

7th October 2009

Committee Secretary Senate Standing Committee on Environment, Communications and the Arts
PO Box 6100 Parliament House Canberra ACT 2600 Australia

Dear Sir/Madam,

Re: Government Ultimatum to Telstra

I refer to Senator Conroy's announcement to forcibly separate Telstra from its legitimately acquired assets. Please be advised that I find the ultimatum objectionable for the following reasons...

Telstra, as it now exists, is the creation of government. It was created to be a strong entity that held a strong position in the telecommunications industry. Its strength being needed to supply telecommunication services over the vast distances that exist in this country – it is the only company to do so. It was sold to the public as a 'strong' entity. It has not changed, but the current government has moved the goal posts and changed the rules while the game is in progress.

We are told it is a monopoly and needs to be 'separated'. That it's 1.4 million owners (and voters), those thrifty and hard working members of the community who believed the rules were written in the government prospectus, are 'monopolists', who cannot be trusted to supply services in similar manner to monopolistic government entities.

Telstra, that Australian owned entity, is being obliged to offer its competitors its assets at forced sale prices; allow access to its assets at reduced prices; watch the market being 'skimmed' by competitors who are not required to offer full and nationwide services; impotently observe the multi-millionaire media barons and foreign owned telecommunication companies (Optus, AAPT, Vodaphone and Hutchison) revel in unrestrained glee at the prospect of easy pickings. This is a monstrous and unfair way to treat a lawfully established commercial entity. Is it any wonder that Telstra is defending the rights of its shareholders and employees?

The suspicion for this action falls on the ambition for a national broadband network. A proposal that requires an undefined amount of money be paid for an undefined outcome. It is not unreasonable for taxpayers to expect government, before it commits to a multibillion dollar program, to undertake and disclose analyses of what it is proposing. That has not happened. Nor does it look like happening. Why, probably because this government knows that proper analysis will show that the costs exceed the benefits. We cannot afford this extravagance. If Senator Conroy has proposal of substance for the establishment of a national broadband network let him make it public and subject to expert scrutiny.

The establishment of a monopoly, be it government or commercial, eliminates competition, and the final outcome of Senator Conroy's proposal will be the establishment of a tax-payer funded, 'white elephant' monopoly that severely damages trust in any venture that requires commercial and government co-operation, be they state or federal.