

# CommsWire

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## GOVT SLAMMED OVER RIDICULOUS NBN TARGETS



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## LABOR SLAMS GOVT OVER 'RIDICULOUS' NBN TARGET CLAIMS

The Australian Labor Party has described as "ridiculous" a claim made by the Federal Government that NBN Co — which released its half-yearly results on Monday — was continuing to exceed its targets and has produced numbers to negate the claim.

Labor Shadow Communications Minister Michelle Rowland and Shadow Finance Minister Jim Chalmers said in a joint statement the NBN Co had fallen well short of the targets it had outlined in its [first corporate plan](#) which was issued after the federal election in 2016.

|                    | <a href="#">Post-election target for FY19</a> | Half year result for FY19 | Exceeding targets?       |
|--------------------|---|---------------------------|--------------------------|
| Revenue (FY19)     | \$3.7 billion                                 | \$1.3 billion             | Will fail to meet target |
| ARPU               | \$52 by FY20                                  | \$45                      | Will fail to meet target |
| Activations (FY19) | 2.4m premises                                 | 0.6m premises             | Will fail to meet target |
| HFC RFS            | 2.6m premises                                 | 1.1m premises             | Will fail to meet target |
| HFC Activations    | 1.5m premises                                 | 0.5m premises             | Will fail to meet target |

In a statement issued shortly after NBN Co announced its [results](#), Communications Minister Mitch Fifield and Finance Minister Matthias Cormann [said](#) they welcomed the figures which "confirms the company is exceeding its connection and financial targets".

[It was pointed out to Labor that the NBN Co had issued corporate plans in subsequent years as well, but a spokesperson said these were of no significance as the only thing they did was to lower targets in the hope of meeting them the next time around.]

On the targets set for revenue in FY19, average revenue per user, activations, HFC installations ready for service and HFC activations, Rowland and Chalmers claimed the Government would fail to reach each and every target.

For example, on the FY19 revenue, they said the post-election target had been \$3.7 billion and what had been achieved for the half-year was only \$1.3 billion, which pointed to a possible failure to meet the target (See table above).

The two Labor shadow ministers also pointed to targets outlined in the Government's [2013 NBN election policy](#) and said the Coalition had promised to spend \$29.5 billion to get the network built but the current estimate was \$50.9 billion, or \$21.4 billion over budget.

Rowland and Chalmers also pointed to the expected date of completion: in 2013, the Government said the rollout would be complete by 2016 but now it is 2020.

**Sam Varghese**



## NBN CO WILL REACH \$52 ARPU IF RSPS PAY FOR CVC 'OVERAGE'

**The only way that national broadband provider NBN Co can achieve its stated aim of reaching its goal of \$52 average revenue per user by the time the rollout ends, is by earnings from what is called CVC "overage", the head of a small RSP claims.**

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Damian Ivereigh, CEO of Launtel, said in [a blog post](#) that connectivity virtual circuit or CVC was the bandwidth that retail service providers purchased from the NBN Co. The RSPs had initially minimised the amount of CVC they bought, due to the cost involved.

Then the NBN Co started offering bundled solutions, with enough CVC at a reasonable discount. Last year there was the Focus on 50 campaign to increase the take-up of 50Mbps packages and then this year there is a campaign to push 100Mbps plans.

But, Ivereigh pointed out, the catch to buying bundles from the NBN Co was that the RSP had to commit to not congesting their CVC. "They [NBN Co] do this by explicitly stating that they [RSPs] must not exceed 95% utilisation for more than seven hours in any seven-day period – there's more in there, but that's the gist of it," he explained.

The bundles included 2Mbps for an NBN50 connection and 2.5Mbps for an NBN100 connection. But given that bandwidth use was growing at about 40% per annum, a bundle with 2Mbps would need 2.8Mbps the following year to keep pace with growth.

And herein lay NBN Co's salvation. "So if you're an RSP selling unlimited data plans what do you do? You can't constrain your users (or even get more money from them by upgrading to higher data download plans) yet you also can't let your CVC become congested.

"You just have to buy more CVC — more than the included bundled amount — to avoid congestion. This extra amount is called 'CVC overage' and NBN currently sells it for \$8/Mbps/month.

"So some quick maths. If you are selling an NBN50 with its 2Mbps of included CVC, but actually have to allocate 3Mbps to avoid congestion, instead of that connection costing you \$45 per month, you are now looking at \$53 per month. [And] NBN Co's revenue problem [is] solved!"

But he said there was no guarantee that the RSPs would continue to play ball.

"The good ones [RSPs] probably will go ahead and they will either have to stop selling unlimited plans or put up their prices," Ivereigh said. "The others will simply restrict the bandwidth before it reaches the NBN Co to keep it below the 95% threshold that NBN Co have set, in order to stay within the rules. So we will be back to 2017 with its congested networks all over again. "

He said the NBN Co was banking on RSPs buying this overage.

**Sam Varghese**



# John de Ridder

Telecommunications Economist

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## BEAM GETS SIXTH ORDER FOR PORTABLE SATELLITE DEVICES

**ASX-listed Beam Communications says it has received a new order for 5000 of its portable voice and data satellite devices, known as Iridium GO! units, from American mobile satellite network equipment and services operator Iridium Communications.**

Beam specialises in design, development, manufacture and distribution of satellite, cellular and dual-mode equipment, applications and services.



