

Netflix CEO Reed Hastings shares his thoughts on NBN, data quotas and VPNs in Australia

Submitted by Gary McLaren on Wed, 18/03/2015 - 20:11

[1]

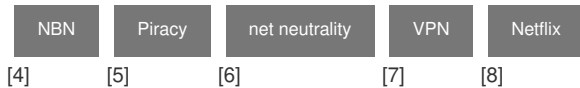


<http://www.gizmodo.com.au/2015/03/netflix-ceo-reed-hastings-on-the-nbn-piracy-and-launching-in-australia/> [3]

My takeouts :

1. "With NBN, Australia has jumped to be one of the leaders in the world in internet infrastructure" - this is an early call. Australia is still a long way behind and might just catchup as the rest of the world moves on to Gigabit networking
2. "There's no reason for data caps. We want to make the internet unmetered. Period. The capped model is antiquated: we want to make it about speed" - this might make sense for Netflix but won't it encourage carriers to get high end users off their network. It seems Netflix sees the internet just like health care - low end users should subsidise high end users. But wait they are still trying to get rid of Obamacare in America
3. "Piracy is really the problem around the world. The VPN scenario is someone who wants to pay and can't quite pay. The basic solution is for Netflix to get global and have its content be the same all around the world so there's no incentive to [use a VPN].? At least we can agree on something.

Topics:



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Graham Shepherd

- 19/03/2015 at 08:58 (last edited 19/03/2015 at 08:58)

1. This is a bit of politically correct hyperbole about NBN. In its present configuration both structurally and technically it will never achieve 1Gb/s for consumers.
2. I suspect that the real problem for data caps in Australia is backhaul. Australian backhaul is being addressed but backhaul to the US and Europe is still far too expensive. Otherwise I agree with Hastings that there is otherwise no real need for data caps.
3. Ubiquity of availability and equitable low pricing is a far better way of addressing piracy than the draconian laws now being put forward in Australia and by the TPPA and TAFTA. Low pricing has mostly to do with cutting out the middle men. Carve a Suez Canal through them and you have solved most of the problem.

[Australian backhaul costs](#) [10]

Gary McLaren

- 19/03/2015 at 10:00

Graham your comment on backhaul is interesting. Costs to the US for Australian major ISPs with scale are now pretty low - approx. \$10 per Mbps per month. Costs around metropolitan Australia are lower again - regional Australia is another matter because of limited competition to NBN Co's regional Pols. Telstra and NBN Co charge VC costs - \$17 to \$30 per Mbps. So all up costs per Mbps are around \$30 to \$50 per Mbps. So someone who downloads 200Gbyte (roughly equivalent to 1Mbps for a month assuming some time for sleeping!) costs the ISPs about the same - \$30 to \$50 for a 200Gb plan. So this is a significant cost still that can't be absorbed or subsidised by the low end user. As you can see the main cost going forward will not be domestic and international backhaul but the VC charges of Telstra and NBN Co. NBN Co's will drop over time as volume increases. But a price signal is nevertheless important - no one has given me an argument why low volume users should subsidise high users? I get it in healthcare for good social and economic reasons - a healthy population is good for all - but not aware of any other business model that is sustainable on this basis.

[Gary, price and the cost are](#) [11]

Graham Shepherd

- 19/03/2015 at 11:02 (last edited 19/03/2015 at 11:02)

