18 August 2026

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Re: Misalignment of geographic service classifications and customer locations

We refer to your letter dated 17 July 2026. Our response is below.

1. **A general description of the data misalignment issue that describes: the nature of the resulting data errors; the time periods to which the data errors relate; the geographic classifications affected; and the magnitude in terms of the number of premises affected.**

Nature of the issue

Service Level Region Classifications (**SLRC**) are defined in the Wholesale Broadband Agreement (**WBA**) and are used for the purpose of applying service levels and reporting performance for certain activities. nbn's Enterprise Level Management System (**ELMS**) is the operational platform in which SLRCs are assigned to nbn locations (**Loc IDs**). nbn reporting platforms use the SLRC data in ELMS as the source for relevant service level reporting, including WBA reporting and the Service Quality and Network Performance Record Keeping Rule (**RKR**).

nbn identified a misalignment between the SLRC definitions and the way those classifications are implemented in ELMS. As a result, some geographic service classifications recorded in ELMS do not align with the classifications that would apply as a result of the current SLRC definitions in the WBA.

While this has resulted is some incorrect geographic attribution, it has not impacted physical service activity, nor has it impacted the level of service experienced by customers on the nbn network. Rather, the misalignment has a bearing on the classification used for some reporting and rebate calculations where the applicable target service level varies by SLRC. This is most relevant to physical connections and faults requiring a field visit because service levels for those activities do vary by SLRC.

Further, nbn's analysis indicates that the SLRC misalignment affecting the geographic attribution of some service performance reporting has had only a **limited impact on relevant performance reporting.**

nbn's analysis of the misalignment has also identified that, in some scenarios, the current SLRC definitions may not be reflective of customer expectations or nbn operational practice, particularly for customers who are classified as 'Remote' and in practice receive 'Urban' levels of service because they are in close proximity to dense urban populations. This is discussed further in section 2 below.

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Time period affected

The period of time affected by the misalignment includes the period of time in which nbn responded to the ACCC's Request for Information (**RFI**) in the Replacement Module Application process and the commencement of the Service Quality and Network Performance RKR, each of which have data or metrics with a geographic element. nbn has used the period since the commencement of WBA5 for the analysis described below because it is the relevant period for nbn's current WBA5 performance reporting and rebate assessment work and reporting under the Service Quality and Network Performance RKR (which commenced on 1 July 2024).

Geographic classifications affected

The misalignment affects all SLRC categories to varying degrees: Urban, Major Rural, Minor Rural, Remote, Isolated and Limited Access. When Loc IDs are assessed against current WBA definitions, the largest movements are from Urban and Major Rural into Minor Rural and Remote. This movement is illustrated in Table 1 below.

Magnitude of affected locations

nbn has identified approximately 974,000 affected Loc IDs, of which approximately 498,000 are active services. Table 1 shows the distribution of affected Loc IDs comparing current (ELMS) and corrected (WBA) allocations.

Table 1: Distribution of affected Loc IDs

SLRC	Current (ELMs)	Corrected (WBA)	Net change
Urban	241,222	121,867	-119,355
Major Rural	318,466	128,774	-189,692
Minor Rural	219,837	270,904	+51,067
Remote	163,566	421,333	+257,767
Isolated	31,095	17,859	-13,236
Limited Access	134	13,583	+13,449

The significant movement into Minor Rural and Remote reflects the difference between the classification methodology applied in ELMS and the current WBA definitions. It does not, of itself, mean that performance in those regions materially changes once the SLRC are corrected, as explained further below.

2. NBN Co's intended process and indicative timeline to resolve the misalignment of geographic service classifications with customer locations on an ongoing basis.

nbn's current view is that simply realigning ELMS to the existing WBA definitions without addressing certain matters concerning the definitions themselves would not provide a suitable long term or customer-centred solution. This is due to nbn's analysis indicating that some of the existing SLRC definitions no longer reflect customer expectations or nbn operational practice.

This is particularly evident where there are customers who live in growth areas adjacent to large Urban centres who would be classified as 'Remote' in accordance with the SLRC definitions. However, it is likely that not all of these customers would be considered 'Remote' customers, particularly in circumstances

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where they are within close proximity to the large urban centre and operationally receive a much higher level of service due to the higher volume of demand and proximity to the larger urban centre.

An example of this is customers in the Mornington Peninsula in Victoria. According to the current SLRC definitions, a cohort of customers in that area are classified as Remote. However, they receive Urban levels of service due to their proximity to Urban areas (a 15-minute drive) where demand is high. This results in Remote performance reporting being heavily influenced by urban equivalent service provision.

nbn proposes a structured review and refinement of the SLRC definitions, followed by implementation in the WBA and nbn systems, consistent with the changing distribution of the Australian population.

