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HUAWEI 5G BAN TO COST AUSTRALIA BILLIONS: HU



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HUAWEI 5G BAN WILL COST AUSTRALIA BILLIONS MORE: CHAIRMAN

Australia's ban on the use of 5G equipment from Chinese telecommunications equipment vendor Huawei Technologies will result in the cost of deploying wireless base stations being higher by anything from 15% to 40%, Huawei chairman Ken Hu says.

Hu (below) , who is the rotating chairman of the company at the moment, told a media event in Dongguan, where Huawei has opened a new campus, that his figures were taken from a study titled *The Value of Competition on 5G Network Deployment* carried out by a company known as Frontier Economics. Journalists from AP, The Wall Street Journal, the Financial Times, CNN, CNBC, Reuters, Fortune , Nikkei among others on Tuesday.



The cost of building an entire 5G network in Australia would be higher by several billion dollars, said Hu, adding that what was even worse was that the time for people to adopt and use 5G technology would be delayed.

In response to a question, Hu said that neither the US nor Australia had given any specific reasons for the ban that both countries have imposed on Huawei equipment.

However, countries like the UK, Canada, Germany and France had engaged with the company to sort out any potential issues.

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

Last month there were reports that the US was [stepping up the pressure](#) on its allies.

"It's a pity that we haven't got any clear message from the Australian Government, saying what exactly the problem is, and what is the evidence for them to come to their conclusion," Hu said. "And we did not have the opportunity to clarify this doubt with the Australian Government.

"Our opinion [on labelling Huawei as a security risk] is that any conclusion, any speculation

should be based on real evidence. Either you have evidence to show that Huawei's solution or Huawei's equipment is not secure.

"Over the past 30 years, hundreds of telecom operators have used Huawei's equipment. There have been no major cyber security incidents.

"And there has been almost zero Huawei equipment being used in the United States, so what is the evidence here to say that Huawei is not secure?"

The head of German IT watchdog Arne Schoenbohm [echoed](#) a similar line to *Der Spiegel* on Monday, saying: "For such serious decisions like a ban, you need proof."

Hu also pointed out that while there were allegations made — in the US — that Huawei's behaviour was a problem, over the past 30 years the company had grown to become a US\$100-billion firm with business in 170 countries.

"So the question I want to ask is, for a company with US\$100 billion in revenue, with businesses in 170 countries, with the fact that we've provided leading products to most telecom operators around the world, we serve hundreds of Fortune 500 companies, we also serve hundreds of millions of consumers around the world — you say Huawei is a cyber security risk without any proof. On what grounds?"

Hu said Huawei had secured 25 contracts for rolling out 5G networks and was in the process of shipping more than 10,000 base stations.

The company has undertaken a five-year program to upgrade its cyber security at a cost of about US\$2 billion, he said. The integrated product development program included improvements in software engineering.

Hu said the Oversight Board in the UK had pointed out that the company needed to improve its software engineering capabilities and practices.

"This is help from the UK Government and we feel very appreciative about it. Therefore, as part of the overall IPD 2.0 transformation, we included software engineering capabilities as a very important component. In terms of how we arrived at this number [US\$2 billion], it is based on our technology mix and also based on our own cost estimations," he said.

Asked about the [arrest](#) of the company's chief financial officer, Meng Wanzhou in Vancouver on 1 December, Hu said: "Currently, our business operations are not impacted by the case in Canada.

"Our business operations as a company and operations in the financial system are still business as usual."

He offered no comment when asked about two Canadians who have been arrested in China after Wanzhou was taken into custody, reportedly on grounds of espionage.

Sam Varghese

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ACCC ISSUES INTERIM PRICES FOR CHRISTMAS ISLAND TRANSMISSION

Binding rules of conduct setting out interim prices for new wholesale transmission services to Christmas Island have been issued by the competition watchdog, the ACCC.

The [rules](#), announced on Wednesday by the Australian Competition and Consumer Commission, set interim price terms for access to regulated Domestic Transmission Capacity Services which will be provided over recently-constructed long-distance subsea cable infrastructure.



Transmission services, also known as backhaul, are high-capacity wholesale services that carry large volumes of voice, data and video traffic, often over long distances.

