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ALAN JOYCE

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■ Ban is nonsense: Downer ■ Coalition visits to China at telco's expense

Huawei: we're no risk

John McDuling and Marcus Priest

Huawei's local chairman, John Lord, has strongly denied the Chinese telecommunications equipment maker is a security risk to Australia, as a fresh political storm concerning the company erupts in Canberra.

Mr Lord, a retired rear admiral who served in the Royal Australian Navy for 36 years, said Huawei still hoped to expand its footprint in Australia despite being informed late last year it would have no role in the construction of the \$36 billion national broadband network.

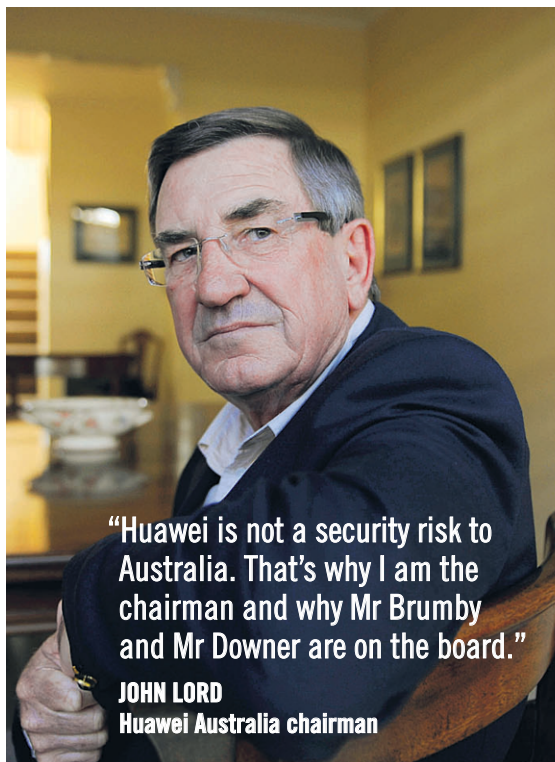
"Huawei is not a security risk to Australia. That's why I am the chairman and why Mr [John] Brumby and Mr [Alexander] Downer are on the board," he told *The Australian Financial Review*.

"We have received advice late last year that they [the federal government] could not see a role for us in NBN, but we are welcome to continue our work in Australia in an open and competitive manner. And that's what we are doing."

The *Weekend Financial Review* revealed Huawei had been blocked from supplying equipment to the NBN by the government, based on advice from the Australian Security Intelligence Organisation (ASIO).

Huawei has not been informed as to why it has been excluded from the NBN.

Speaking after an address in Melbourne last night, former Victorian premier Mr Brumby said: "We have never, ever been after the most sensitive elements of the national broadband system. We have never and



"Huawei is not a security risk to Australia. That's why I am the chairman and why Mr Brumby and Mr Downer are on the board."

JOHN LORD
Huawei Australia chairman



"You would expect ... we would make all of the prudent decisions to make sure that that infrastructure project does what we want it to do, and we've taken one of those decisions."

JULIA GILLARD
Prime Minister



"This whole concept of Huawei being involved in cyber warfare ... that's just completely absurd."

ALEXANDER DOWNER
Former foreign minister
Huawei Australia board member

Reactions yesterday from key players to the government's ban on Huawei.

Photos: MAL FAIRCLOUGH, AAP, AP

wouldn't expect to do Parliament House or the Department of Defence. Our focus has always been on those non-sensitive and non-contentious areas."

Speaking to reporters in Seoul, Prime Minister Julia Gillard defended the decision as "prudent".

But Mr Downer, a former Howard government foreign minister, described the decision as "complete

nonsense" in an interview with the ABC's 7.30. "This whole concept of Huawei being involved in cyber warfare based on the fact that the company comes from China and everyone from China involved in IT is involved in cyber warfare, that's just completely absurd," he said.

Opposition finance spokesman Andrew Robb attacked the decision

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CYBER SCANDAL

'A lack of trust and transparency means that the high burden of proof is on Huawei, and not the Australian government and agencies such as ASIO.' John Lee: Opinion, page 63

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UK piracy claim adds to News woe

Neil Chenoweth

Rupert Murdoch's media empire, still struggling with the crisis over telephone hacking by its journalists, faces fresh allegations of promoting pay TV piracy to cripple a rival broadcaster in Britain.

Former senior British policemen, commander Ray Adams and chief inspector Len Withall, are reported by the BBC show, *Panorama* — to be aired in the UK this morning — to have operated a website, thoi.com, which released codes to unlock programming for ITV Digital.

Adams and Withall were part of Operational Security, a secretive unit within News Corp subsidiary NDS. Its role was to fight piracy — but it has faced claims it advantaged NDS pay TV products by encouraging piracy of its competitors. ITV Digital collapsed in March 2002, leaving Murdoch-controlled BSkyB the UK's dominant pay TV provider.

NDS has been sued for piracy by some of the world's largest broadcasters, including Canal Plus in France and EchoStar and DirecTV (an NDS client) in the US.

Canal Plus dropped its lawsuit when it sold its Telepiu pay TV arm to News; DirecTV dropped its claim against NDS in 2004 after News took control of it; EchoStar won nominal damages on three counts but paid NDS almost \$19 million in costs.

Adams and Withall deny providing ITV Digital codes, or that they appeared on the Thoi site.

Newman eyes \$3bn for QR stake

Mark Ludlow and Jenny Wiggins

The Queensland government is set to kick off the process to sell its remaining \$3 billion stake in QR National in the next few months to help pay off the state's estimated \$85 billion debt.

As Campbell Newman and two senior ministers were sworn in at Government House in Brisbane yesterday, the new Liberal National Party Premier said there would be no

QLD'S NEW ERA

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other assets sales in the first term. But he is committed to selling the state's 34 per cent stake in QR National, despite the party opposing the privatisation in 2010.

"We believe the shares should be sold but only at a time when we can achieve the best price," Mr Newman said. "That is the only thing moving in that space. We said during the campaign there would be no [other] privatisations."

The deal to sell the remaining stake in QR — in one hit or over several tranches — would be one of the biggest capital markets deals of the year.

Continued page 6

Michaela Whitbourn and Geoff Kitney

Conservative premiers are working to seize control of the federal-state agenda to overcome logjams in the Gillard government's process and pursue new reforms following the election of Campbell Newman in Queensland.

NSW Premier Barry O'Farrell said yesterday he would ask Mr Newman

to sign a conservative pact to pursue reforms outside the Council of Australian Governments process, as he had with Victoria's Ted Baillieu.

Mr Newman said that while he had yet to formally sign, he was willing to work with the conservative premiers.

One of Julia Gillard's senior advisers said the Prime Minister was determined COAG "should not become a political football" as she prepared to

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