

# CommsWire

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## CHINESE MOBILES TAKING AUSTRALIA BY STORM



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## RAPID GROWTH IN AUSTRALIA FOR CHINA'S HUAWEI, OPPO

**Australians are buying mobile phones from big Chinese companies Huawei and Oppo faster than handsets from other providers, according to new research which reveals Huawei's share grew by 87% to 471,000 handsets in the 12 months to September 2018.**

According to newly published research from Roy Morgan, Huawei's Chinese rival handset maker Oppo, which only entered the Australian market in late 2014, has grown from a standing start to be Australia's seventh most widely held handset with 368,000 Australians owning Oppo handsets.

Mobile phone handset growth Sept. 2016 cf. Sept. 2018 ('000)

	12 months to September 2016	12 months to September 2018	Handset Growth %
1 Apple iPhone	7,418	8,636	16%
2 Samsung	5,647	5,641	0%
3 Telstra	889	856	-4%
4 HTC	725	524	-28%
5 Huawei	251	471	87%
6 Nokia	1,182	436	-63%
7 Oppo	n/a	368	n/a
8 Sony	470	324	-31%
9 Motorola	201	230	14%
10 LG	359	218	-39%

But, although the two Chinese handset makers are growing faster than any of the other leading handset makers, they remain well behind the two market leaders the Apple iPhone and Samsung.

Australia's most widely held mobile phone handset is again the Apple iPhone used by over 8.6 million Australians and up by 16% on two years ago.

Meanwhile the handsets of key rival Samsung are used by over 5.6 million Australians in 2018, virtually unchanged on two years ago.

The latest findings from Roy Morgan's Single Source (Australia) is based on a survey of over 50,000 consumers per annum including over 15,000 interviewed about their telecommunications preferences including mobile phone handset ownership.

Analysing handset ownership of Huawei and Oppo by Generation shows that over half of Australians owning Huawei handsets (54%) and nearly two-thirds of Australians owning Oppo handsets (64%) are either Millennials or Generation Z.

According to Roy Morgan, this is far higher than for ownership of all mobile phone handsets, and under half of Australians with mobile phone handsets (45%) are Millennials or Generation Z.



Of the two younger Generations it is Generation Z that is more likely to own both Huawei and Oppo mobile phone handsets.

Over a third of Australians owning Oppo handsets (36%) and nearly a third of Australians owning Huawei handsets (30%) in Generation Z compared to 22% of Australians owning handsets overall.

The research reveals that a similar proportion of Australians owning Huawei handsets (20%) or Oppo handsets (20%) are Baby Boomers just less than the comparable overall figure for Baby Boomers of 22%.

However, only 12% of Australians owning Oppo handsets and 17% of Australians owning Huawei handsets are in Generation X.

Nearly a quarter of Australians owning handsets are in Generation X (23%).

“Chinese smartphone handset maker Huawei has been in the news for all sorts of reasons in recent weeks and months.

“However, the performance of Huawei in the competitive Australian handset market reveals Huawei, along with rival Chinese firm Oppo, is making significant inroads,” says Michelle Levine, Roy Morgan CEO.

“The number of Australians with a Huawei handset has increased by a stunning 87% over the last two years with 471,000 Australians now owning a Huawei mobile phone handset.

“The performance of Oppo is even more impressive. Now 368,000 Australians own an Oppo handset up from virtually nothing a few years ago.

“Oppo first entered the Australian mobile phone handset market late in 2014.

“Both handset makers have a strong appeal to younger Australians with Millennials, and especially Generation Z, providing the core of the market (over 50%) for both handsets.”

**Peter Dinham**

## LABOR: WHY COMMS POLICY ROADMAP MISSING AFTER TWO YEARS

**Labor Shadow Communications Minister Michelle Rowland has taken another potshot at her Coalition counterpart, Mitch Fifield, questioning why the communication policy roadmap touted by the government in 2016 is still under development.**

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In a statement on Friday, Rowland said a year prior, Labor had warned that communications policy was on a road to nowhere under the government because a policy roadmap, announced in 2016, had not been consulted on, or released, by late 2017.

And, she added, "In late 2018, there's still no sign of it."