In a statement Beam said the new order took the total number of Iridium GO! devices ordered by Iridium Communications to 40,000 over the last five years.

It said more orders were expected in the wake of the US\$3 billion upgrade of the Iridium satellite network and this meant that it would return to profitability in the 2018-19 financial year.

“We are very pleased with the strong demand for Iridium GO! and look forward to its continued popularity, particularly after the recent completion of our US\$3 billion satellite constellation upgrade campaign, known as Iridium NEXT,” said Bryan Hartin, executive vice-president, sales and marketing at Iridium.

“Completion of Iridium NEXT has assured our customers that the reliable and critical lifelines that Iridium provides will continue uninterrupted, as we remain the only communications company of any type with real-time, truly global coverage.”

Beam said it expected to deliver the Iridium GO! units the end of the first half of the 2020 financial year.

The company said it was on track to meet the delivery schedule of the previous order from Iridium announced in July 2018. This was expected to be completed by the end of the 2019 financial year.

Beam shipped 2500 Iridium GO! devices last month and said it would ship the remaining 2500 units in May.

**Sam Varghese**

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## ASD SAYS NO COMMENT ON UK HUAWEI RISK REPORT AT THIS STAGE

**The Australian Signals Directorate says it has, at present, no comment to make on reports that the UK's National Cyber Security Centre has found that any risks posed by equipment supplied by Chinese firm Huawei for 5G rollouts can be mitigated.**

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An ASD spokesperson told *CommsWire*, in response to an inquiry, that the article which reported the NCSC's conclusion had stated "the [British] government 5G review was 'ongoing' and 'No decisions have been taken'."

As this process was as yet incomplete, the spokesperson said: "ASD does not have any comment to make at this time."

The NCSC's conclusion, [reported](#) by London's *Financial Times* on Sunday, was conveyed to the paper by two individuals said to be familiar with the agency's finding, and said there were ways to limit the risks from using the company's gear in future ultra-fast networks.

The [conclusion](#) was characterised as a "serious blow" to ongoing American efforts to persuade European and other countries not to use Chinese equipment in 5G networks.

An NCSC spokesperson told *CommsWire* it would not comment on the specifics of the FT report.

"The National Cyber Security Centre is committed to the security of UK networks, and we have a unique oversight and understanding of Huawei engineering and cyber security," the spokesperson said.

"As was made clear in July's HCSEC oversight board, the NCSC has concerns around Huawei's engineering and security capabilities. We have set out the improvements we expect the company to make."

The reference was the Huawei Cyber Security Evaluation Centre where the company's staff work alongside members of the NCSC to sort out any issues perceived as causing security issues for British networks. Each year, the CSEC's Oversight Board issues a report, outlining issues, if any.

"The latest Annual HCSEC report will be published in the near future," the spokesperson added.

The US has been campaigning for at least the last two years to try and get countries that it considers allies not to use Huawei equipment in the rollout of 5G networks. [Australia](#) has bowed to these wishes, as has [New Zealand](#).

*CommsWire* also contacted Huawei for comment, but the company had nothing to add to the report.

**Sam Varghese**

# NEW ZEALAND SAYS IT WILL MAKE ITS OWN DECISION ON HUAWEI

**Unlike Australia, New Zealand says it will carry out its own risk-assessment to make a final decision on whether to use equipment from Chinese telecommunications gear maker Huawei Technologies in its 5G networks.**

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The comment by Prime Minister Jacinda Ardern at a regular weekly news conference on Monday came after [a report](#) said Britain's National Cyber Security Centre had found that any risk posed by Huawei to 5G networks could be mitigated.

In November, New Zealand's General Communications Security Bureau, the country's main spy agency, said it had [refused](#) telco Spark permission to use Huawei equipment in its 5G network after the two companies demonstrated the technical implementation of access and core separation for 5G.

Ardern said the GCSB had given Spark options to mitigate the security concerns over the use of Huawei equipment. "The ball is now in their court," she said.

Huawei has set up a Cyber Security Evaluation Centre in the UK where its staff work alongside members of the NCSC to sort out any issues perceived as causing security issues for British networks. Each year, the CSEC's Oversight Board issues a report, outlining issues, if any.

The British Department of Digital, Culture, Media & Sport is also carrying out a review of the country's telecommunications infrastructure and it is likely to contain recommendations on the Huawei issue.

Ardern said that the GCSB would look at the country's legislation and its own assessments while making a decision.

She said while it was fair to say that the Five Eyes nations — the US, the UK, Canada, Australia and New Zealand — shared intelligence information, Wellington made its own independent decisions.

Contacted for comment, Spark Corporate Relations lead Andrew Pirie said the company was not commenting on the British situation as it had no specific insight into the conclusions of the NCSC, nor what implications it held for the final UK decision on Huawei.

"In New Zealand, we are still in discussions with GCSB officials," Pirie added.

"We are working through what possible mitigations we might be able to provide to address the concerns raised by the GCSB, and have not yet made any decision on whether or when we should submit a revised proposal to GCSB."

**CommsWire** has also contacted Huawei for comment.

**Sam Varghese**

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