

# CommsWire

Essential daily reading for the communications industry executive

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## NBN CO TARGETS RSP DISQUIET WITH PRICE REVIEW



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## NBN CO GETS SET TO ISSUE WHOLESALE PRICING REVIEW PAPER

**Australian national broadband provider NBN Co will issue a wholesale pricing review to a number of telecommunications providers today in a bid to quell disquiet in the industry.**

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The review will reportedly propose methods to increase the margins that telcos can make by reselling NBN services, something they have complained about for a long time.

It is expected to focus on improving customer experience, reaching segments of the population who are not served properly by the service - like the poor and renters - and improving the earnings for the company, RSPs and users.

In an embargoed announcement issued on Wednesday night, NBN Co said it was considering the possible introduction of a new 100/20 wholesale product.

It also said it was increasing the wholesale CVC inclusion from 2.5Mbps to 3Mbps for the Bundle 100 and above Discounts.

But the cost of the Wholesale Bundle 100 Discount would not change from \$65 and the CVC inclusion change would take effect in September. Existing dimension-based discounts for RSPs have been extended until 30 June 2020.

There have been complaints aplenty from telcos about their inability to make a profit while reselling the NBN Co's current offerings.

Most recently, the Tasmania-based Launtel said it was thinking of dropping its 250/100Mbps plan in Canberra due to the high cost of CVC.

In April, the Australian Competition and Consumer Commission's chief Rod Sims [said](#) the NBN Co's pricing, introduced in the six months prior, had led to the cost of basic NBN plans becoming an affordability issue for Australians on lower incomes.

He said NBN plans were more expensive than the equivalent ADSL plans, pointing out that an ADSL Internet and voice plan with 100Gb of data cost about \$50 a month. And, Sims added, an ADSL plan with unlimited data was available for about \$60.

The wholesale cost of accessing the NBN to supply a 12Mbps service had increased by leaps and bounds and was now almost the cost of a 50Mbps service.

In February, the Australian Communications Consumer Action Network, a lobby group for users, [called](#) for providing a wholesale broadband concession to that those on lower incomes could get cheaper broadband connections at home.

ACCAN said a 50Mbps plan that provided unlimited data should be offered at a wholesale price of \$20 by NBN Co.

This would mean an average price of \$30 per month for households who were eligible to subscribe to this plan - almost half the existing cost.

**Sam Varghese**

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## NBN CO CONSULTATION WON'T SOLVE WHOLESAL PRICING: BUDDE

**Australian telecommunications consultant Paul Budde says while the NBN Co's latest bid to hold a consultation on pricing is better than nothing, it is unlikely to resolve the fundamental issues that are posed by the wholesale pricing.**

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Responding to a query from *CommsWire*, Budde said: "The fact that the issue is quite complex is a phenomenon that you see across utilities-based industries.

"Try to find the best mobile package or electricity price, fat chance."

NBN Co [announced](#) on Thursday that it would be circulate a consultation paper exploring options for wholesale pricing. The big telcos are expected to be invited to participate.



Budde (left) said the problem with NBN Co was that its network was costing double the price of what (former Prime Minister) Malcolm Turnbull estimated, while at the same the return on investment had remained the same.

"So the costs that NBN Co has to recoup are immense and the person who has to pay for this is the user (through the RSPs)," he pointed out.

"The RSPs know that customers will only pay so much for their broadband connection.

"Whatever complexity the companies (speeds, downloads, messaging, etc) build into their products to confuse customers, the end result is that if the price is unaffordable, customers won't buy it.

"The real problems are in that part of the market.

"Customers here are buying the lowest cost products, which also means the lowest speed packages, and NBN Co has made it increasingly more difficult for RSPs to buy products that fit that market at affordable prices.

"That is where the real problem is and it will be the key discussion point for RSPs.

"It is nice that the price for a 100Mbps products will be a bit cheaper but that is not where the problem is.