Rowland referred to a response to a question under notice, which was released on Thursday, wherein it was said that Fifield had released a roadmap in order "to present the government's priorities and achievements in relation to the communications sector" and that "the roadmap is under development".

She said: "Little wonder the roadmap continues to languish when the 'priorities and achievements' of this dysfunctional Liberal-National Government include:

- "building a second-rate copper NBN that costs more and does less;
- "missing deadline after deadline for delivery of the spectrum reforms;
- "stalling the passage of an omnibus deregulation Bill that has been hanging around for years;
- "re-announcing an acronym to describe existing safeguards for the delivery of phone and broadband services; and
- "failing to overhaul the regulatory framework for media and communications, which successive chairs of the ACMA have referred to as 'strained', broken' and 'irrelevant'."

Rowland said the government, in its sixth year in office, had failed "to articulate a genuine vision, strategy or roadmap to address challenges and harness opportunities in the communications sector".

"As other countries implement and refine plans to reap the benefits of communications-based transformation, Australia remains stuck on Groundhog Day," she claimed. "On the eve of 2019, it is clear the ATM government has nothing to guide the Department, regulator or sector.

"Australia cannot afford another term of this dysfunctional government and do-nothing minister."

Reaction has been sought from Fifield.

**Sam Varghese**



# John de Ridder

## Telecommunications Economist

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# ACCAN: CONSUMERS MUST COME FIRST WITH VHA-TPG MERGER

**The Australian Communications Consumer Action Network says the proposed merger between Vodafone Hutchison Australia and TPG Telecom must be viewed through the lens of ensuring consumers a competitive and affordable telco sector.**

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ACCAN, which bills itself as Australia's peak body for consumer representation in communications, was responding to queries from **CommsWire** about the concerns raised by the Australian Competition and Consumer Commission around the proposed deal.

Vodafone Hutchison Australia and TPG Telecom [announced](#) a merger of equals on 30 August, with the scrip deal creating a company with an enterprise value of about \$15 billion.

But on Thursday, the ACCC [raised some concerns](#) about the intended deal, saying that a mobile market with three major competitors was likely to have less competition than one with four.

The consumer watchdog also said it would also scrutinise the impact of removing Vodafone as a competitor in the fixed broadband market.

ACCAN's director or policy Una Lawrence told **CommsWire**: "ACCAN supports a telco sector that is competitive and affordable for consumers.

"In order for this to occur, Australia's telcos sector needs providers that have a strong national footprint, are sustainable in the long-term and can guarantee consumers reliable access to mobile and broadband services.

"The potential merger of TPG and Vodafone must be considered through this lens."

The ACCC said it had published [a statement of issues](#) surrounding the proposed merger and had invited submissions from interested parties until 18 January 2019.

"We welcome the ACCC's further examination into the impact of the merger between TPG and Vodafone," Lawrence said.

"We hope that it will ensure that consumers' interests are at the heart of any final decision."

Contacted for comment, Communications Alliance chief executive John Stanton said he could not comment on commercial issues around carriers, as all were members of the industry lobby group.

A final decision on the proposed merger will be announced on 28 March 2019.

**Sam Varghese**

# T-MOBILE-SPRINT MERGER LIKELY AFTER DEAL TO EXCLUDE HUAWEI

Germany's US mobile subsidiary T-Mobile and Sprint have cut a deal with US national security authorities to get a proposed merger approved, by agreeing to put a brake on using equipment from Chinese telecommunications giant Huawei.

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**Reuters** [reported](#) that the US Government had been hard at work trying to convince Deutsche Telekom, the majority owner of T-Mobile, to drop Huawei as a supplier.

Sprint and T-Mobile agreed to the merger in April. Sprint's majority owner is the Japanese company SoftBank that has worked with Huawei.



The merger between the third and fourth biggest wireless carriers in the US needs the approval of the US Committee on Foreign Investment.

The US has banned the use of Huawei equipment in its 5G networks, claiming that the company can be a conduit for spying by Beijing. Huawei has repeatedly denied that it

can be forced to indulge in espionage.

