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An iWire publication

www.itwire.com

Editor: Stan Beer

Thursday 10 May 2018

NBN CO PUTS POSITIVE SPIN AS 2018 LOSSES MOUNT



CommsWire (ISSN 2202-4549) is published by iWire Pty Ltd. 907/151 City Rd, Southbank, Vic, 3006

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NBN CO LOSSES FOR YEAR MOUNT TO \$3.3B AS USERS RISE TO 3.7M

NBN Co has recorded a loss of \$3.3 billion in the nine months to March 2018, the third quarter of the current financial year. This compares to a loss of \$2.7 billion for the nine months of the previous financial year.

During the third quarter of 2018, the company recorded losses of \$937 million, compared to a loss of \$1.04 billion in the corresponding quarter a year ago.

But the company's presentation of the results, by chief executive Bill Morrow and chief financial officer Stephen Rue, made no mention of the red ink on the balance sheet.



Instead the pair focused on the metrics that had an upside:

- the rise of revenue for the quarter to \$1.4 billion (\$665 million in Q3 2017);
- active premises of 3.7 million, a rise of 85% from March 2017;
- average revenue per user which rose by a dollar to \$44 from March 2017;
- premises ready for service which was 7.5 million, up from 4.6 million in March 2017 (62% up);
- premises ready to connect (6.49 million, up 44% from March 2017); and
- cash funding which rose by 30% to \$33.2 billion.

“These results demonstrate the progress we’re making on our top three priorities, which are to complete the build by 2020, improve the end user experience, and deliver a modest return on the tax payer’s investment,” said departing CEO Morrow.

“We’ve shown stable performance against our long-term goals on the build side and significant improvements on customer experience.”

Sam Varghese

TELSTRA TAKES ZTE DEVICES OFF ITS SHELVES AFTER 7-YEAR US BAN

Telstra has stopped selling ZTE mobiles and mobile broadband devices from today, following a 7-year export ban imposed on the company in the US, which prevents the Chinese company from buying components from American suppliers.

In a statement on Thursday, Michele Garra, the head of innovation, Product Innovation and Strategy - Telstra Consumer and Small Business, said: "This was a difficult but necessary decision given ZTE's decision to cease major operating activities and we apologise that this will result in a temporary reduction in device options for customers.



"We are working with our device partners to source alternative models as quickly as possible to help meet the needs of customers.

"We want to make sure any device we offer customers is available through all of our stores."

The US Department of Commerce imposed the [ban](#) on ZTE in April, with

the department saying at the time that it was due to alleged false statements made by the company during talks in 2016 over a charge of shipping telco equipment to Iran and North Korea.

As a penalty, US firms cannot sell components to ZTE for seven years.

"We are hopeful that ZTE will be able to reach a resolution to this matter soon so that we can recommence selling Telstra-branded ZTE devices," Garra said.

"We want to make sure our customers who already own Telstra-branded ZTE devices are looked after.

"We will be contacting these customers directly to let them know that there is no immediate impact to their phone or mobile broadband device arising from the issues with ZTE, and that they can continue to use it as usual.

"We will also assure them that should this change we will contact them to step them through their options."

No less than 22 Telstra-branded ZTE devices will no longer be available:

Sam Varghese



John de Ridder

Telecommunications Economist

strategic management • wholesale and retail pricing • regulatory issues

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ACCC LAUDS SPEED LIFT FOR NBN USERS, MASSIVE INCREASE

The ACCC says increasing numbers consumers are receiving higher-speed NBN plans and the 50Mbps plan now makes up 26% of all NBN plans, up from 4.6 % in December 2017.

The March report on the progress of the NBN from the Australian Competition and Consumer Commission (ACCC) comes as the Commission chief Rod Sims (below) says there are signs that competition for NBN services is heating up.



The ACCC chairman said that by the end of March 2018, all 121 points of interconnection (POIs) had at least five access seeker groups acquiring services directly from NBN Co – and at least six groups were connected at 120 of the POIs, and 95 POIs had at least seven groups acquiring services.

“This is a sign competition is continuing to increase, and consumers at ever more locations have a greater choice of providers who directly connect with the NBN,” Sims said.

The ACCC’s ninth quarterly [Wholesale Market Indicators Report](#) found the

number of 50Mbps services being acquired from NBN Co increased from 158,959 to 989,360 in the quarter to 31 March 2018.

“Nearly one million customers are now using a plan with 50Mbps speeds. This is a remarkable shift in just three months,” ACCC Chairman Rod Sims said.

In December 2017, NBN Co launched its ‘Focus on 50’ promotion, offering a temporary credit to retailers for acquiring 50% more Connectivity Virtual Circuit (CVC) per user and reducing the price of the Access Virtual Circuit (AVC) for 50 Mbps services.

According to NBN Co, retailers have taken up these incentives in large numbers, enabling their customers to transfer to the higher 50Mbps speed tier, “which offers them a better NBN experience”.

“We are pleased to see retailers taking up the higher speed services and enabling their customers to shift to 50Mbps plans. This is good for consumers who can enjoy the benefits of higher speeds,” Sims said.

In its [report](#), the ACCC says average CVC per user continues to increase, rising from 1.52Mbps in December 2017 to 1.55Mbps in March 2018, following a 38% increase in CVC per user in the quarter to December 2017.

“However, we would expect that with more consumers on higher speed plans, retailers will continue to provision enough CVC to ensure a continuing good customer experience, particularly during the busy evening periods,” Sims said.

Sims says the ACCC will continue to monitor broadband speeds and CVC utilisation by retailers to ensure that consumers can get the services they are promised.