"Nevertheless [it is] good to see NBN Co opening the discussion."

The Australian Communications Consumer Action Network (ACCAN) welcomed the NBN Co announcement.

In response to a query from **CommsWire**, ACCAN, which styles itself as Australia's consumer voice on phone and Internet issues, said it had always strongly championed the need for affordable home broadband.

ACCAN said high-cost broadband services made accessing important education, employment, health and government services very difficult for communities.



"No Australian should be left offline simply because of the cost of a home broadband connection," said ACCAN chief executive Teresa Corbin (left).

The organisation said it was pleased that NBN Co would be extending existing discounts for telcos until 30 June 2020.

"This extension should mean that NBN broadband providers are able to offer their customers a stable price as their wholesale costs will not be increasing before this date," ACCAN said.

"The continuity of these discounts is important for both telcos and consumers

"If the prices that telcos pay are at risk of suddenly increasing, this would almost certainly mean higher telco bills for Aussie households," Corbin said.

**Sam Varghese**



# John de Ridder

Telecommunications Economist

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# NBN MESS: LABOR'S SIN COMPOUNDED BY COALITION'S MTM

**COMMENT: The Australian Labor Party's obsession with neo-liberal economics has doomed the National Broadband Network from the time it set up NBN Co in 2009 to build a country-wide network that would be unfit for purpose.**

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Thursday's patchwork [approach](#) by NBN Co to filling up the cracks is just the latest indication of this.

Any time there is a groundswell of complaints about the cost of NBN connections — either from telcos, both the entitled and unentitled ones, and the masses — the NBN Co, no doubt under pressure from the government, reacts and offers a figleaf to cover its nakedness that has long been exposed.

For the government, those complaints equate to votes and even though one election has been won, it is better not to squander any perceived goodwill.

So, there will be some soothing talk and one should not be surprised if the new Communications Minister Paul Fletcher, himself, comes out and makes some soothing noises.

There was much talk by the former head of NBN Co, [Bill Morrow](#), about average revenue per user going up to \$52 and helping the beleaguered corporation to break even. That was an illusion then, and still is.

Meanwhile the NBN Co occupies itself with doing everything but its core task — there is plenty of fluff on [its blog](#) if anyone cares to look.

All these reluctant consultations are too little and too late. Fibre was the only solution that anyone with the IQ of the common cockroach would have considered. And making the network public infrastructure was mere common sense.

But when it comes to providing infrastructure to the very people who pay for it, both sides of politics are loath to fork out.

Labor offered us its compromise — 93% of you will get fibre to the home, but you will have to pay through the nose so that we can balance the books. The Coalition was even more expert — they gave us copper and the infamous HFC, courtesy of Malcolm Bligh Turnbull, a man reputed to be overfull with knowledge of technology, but in reality a shell full of bluster.

One little digression: this month, I was informed by NBN Co that the sacred HFC which supplies an erratic broadband service to my residence will have three service windows of 80 hours each. Yes, three days plus in each case.

The total downtime during each of those windows will be 150 minutes — but the whole exercise is like Chinese drip torture, because one has to wait in a state of suspended animation and hope that the expected outage does not happen during working hours.

An Ethernet cable is the only way to use what is supplied; try wireless and you are condemned to waiting for audio and video to sync as you try to load a video.

Thank you, Malcolm. I have seen far more outages in 20 months of using the NBN on HFC than I have seen in the 20 years before that, on both DSL and dial-up. For me, at least, that is a telling statistic.

Australia is one of the richer nations on the face of the earth and it has plenty of money to build a true next-generation network with taxpayer funds – if it is interested in doing so.

When it comes to doling out tens of billions to the Americans to buy [fighter planes that cannot fight](#), every politician from the prime minister downwards will beam and vote yes.