[Australia](#) and [New Zealand](#) have both followed the US lead and banned Huawei from roles in their respective 5G rollouts.

Last month there were reports that the US was [stepping up the pressure](#) on its allies to give the cold shoulder to the Chinese firm which is the world's biggest supplier of telecommunications equipment.

On Thursday, the Japanese news agency Nikkei reported that the SoftBank Group planned to replace 4G network equipment from Huawei with equipment from Nokia and Ericsson.

Huawei has been thrown into the centre of the ongoing US-China trade row after its chief financial officer, Meng Wanzhou, was [arrested](#) by Canada on 1 December, due to her alleged involvement in sanctions busting through the sales of US products to Iran.

US President Donald Trump [has said](#) he may use Meng as a bargaining chip to obtain a better deal with China.

**CommsWire** has contacted Huawei for comment.

**Sam Varghese**

## ENCRYPTION LAW NOT SMART POLITICS, SAYS SIGNAL DEVELOPER

**The Federal Government's encryption law does not seem like smart politics, but then nothing about it seems particularly smart, according to developer Joshua Lund who works for the project developing the encrypted messaging app Signal.**

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In [a blog post](#) about the encryption law, which was [passed](#) by Parliament on 6 December, Lund said through the entire eight-year development of Signal, a project run by Open Whisper Systems which is the brainchild of well-known cryptographer Moxie Marlinspike, resistance had been encountered from people who struggled to understand end-to-end encryption or those who sought to weaken its effects.

He added that this was not a new dynamic.

"We can't include a backdoor in Signal, but that isn't a new dynamic either," wrote Lund.

"By design, Signal does not have a record of your contacts, social graph, conversation list, location, user avatar, user profile name, group memberships, group titles, or group avatars.

"The end-to-end encrypted contents of every message and voice/video call are protected by keys that are entirely inaccessible to us.

"In most cases now we don't even have access to who is messaging whom."

The Labor Party and the Government struck a deal on 5 December to pass the bill, officially known as the Telecommunications and Other Legislation Amendment (Assistance and Access) Bill 2018, on Thursday, the last sitting day of Parliament for the year.

Some 50 pages of amendments were handed to the various parties early on 6 December before debate on the bill began.

But the bill was finally passed without any amendments due to there being a lack of time for Labor to add any amendments in the Senate.

Labor leader Bill Shorten agreed to this compromise. on the proviso that the amendments would be passed during the first sitting of 2019.

The Government has said it will consider the amendments, but made no commitment that it would accept all of them.

Lund said everything that was developed for Signal was open source and anyone could verify or examine the code from each release.

Reproducible builds and other means of binary comparison made it possible to ensure that the code which was distributed was the same as that running on users' systems.

"Everyone benefits from these design decisions – including Australian politicians.

"For instance, it has been widely reported that Malcolm Turnbull, the 29th Prime Minister of Australia, is a Signal user. He isn't alone," Lund said.

"Members of government everywhere use Signal.

"Even if we disagree with [Attorney-General] Christian Porter, we would never be able to access his Signal messages, regardless of whether the request comes from his own government or any other government."

However, he pointed out, though Signal developers could not include a backdoor, Australia could attempt to block the service or restrict access to the app.

"Historically, this strategy hasn't worked very well.

"Whenever services get blocked, users quickly adopt VPNs or other network obfuscation techniques to route around the restrictions," said Lund.

"If a country decided to apply pressure on Apple or Google to remove certain apps from their stores, switching to a different region is extremely trivial on both Android and iOS.

"Popular apps are widely mirrored across the Internet. Some of them can even be downloaded directly from their official website."

Lund said one effect of many that the law would have was to isolate Australians from services they depended on and used daily.

"Over time, users may find that a growing number of apps no longer behave as expected. New apps might never launch in Australia at all.

"Technology organisations that want to open offices in a new country could decide that AEST isn't such a great timezone after all.

"Foreign engineers may choose to watch the Australia episode of Planet Earth in 4K rather than spending \$4K at an Australian programming conference."

His final poser was: "As remote work continues to become more prevalent, will companies start saying 'goodbye' instead of 'g'day' to applicants from Australia?"

**Sam Varghese**

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