In the coming months, nbn proposes to initiate a consultation process with RSPs and other relevant industry stakeholders on proposed refinements to the SLRC definitions. Following that consultation process, nbn proposes to provide the ACCC with a notice specifying proposed changes for the ACCC's decision under nbn's Special Access Undertaking (**SAU**). A key principle underpinning the design process for the refined definitions is that customers should not be any worse off when compared to what is provided under current definitions. The indicative timeframe for this is set out in Table 2 below.

Table 2: Timeframe for resolution of SLRC definition misalignment

Step	Indicative timing / status
Commence Access Seeker consultation	Late August
Consider stakeholder feedback and finalise proposed changes	Late 2026
Seek ACCC consideration through the SAU BSS change process, if required	Late 2026
Target go-live for updated definitions and system alignment	1 July 2027

3. NBN Co's analysis of corrected data for physical connections for Minor Rural, Major Rural, and Remote customers, and any related analysis to support the ACCC's understanding of the corrected data.

Scope of analysis

nbn notes that the ACCC's draft RMD proposed changes to connection timeframes, including for remote physical connections. nbn also notes that SLRCs are relevant to connection service levels. Notwithstanding the concerns that nbn has raised with the sole reliance on historical averages to inform potential BSS changes, nbn has undertaken analysis to identify any potential impacts on the insights that the ACCC has drawn from data provided under nbn's RFI and RKR to inform its decisions on the BSS for the next Regulatory Cycle. nbn's analysis focused on nbn Ethernet physical connections for relevant service classes and aligned the corrected SLRC data to the current WBA definitions.

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Connection volume changes

75,475 physical connections completed during the period between December 2023 to June 2026 (**Study Period**) were associated with misaligned Loc IDs. The main movements were from Urban and Major Rural into Minor Rural and Remote as set out in Table 3.

Table 3: Physical connections

SLRC	Current	Corrected	Delta	Variance
Urban	767,837	756,633	-11,204	-1.46%
Major Rural	81,368	70,215	-11,153	-13.71%
Minor Rural	45,982	52,061	6,079	13.22%
Remote	43,707	58,429	14,722	33.68%
Isolated	2,507	1,665	-842	-33.59%

Impact on performance

Based on the analysis conducted for physical connections (excluding Fibre Connect Connections) over the Study Period, nbn considers that any impact from SLRC misalignment on its performance for physical connections is negligible. The impact on nbn's monthly performance for physical connections aggregated across all SLRC ranged between -0.06% and 0.22%. At an individual SLRC level, the performance impact was also limited, as set out in Table 4.

Table 4: Variance in performance for physical connections over the Study Period

SLRC	Variance in performance over the Study Period
Urban	0.13%
Major Rural	0.08%
Minor Rural	-0.29%
Remote	-0.57%
Isolated	0.17%
Limited Access	-0.01%

Impact on 90th percentile connection completion times

The ACCC proposed changes to regional connections BSS. nbn understands that 'days to connect' is one key input when considering the proposal. nbn analysed a 24-month period (June 2024 to May 2026) for the number of business days required to complete 90% of physical connections in Major Rural, Minor Rural and Remote areas. The analysis shows negligible changes for Remote, Major Rural and Minor Rural.

Table 5: Impact on 90th percentile connection completion times

Region	Current data	Corrected data	Change
Major Rural	17.3 business days	17.2 business days	-0.1 business days
Minor Rural	18.2 business days	18.4 business days	+0.2 business days
Remote	15.6 business days	15.9 business days	+0.3 business days

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The figures above are calculated on a volume-weighted average across technologies for each region from June 2024 to May 2026 (excluding Fibre Connect Connections). Each technology's 90th percentile completion time is weighted by the number of completed orders for that technology. This approach reflects both the connection performance of each technology and their relative order volumes, ensuring the resulting benchmark is informed by all technologies rather than being dominated by the highest-volume technology. This result reflects the fact that the corrected Remote cohort includes a different mix of technologies and volumes, but the change in the weighted 90th percentile outcome is negligible. In other words, while the number of Remote physical connections increases when corrected, that increase does not materially change the measured number of business days required to complete 90% of Remote physical connections.

Summary of physical connections

nbn's analysis indicates that correcting the SLRC data does not materially affect nbn's performance in relation to relevant physical connections.

In particular, correcting the data has only negligible effects on the weighted 90th percentile for Remote, Major Rural and Minor Rural results.

