26 is set out on the following slide, as well as the expected percentage increase in the price of key Flat-Rate Offers. These expected percentage increases are consistent across each of the modified floor and ceiling options set out in **nbn**’s submission of 4 July 2023.
- The indicative ACC for TC-4 25 Mbps and 50 Mbps for FY24 are provided on slide 4.



Indicative percentage increase in Average Combined Charge (ACC) and Price (as relevant) for key speed tiers and overall forecast usage growth

Expected percentage increase in ACC and Price (as relevant) for key speed tiers

	FY25	FY26
CPI	4.8%	3.2%
Basic Bundle	0.0%	0.0%
12/1 Mbps	4.8%	3.2%
25/5 Mbps	4.8%	3.2%
50/20 Mbps	5.0%	3.2%
100/20 Mbps	5.0%	3.2%
100/40 Mbps	4.7%	3.0%
250/25 Mbps	4.6%	2.9%
1000/50 Mbps	3.9%	2.5%

Overall forecast usage growth by Financial Year (figures provided with the November Variation)

Demand category	FY23	FY24	FY25	FY26
nbn Ethernet – usage*				
CVC utilised (Mbps/SIO)	2.51	2.73	3.01	3.3
CVC usage growth (%)	8.2%	8.8%	10.3%	9.6%

* Usage values are as at June for the relevant Financial Year

Source: [Public version: Forecast in support of the SAU variation](#)

- The percentage increases in the ACC for each Bundled TC-4 Offer and Price for each Flat-Rate Offer stated above are consistent with those underpinning **nbn**'s Indicative Pricing Roadmap published in May 2023.
- In respect of FY25, **nbn** expects to increase the TC-4 100/20 Mbps and below speed tiers by the allowable individual price controls in the varied SAU, while **nbn** expects to index the 100/40 Mbps and above speed tiers at a lower rate.

1. The left-hand side table above relies on Consumer Price Index (CPI) forecasts in the Statement of Monetary Policy published by the Reserve Bank of Australia (RBA) in February 2023. Specifically, the forecast annual percentage change in CPI used to inform **nbn**'s expectations of the application of the price controls under the varied SAU is 4.8% in December 2023 and 3.2% in December 2024. **nbn** notes that, if an amended SAU Variation is accepted by the ACCC, the Pricing Roadmap **nbn** publishes under the varied SAU one month prior to the Price Transition Date will reflect updated CPI forecasts published by the RBA closer to that time, and the SAU price controls which apply to the Tariff List published for Financial Years 2024/25 and 2025/26 will be based on the actual annual percentage change in CPI published for the December quarter before the relevant financial year.



Indicative Average Combined Charge for TC-4 50 Mbps and 25 Mbps for FY24

	Type 1	Type 2	Type 3	Weighted Average
Floor and Ceiling - 50Mbps Prices				
Initial Proposal	\$52.0	\$52.0	\$51.6	\$51.9
Option 1: \$48 Floor	\$50.6	\$50.6	\$50.0	\$50.5
Option 2: \$5.5 Overage Rate	\$51.3	\$51.3	\$51.0	\$51.3
Option 3: \$49 Floor and \$6 Overage Rate	\$51.2	\$51.1	\$50.7	\$51.1
Floor and Ceiling - 12_25Mbps Prices				
Initial Proposal	\$33.9	\$35.0	\$33.3	\$34.0
Option 1: \$48 Floor	\$33.9	\$35.0	\$33.3	\$34.0
Option 2: \$5.5 Overage Rate	\$32.3	\$33.3	\$31.9	\$32.4
Option 3: \$49 Floor and \$6 Overage Rate	\$32.7	\$33.7	\$32.2	\$32.8

Note:

- These forecast Average Combined Charges (ACCs) are indicative and are provided to RSPs to help with their assessment of the different ‘floor and ceiling’ options set out in **nbn**’s submission to the ACCC of 4 July 2023.
- They have been developed as part of the three ‘archetypes’ described in that submission.
- These values are based on the following assumptions and inputs:
 - Actual speed tier mix for May 2023
 - Usage data based on May 2023, adjusted to account for forecast usage growth over the remainder of FY24
- The Pricing Roadmap **nbn** publishes under the varied SAU one month before the Price Transition Date will reflect the most up-to-date information **nbn** has at that time, including as a result of RSP feedback provided as part of the current consultation process. This may result in different forecast ACCs than those provided in this document.