Class	FTTP		FTTB		FTTN		HFC		Wireless		Satellite	
	Tier (Mbps)	SIO	Tier (Mbps)	SIO	Tier (Mbps)	SIO	Tier (Mbps)	SIO	Tier (Mbps)	SIO	Tier (Mbps)	SIO
1	0.15	904,597	0.15	64,700	0.15	1,365,758	0.15	386,634	0.15	124,383	0.15	21,491
	0.3	18,365	0.3	1,844	0.3	24,724	0.3	1,770	0.3	83		
	0.5	5,601	0.5	456	0.5	5,987	0.5	371				
	1	1,185	1	58	1	268	1	41				
	2	11	2	2	2	6	2	0				
	5	25	5	2	5	26	5	0				
	Total	929,784	Total	67,062	Total	1,396,769	Total	388,616	Total	124,466	Total	21,491
2	5	2,388	5	347	5	2,407						
	10	335	10	47	10	339						
	20	116	20	11	20	45						
	30	9										
	40	20										
	50	4										
	60	1										
	70	0										
	80	0										
	90	0										
Total	2,882	Total	405	Total	2,791							
4	12/1	380,167	12/1	35,380	12/1	485,461	12/1	134,521	12/1	39,222	12/1	28,670
	25/5	349,947	25/5	28,483	25/5	376,425	25/5	100,962	25/5	171,904	25/5	59,064
	25/10	11,217	25/5-10	845	25/5-10	7,586	25/10	327				
	50/20	298,121	25-50/5-20	18,827	25-50/5-20	535,097	50/20	117,954	25-50/5-20	19,361		
	100/40	199,778	25-100/5-40	12,619	25-100/5-40	138,176	100/40	63,429				
	250/100	294										
	500/200	14										
	1000/400	143										
	Total	1,239,681	Total	96,154	Total	1,742,745	Total	417,193	Total	230,487	Total	87,734

Table 2 – Sum of contracted CVC capacity by State and by CVC traffic class, 31 March 2018

Key points from the ACCC's March report on the NBN include:

- The number of 50Mbps services increased substantially and now account for 26 per cent of all wholesale services. The number of 50Mbps Services in Operation in March 2018 was more than six times that in the December quarter.
- NBN Co was supplying a total of 3,813,994 wholesale broadband access services (up from 3,467,306 services in the December quarter).
- A total of 6,008 gigabits per second of CVC capacity was acquired at the end of the March 2018 quarter (5,385 for December).
- The average amount of TC-4 (residential broadband) CVC acquired per user increased from 1.52Mbps in December to 1.55Mbps in March 2018.
- There are at least seven access seeker groups directly connected at 95 of NBN Co's 121 POIs.

Peter Dinham

RURAL GROUP SLAMS GOVT OVER LACK OF BLACK SPOT FUNDING

A coalition fighting to improve communications services in regional Australia says it is disappointed that the Coalition Government failed to commit in the Federal Budget to funding future rounds of the Mobile Black Spot Program.

The Rural Regional and Remote Communications Coalition said in a statement that improved mobile coverage was essential for the agriculture sector to become a \$100 billion industry by 2030.



It was also critical for the health and economic well-being of regional communities, the statement added.

"Mobile coverage is a major problem for a lot of our members," Derek Schoen, president of the NSW Farmers Association, said.

"The Government's failure to commit additional funding to the Mobile Black Spot Program is a let-down for regional

communities."

The RRRCC said it was aware that some mobile black spot towers, which were funded under previous rounds of the Program, were yet to be built, and called on the government and industry partners to speed up its rollout.

"We are huge supporters of the Program. It is delivering for regional communities and businesses, and will continue to do so under current funding," Australian Communications Consumer Action Network chief executive Teresa Corbin said.

"However, a lack of commitment to further funding will leave many areas without mobile phone coverage. It is fair to say we are disappointed.

"What is needed is a long-term commitment from the federal government that this, or similar programs will continue. We will be raising this as a priority in the upcoming Federal Regional Telecommunications Review, due to kick off in the coming months."

She said the RRRCC welcomed the government's \$260 million commitment to improve GPS and satellite imagery and the \$2.4 billion investment in science and technology to improve agricultural output and innovation in production.

Sam Varghese

FORMER US-BASED VERIZON EXECUTIVE JOINS TELSTRA BOARD

Telstra has appointed Texas-based 30-year veteran telco executive from Verizon Communications, Roy H Chestnutt, to its Board.

Chestnutt (below) was most recently Executive Vice President, Chief Strategy Officer for Verizon Communications and has held leadership positions with other leading firms including Motorola, Grande Communications, Sprint-Nextel and AirTouch.



Telstra Chairman John Mullen said Chestnutt would be a timely and impactful addition to the Board, bringing with him more than 30 years of direct telecommunications experience.

“We are delighted that Roy will join the Telstra Board and provide significant perspective from the US market and more globally,” Mullen said.

“The rapidly changing environment in which we operate requires far greater consideration of international best practice and we need to evolve as a Board accordingly.

“On top of his company level responsibilities, his strategic leadership position within the global industry will be enormously useful for Telstra.”

Chestnutt started his telecommunications career with AirTouch, from 1986 to 1998, followed by eight years with Nextel and Sprint-Nextel.

He also served as Chairman and CEO of Texas-based cable and broadband company Grande from 2005 to 2009.

Chestnutt has spent his last six years with Verizon, including almost five as head of strategy responsible for the development and implementation of Verizon’s overall corporate strategy, including business development, joint ventures, strategic investments, acquisitions and divestitures.

He has also been a director for international industry association GSMA and is a former chair of the Chief Strategy Officers Group including 25 global strategists from the world’s leading wireless carriers.

He is also a Board member for Saudi Telecom and Digital Turbine.

Peter Dinham

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