Exactly whom we are getting ready to fight is a mystery - unless we are preparing to donate the next lot of young Australians as cannon fodder for the various wars that Washington seems to be itching to start. We have already done so on numerous occasions and the evidence of PTSD among returned soldiers is evidence of that.

There is also plenty of cash when the prime minister wants to visit a mothballed refugee centre — nearly \$200 million — as an election stunt. But broadband? Something that could contribute towards learning, research, next-generation industries, the start-up sector? Perish the very thought. We ain't got time for that new-fangled jazz; give us some water from the Murray that we can sell at a premium, instead.

And lest one forget, there's those submarines. Ninety billion dollars have been paid out to some big defence firm – and in return we will get a few jobs locally. That is an idea to be supported in all corners of the land. The military-industrial complex should not be allowed to lack any creature comforts.

Where public infrastructure is concerned, the mandarins act as though they are doing the natives some kind of favour and put hand in pocket with the greatest reluctance. The fact that this money belongs to those very natives, and not to the men and women in the Canberra bubble, is conveniently forgotten.

This writer doubts he will be around to see the next act in this crazy neo-liberal drama, the stage at which good ole Aussies are told, in true Republican style, that if they want fibre to the home, then they can get it on the morrow.

The only, ahem, difficulty is that they will have to pay for it themselves.

After all, there ain't no socialist government in this country. Get yer broadband, yerself, cobber.

**Sam Varghese**



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# MOTOROLA COMPLETES VIC POLICE MANAGED SERVICES ROLLOUT

**Motorola Solutions has completed the rollout of a new mobility managed service to Victoria Police, which the communications solutions company says will enable increased situational awareness, safety and productivity on the front line.**

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With the rollout, police officers across Victoria have received 9,398 mobile devices loaded with smart applications to give them a technological edge to protect community safety.

Motorola says its complete, end-to-end managed service enables Victoria Police members to focus on core policing activities rather than managing the technology.



The service includes device management, support, repair and replacement services, with the technology delivering immediate operational information to police in the field while helping to preserve mission-critical radio communications for when they are needed most.

With the rollout now complete, the solution enables Victoria Police to

meet a major goal within its BlueConnect program - "Connecting police and the community through technology."

Motorola says the holistic managed service will run for a minimum of five years with the potential to extend to 11 years. and is valued at more than \$50 million.

The solution includes a mobile application developed by Gridstone, the application development firm Motorola Solutions acquired in 2016.

Motorola Solutions Vice President and Managing Director Steve Crutchfield said the rollout of the technology was completed two months ahead of schedule.

"Victoria Police's frontline officers now have access to data when and where they need it most and can manage their essential daily tasks more safely and efficiently.

"For example, the application can provide vital information to officers before they enter a potentially dangerous situation. In the future, the application will also free up officers' time, enabling them to complete crime reporting and administrative tasks in the field instead of back at the station."

**Peter Dinham**

# HAWAII OPENS NEW DIRECT NETWORK ROUTE TO LOS ANGELES

New Zealand cable operator Hawaiki Submarine Cable has expanded its subsea network with a new direct route to Los Angeles which is claimed to give clients operating between Australia, New Zealand and the US better connectivity and diversity of routes.

The Hawaiki transpacific cable is a 15,000-km fibre optic deep-sea, carrier-neutral cable with a design capacity of 67Tbps.

It is claimed to be the fastest and largest capacity link connecting Australia and New Zealand to Hawaii and mainland US.



In a statement, the company said the new route, based on the most easterly segment of the SEA-US cable, marked the completion of its routes to the US, including Hillsboro, Seattle and Hawaii.

“As demand for capacity continues to rise sharply, customers are constantly looking for versatile connectivity solutions,” said Hawaiki chief executive Remi Galasso.

"This expansion marks an important milestone for Hawaiki as it both strengthens our position in the US market and greatly enhances our network flexibility.

“It also provides our customers with powerful new options in terms of capacity products, delivery points and route diversity.”

**Sam Varghese**

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