Vocus Communications has built a wholesale transmission link to Christmas Island as part of its Australia Singapore Cable project, which links Perth to Singapore, and plans to provide domestic transmission services to Christmas Island from February 2019.

The ACCC announced the new rules as the current national regulated prices for transmission services, set in 2016 and due to expire at the end of 2019, do not take into account the higher costs of building and operating long-distance subsea cables.

The rules were issued following an application by Vocus.

The ACCC says the arrangement will remain in place until permanent prices are determined during a public inquiry process, which commences today.

“It is important for competition and investment that access prices reflect the costs of providing a service, including a reasonable return on investment,” ACCC commissioner Cristina Cifuentes said.

“We look forward to hearing stakeholder views on the permanent prices that should apply to this new transmission service.”

The ACCC will examine the interim prices during its public inquiry, and, in addition, is launching a separate inquiry into pricing for the national regulated DTCS network, the current arrangement for which expires on 31 December 2019.

The ACCC says it intends to run a combined public consultation process covering both inquiries and will release a more detailed consultation and position paper in early 2019.

Peter Dinham



John de Ridder

Telecommunications Economist

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ACMA HITS PRIMUS, ISELECT WITH FINES OVER TELEMARKETING

The Australian Communications and Media Authority has fined Primus Telecommunications and iSelect \$8400 apiece for telemarketing services to consumers after they had withdrawn their consent. Dodo was formally warned for a similar offence.

In a statement, ACMA said the fines and warning came in the wake of investigations into complaints found that each of the three businesses had contacted consumers after they had withdrawn consent to being contacted.



"Telemarketers must have the permission of the consumer involved to call a number on the Do Not Call Register.

"Calling a number on the Register without consent is breaching the rules," said ACMA chair Nerida O'Loughlin.

"Consumers have the right to withdraw their consent to accept or continue a call at any time.

"Telemarketers must listen to consumers and take their obligations seriously by removing people from calling lists when asked."

ACMA said a total of \$385,200 in infringement notices has been paid to date this year for breaking telemarketing rules.

Penalties for breaches of telemarketing laws include formal warnings, infringement notices or action in the Federal Court.

Sam Varghese

OPTUS RAMPS UP NETWORK TO PREPARE FOR FESTIVE SEASON

Optus says it has been busy ramping up its network for the festive season, implementing special event parameters to ensure major shopping centres, holiday hotspots and New Year's destinations are ready to handle the significant increase in traffic over the period.

“With many of us starting to wind down on what has been another busy year, the Optus Network team are full speed ahead, helping connect our customers with their loved ones over the Christmas period,” the telco says.

“Despite what we think would be a busy time of year to be calling loved ones, Christmas Day is actually one of the quietest times, with the Optus mobile network carrying 27 million calls on Christmas Day, almost half of the 50 million mobile calls the network handles on a typical business day,” the telco says as it released details of business for the holiday period.

In a light-hearted comment on preparations for the festive season Optus – Australia's second largest telco – says, “It may be surprising, but Santa's home of the North Pole isn't the most popular destination to call on Christmas Day; it's India that takes the fruit cake as the most popular international Australian call destination, well ahead with more than 1.6 million fixed and mobile international call minutes, followed by the United Kingdom with 345,000 and New Zealand with 307,000.”

“Soon after the candy canes have been moved into the discount aisle at the supermarket, Optus' network will be ready to handle more than 65 million mobile calls and 97 million SMS messages throughout New Year's Eve,” Optus notes.

Optus' Managing Director for Networks Dennis Wong said, “The team puts in a tremendous amount of preparation in areas like Sydney Harbour to support more than 1.5 million people scattered around the foreshore on New Year's Eve. With 12 months of planning, we are ramping up network capacity to optimise the network in high traffic areas like Southbank in Melbourne and Brisbane, Perth's Kings Park, along the Torrens River in Adelaide and Lake Burley Griffin in Canberra.

“Our network engineers are expecting the traditional mobile calls and SMS messages to decline gradually again this year with the use of data-based apps becoming more and more popular. The total number of mobile calls and SMS messages decreased by 4% and 6.5% respectively last year compared to a 15% increase in mobile data users, with the likes of WhatsApp and Facebook Messenger becoming our most popular forms of communication across New Year's Eve.

