

GM:AR

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Committee Secretary  
Senate Standing Committee on Environment,  
Communications and the Arts  
Department of the Senate  
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*MANAGEMENT*

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Dear Senate Committee Members

**RE: TELSTRA LEGISLATION**

Synstrat Management Pty Ltd advises the trustees and owners of several hundred superannuation funds and investment portfolios, most of which hold Telstra shares.

The proposed legislation is morally abhorrent. The Australian Government is a legal entity, regardless as to which party is in power. Having sold Telstra to its shareholders, those shareholders have the right to expect that the government will honour the spirit of its contract.

Legal trickery in attempting to coerce Telstra to divest assets under threat of being forbidden from bidding for 4G frequency spectrum, and therefore curtailing the long-term competitiveness of its mobile telephone network is an unethical way for the government to conduct its business. It appears to be a sneaky way of avoiding the constitutional duty to provide just compensation. This is particularly so as without Telstra bidding, the 4G spectrum would be sold to foreign-owned telecommunication companies at a reduced price. A reduced price is inevitable when the potential major bidder is banned from the auction. Broadband minister Senator Conroy is being less than truthful when he describes Telstra as having a choice.

To date, Australia has not seen a well-argued and costed proposal to produce the national broadband network this government has promised. We are told that teams of consultants are going to deliver a plan. This begs the question as to how the \$43 billion NBN proposal became a government commitment without proper analysis of the need, and the alternatives on how it is to be delivered.

This ad hoc way of doing business represents government decision-making of the worst calibre.

**Millions of Voters Are Affected**

It needs to be recognised that Telstra's 1.4 million shareholders are mostly going to be registered voters, and a vast number of them are married to other voters. To look a bit further, the listed investment company AFIC, (Australian Foundation Investment Company) which owns a large block of Telstra shares, is itself owned by 70,000 shareholders. Similar situations would also apply to other listed investment companies such as Argo and Milton.

At a more mundane level, Telstra shares are owned by a host of self managed superannuation funds which mostly have two members, being the husband and wife.

When all of this is considered the reality is that the number of direct and indirect Telstra shareholders and their spouses number in the millions and are rapidly becoming alerted to the nasty aspects of the proposed legislation.

Not only should the Senate refuse to pass this legislation in its present form but it needs to understand clearly that this type of coercive legislation is abhorrent to Australians.

If Communications Minister Senator Conroy has a properly analysed and well-costed NBN proposal, then he should put it out in the public arena to be properly debated and fairly analysed, and he should be prepared to argue its merits.

It is becoming increasingly obvious that the government did not have a well thought out strategy for its proposed national broadband network, and now realises that it can only be delivered by sequestering Telstra assets and by coercively reducing potential competition. This represents poor policy development and an unreliable decision-making process.

Personally I don't care which political brand forms the government of Australia providing that it is governed well. The proposed legislation is indicative of bad government.

Yours faithfully

**Graham Middleton**  
**Director**  
**Synstrat Management Pty Ltd**

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