There is a high possibility that a consequence of refining the definitions in line with customer expectations and operational practicality (subject to the consultation process described above) is that that the reporting of actual performance in some of the refined geographic classifications may change when compared to historical reporting for that classification. This will be particularly applicable for reporting on connections that are currently classified as Remote and are immediately adjacent to larger urban centres.

4. NBN Co's analysis of corrected data for faults requiring a field visit, and any related analysis to support the ACCC's understanding of the corrected data.

Scope of analysis

nbn analysed nbn Ethernet faults requiring a field visit over the Study Period because SLRCs vary the applicable service levels for this activity. The analysis focused on field-visit faults and excluded remotely resolved events and other categories that are not relevant to the field-visit cohort.

Fault volume changes

The analysis identified approximately 87,000 faults requiring a site visit that were associated with misaligned Loc IDs over the Study Period. The main movements were again from Urban and Major Rural into Minor Rural and Remote.

Table 6: Faults requiring a site visit

SLRC	Current	Corrected	Delta	Variance
Urban	1,235,825	1,219,415	-16,410	-1.33%
Major Rural	104,376	92,159	-12,217	-11.71%

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SLRC	Current	Corrected	Delta	Variance
Minor Rural	56,610	64,442	7,832	13.84%
Remote	48,622	67,641	19,019	39.12%
Isolated	2,998	2,684	-314	-10.47%

Impact on performance

Based on the analysis of faults requiring a site visit over the Study Period, the impact of the SLRC correction on nbn's performance in relation to these faults is negligible. Over the Study Period, the impact on nbn's monthly performance for faults requiring a site visit aggregated across all SLRC, ranged between approximately -0.35% and -0.03%. At an individual SLRC level, the performance impact was higher in Minor Rural and Remote because of the volume shift into those categories.

Table 7: Variance in performance for faults requiring a site visit over the Study Period

SLRC	Variance in performance over Study Period
Urban	-0.05%
Major Rural	-0.21%
Minor Rural	-3.53%
Remote	3.28%
Isolated	1.22%
Limited Access	-0.39%

Summary of faults

Although the corrected data changes the distribution of activity across SLRCs, the effect on overall reported performance is limited.

As is the case with physical connections, there is a high possibility that refining the definitions in line with customer expectations and operational practicality (subject to the consultation process described above) will mean the reporting of actual fault restoration performance in some of the refined geographic classifications may change when compared to historical reporting for that classification. This will be particularly applicable for reporting of faults that are currently classified as Remote and are immediately adjacent to larger urban centres.

5. A description of the corrections made to the data provided in items (3) and (4), respectively

For both physical connections and faults requiring a field visit, the analysis involved reclassifying affected Loc IDs by reference to the current WBA SLRC definitions and then re-running the relevant activity analysis using the corrected geographic classifications.

The correction process involved the following steps:

- Identify Loc IDs for which the SLRC recorded in nbn system at the time of the event did not align with the SLRC that would apply under the current WBA definitions.

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- Using the correct SLRC for those Loc IDs as per the current WBA definitions, we assessed the historical physical connection and field-visit fault activity to the corrected SLRC for the relevant study period.
- Recalculated relevant volume distributions and performance outcomes using the corrected SLRC.
- Compared current and corrected outcomes to assess whether the misalignment is likely to have materially affected performance or data relied on for RMD purposes.

The analysis did not involve changing the underlying service event, the date on which an event occurred, whether field work was undertaken, or the relevant operational outcome. The analysis involved assessing the impact of changing the geographic classification attributed to the relevant Loc ID for the purposes of performance and service level analysis.

Overall conclusion

nbn acknowledges the importance of ensuring that geographic service classifications are applied consistently and transparently. As described in this letter, nbn's analysis indicates that the SLRC misalignment which has affected the geographic attribution of some service performance reporting has had only a limited impact on relevant performance reporting.

As set out above, with customer expectations and operational practice as a key principle, nbn is progressing with establishing a durable long-term solution through definition refinement, stakeholder consultation, ACCC engagement where required, and implementation of updated business rules in the WBA and nbn ELMs system. A more holistic review of geographic region definitions is also responsive to a specific concern that has been raised by ACCAN in its submission to the draft RMD.

Because of this, it is likely that reporting on physical connections and fault restoration in remote areas will change and some BSS adjustment may be necessary in future regulatory cycles to account for this. nbn will continue to engage with the ACCC on a long-term solution that appropriately reflects customer expectations and nbn operational practice.

Yours sincerely

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