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**Submission to Senate Standing Committee on Environment, Communications and the Arts**

**Re: The Senate inquiry into the government's plans to structurally separate the Telstra fixed line infrastructure and retail businesses**

**Conclusion:**

The Government's handling of the reform of the telecommunication industry is dishonest, dictatorial, biased towards competitor views and unfairly harmful to shareholders in Telstra. If implemented, the policy should attract a future voter backlash and is likely to instill due suspicion in foreign entities considering investment in Australia.

**Reasoning:**

- 1) The government is forcing a change on Telstra in a way that avoids incurring a liability for paying due compensation to Telstra shareholders. There appears no choice for Telstra other than submitting to this Government move, or, challenging it and facing the same loss of value through a dictated restraint of their future business.
- 2) Millions of Australian voters were aggressively sold T1, T2 and T3 by the Government of Australia (irrespective of party politics) and they are now exposed to a likely permanent diminution of the value of their investments for political not normal market reasons.
- 3) The Government appears to be unduly citing and listening to the many submissions/opinions of Telstra competitors who, if they are ever being honest, are solely seeking commercial advantage for themselves – not public good as they pretend.
- 4) The proposed legislation appears to put unnecessary and inadequately defined power in the hands of the ACCC, which appears to have shown strong political bias under the reign of Mr. Samuel.
- 5) The Government legislation that forces this change precedes any fully developed business case for the NBN. The NBN creates a new Government controlled monopoly funded in part by asset expropriation from Telstra, and in turn promises to recreate the same monopoly problem that the Government claims Telstra represents at present. The Australian public paid to prepare Telstra for sale, Telstra shareholders are now being required to pay for a change in Government policy and the Government is creating another monopoly entity substantially at public cost.
- 6) The Government is cheating Telstra shareholders by effectively forcing down Telstra's value before the enforced sell-off of their assets and requiring Telstra shareholders to fund the cost of the change of Government telecommunications policy, without compensation, where separation/structural change costs are born solely by Telstra shareholders. Government water, environmental, fishing, motor industry and many other reform examples all involve fair compensation to the affected parties – and nothing like the same destruction of market structures as is happening in the Telstra case.
- 7) While I as a Telstra account holder would like to see cheaper telephone/internet, etc costs, I can see no proof of this happening (except for unsubstantiated Government

promises), which would have me as a Telstra shareholder accept that the loss of share value is reasonable against cheaper costs elsewhere. Indeed, there is a fair amount of expert opinion to say that the NBN promises to give higher not lower costs in the future.

- 8) It is an important matter of principal that the Government of Australia should be honest and fair in a significant matter such as this. The NBN case put to the public is largely a built on a 'trust us' premise, yet the same Government is also demonstrating its willingness breach voters/shareholders trust by changing policy in a way that cheats them out of fair compensation.

**Submitted by:**

Brian Hall