either a revenue sharing programme or a fee system for OTTs. The TRAI responded that operators are able to offset their losses through growth in data revenues, and that it will take no action against OTT services.

ON THIS DAY 10 YEARS AGO: FROM THE COMMSDAY 2004 ARCHIVES

Wireless broadband provider Unwired Australia commercially launched its Navini-supplied, A$33 million Sydney-based network with the aim of capturing a good chunk of the burgeoning mobile broadband customer segment... OzEmail announced it would launch a self-branded iBurst wireless broadband offering... Hutchison announced that it had contracted key vendor Ericsson to begin a capacity ramp-up project.

LETTERS TO THE EDITOR

From AMTA CEO Chris Althaus

I read with interest your article in yesterday's edition: 'Researcher calls for more study of cellphone radiation'.

It quoted Dr Dariusz Leszynski and his claims that industry has allegedly "denied funding" to research of potential health impacts of mobile telecommunications devices.

In Australia, this certainly is not the case. The mobile telecommunications industry actively supports scientific research on health and safety issues related to radiofrequency electromagnetic energy through a hypothecated research levy on annual licence fees paid by network carriers to the Australian Communications and Media Authority.

The Australian network carriers provide about $1 million a year to the federal government's research projects via the levy. The ACMA collects the levy and the National Health and Medical Research Council allocates the funds for scientific research projects. Some of the funds are also allocated to the Australian Radiation Protection and Nuclear Safety Agency for public awareness and education on EME-related issues.

AMTA estimates that industry has provided more than $15 million to the government's research effort since the levy started in 1996.

It should be stressed that the allocation of funds collected from industry via the levy is completely arms-length from industry, which has no input into the funding allocation or the research. All research is independent of industry, which has no say over how the funding is used.

The Australian government will contribute $5 million over the next five years towards research into possible health effects of exposure to EME from mobile telecommunications technology.

In 2102, a commissioner with the International Commission on Non-Ionizing Radiation Protection, Professor Rodney Croft, was awarded $2.5 million to set up the Australian Centre for Electromagnetic Bioeffects Research.

Chris Althaus

From Professor Reg Coutts

Re 'Rod Tucker claims Scales ignored advice on ACCC role' in yesterday's CommsDay. As a member of the expert panel with Rod Tucker on the 2008/09 version of the NBN formulation I can only strongly echo Rod's comments that we thoroughly considered the options for the NBN particularly FTTN and the possible scenarios to transition to a FTTP solution which is accepted worldwide as the 'final solution' as [Telstra chief scientist] Dr Hugh Bradlow has said publicly several times!

Our conclusion in 2008 that FTTN could not be assumed as a transition to FTTP (unless done by Telstra!) was reached before the 'unsolicited' report by the ACCC was received literally at the 11th hour of the process and certainly did not influence our conclusion. Mr Scales mentions only one (Analysis-Mason) of three detailed reports comparing the costs of FTTP versus FTTN which we considered, all of which are in the public domain!

Rod, I and Tony Shaw each individually told Bill Scales that the ACCC 'bombshell' as it has been termed was NOT a major influence (let alone a 'bombshell)' on our conclusion re FTTN transition to FTTP. Tony Mitchell who was unable to meet Mr Scales also shares this recollection. I cannot usefully speculate on what John Wiley and Patricia Scott would recall as influencing their decision to concur with the conclusion made by the panel. Hopefully the history of NBN will be written from objective analysis of the evidence (both written and oral) and after reflection of outcomes for Australia!

COMMENT BY KEVIN MORGAN

iiNet's road ahead

Breaking the billion dollar revenue mark provided a neat headline for iiNet but otherwise it was year of quiet consolidation – the quiet achiever of the telco sector continued to do what it does best, grow off a high value customer base.

But in contrast to the past few years, increased costumer numbers has been realised through organic growth rather than by buying rival RSPs. The round of acquisitions ended in mid 2013 with the purchase of Adam Internet and now the value of those acquisitions is starting to flow through into increased earnings as synergies are realised.

Yet shrewd as those takeovers of rivals have been, they still leave iiNet's customer base skewed toward Western and South Australia – providing both opportunity and challenge as it seeks to grow in the more populous eastern states. Clearly the NBN rollout could be the ready vehicle for growth in markets such as Sydney and Melbourne. iiNet is taking a healthy share of NBN and greenfield fibre customers with 20% NBN market share. That's no mean achievement given the NBN rollout stalled on its home turf in Perth and Adelaide. But then early NBN adopters taking higher speed packages are by definition iiNet's market – users who want value but top line customer service.

With a re-jigged NBN rollout promised for the coming years iiNet will no doubt take a bigger share of the eastern states broadband market, but in the interim delays with the NBN shouldn't be of too much concern to it. Excluding Adam Internet, 65% of iiNet's 950,000 broadband customers are 'on-net' generating a whopping 68% gross margin compared to the 19% margin from 'off-net' (resale) customers. Given on-net margins like that, which rival Telstra's copper margins, iiNet will be in no hurry to see their DSLAM investments stranded by the NBN although they will be keen to see the rollout in areas where they are still engaged in ADSL resale. At current tariffs the NBN offers a significant margin lift, a near doubling of margin over resale of ADSL.

And even in the mobile sector, a challenging area for the second tier operators without their own networks, iiNet is generating a relatively healthy margin of 29%, although customer numbers remain modest at 156,000 – a gain of 30,000 over the year. Given the value that lies in bundling fixed and mobile broadband, securing enduring rights to mobile capacity is perhaps one of the biggest challenges that faces iiNet.

But it's not the only challenge. Despite adding 40,000 broadband customers during the year it appears the fixed line broadband market is, in the absence of a large scale NBN rollout, effectively saturated meaning significant growth may demand a return to the acquisition trail. With a gearing ratio (net debt/equity) of 50% the balance sheet could support a further round of take-overs given the size of potential targets. There are still 67 medium to large RSPs (1,000 -100,000 customers) that could be mopped up. That's a question the new CEO David Buckingham must be considering.

Over the last seven years, iiNet's share price has increased by a staggering sixteen times. Maintaining the momentum that Michael Malone established is a big call, and growth through acquisitions may be the only real option if iiNet's stellar performance isn't to stall.