“If you think the stroke of midnight is the most popular time to be using social media on your mobile, you were right! Last year saw SnapChat well ahead of any other application with the multimedia giant using 10.39 TB of data, compared to the next closest application WhatsApp with 755GB of data used.

“Once the champagne corks have popped on New Year’s Eve, we won’t be taking a break as Optus gears up for an exciting year ahead with the launch of our 5G Fixed Wireless Access services in early 2019,” Wong said.

So, for comparison, here’s Optus’ 2017 Optus Network Statistics over the Festive Season:

- On Christmas Day, the Optus Network carried 27 million mobile, 23 million fixed and 5.2 million fixed and mobile international calls.
- On Christmas Day 2017, there was a 1.8 percent decrease in the total number of mobile calls compared to Christmas Day 2016.
- Over Christmas Day, the Optus network handled 48.7 million SMS messages, a 7.2 percent YOY decrease, most likely due to the increase in data application usage.
- On Christmas Day, there was a significant build up in messages sent shortly after 6:00am which continued until 11:00am before traffic began to gradually decline to normal levels.
- India was the most popular international destination for outbound calls during Christmas Day with 1.6 million fixed and mobile international call minutes, second was the United Kingdom with 345,000 and New Zealand sitting in third with 307,000.
- There was a 12 percent increase in mobile data usage on Christmas Day, with Snapchat the most popular form of social media, well ahead of messaging applications WhatsApp and Facebook Messenger.
- Over 97.3 million SMS messages and 65.6 million mobile calls were processed across New Year’s Eve and New Years Day.
- The total number of mobile calls and SMS messages decreased by 4 percent and 6.5 percent respectively when compared to 2016/17.
- New Year’s Eve mobile data usage increased 15.7 percent to 6.7 Million from 5.8 Million users the previous year.
- 12am on New Year’s Eve was the most popular time to use social media with SnapChat using 10.39 TB of data.
- The Optus Network has seen mobile data consumptions increase by 55% this year and we expect traffic to grow to another 60% next year.

Note: On a typical business day the Optus network handles 51.3 million mobile calls and 51 million SMS messages.

Peter Dinham

LABOR QUERIES HFC COST RISE DESPITE DROP IN HOMES SERVED

The Australian Labor Party has questioned how the cost of the NBN Co's HFC build has increased by 64% since 2015, despite the fact that the number of premises being served by the technology has fallen by 37.5%.

Labor Shadow Communications Minister Michelle Rowland said in a statement on Thursday that the Federal Government needed [to come clean](#) on "the extent to which Australian taxpayers have been fleeced" due to the decision to use HFC as one of the technologies for "the second-rate NBN".

Rowland pointed out that in April 2016, NBN Co, the company rolling out Australia's national broadband network, had [reached a deal](#) to pay Telstra \$1.6 billion for its support of aspects of the rollout.

At that time, the NBN Co was planning to deploy HFC to four million homes.

"However, due to ongoing reliability issues and cost blowouts, NBN Co is now planning to deploy HFC to only 2.5 million homes," Rowland said. "Given the 37.5% reduction in the number of proposed premises passed by HFC, it would be reasonable to assume the cost of the Telstra HFC deal should have also decreased.

"The Senate has given NBN Co several opportunities to clarify this has occurred - but NBNCo has so far refused to do so."

In November last year, the NBN Co [decided to suspend](#) the provision of NBN connections on HFC for what it said would be anything from six to nine months, while it fixed technical issues that were affecting the speed that the network could deliver.

HFC connections were [resumed](#) in June this year.

Rowland pointed out that the underlying build cost of HFC on the NBN had increased by "a staggering 64% since 2015".

"In contrast, over the same period, countries such as New Zealand, the UK and the US have reduced the cost of deploying fibre-to-the-premises by between 40% and 50%," she said. "On every measure, the Liberals' disastrous decision to adopt HFC has left taxpayers and consumers worse off.

"It's time the Morrison Government came clean about what the true scope of the impact."

Sam Varghese

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