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No. 10 2003–04

Telstra (Transition to Full Private Ownership) Bill 2003

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I N F O R M A T I O N A N D R E S E A R C H S E R V I C E S

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No. 10 2003–04

Telstra (Transition to Full Private Ownership) Bill 2003

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Law and Bills Digest Group
6 August 2003

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Telstra (Transition to Full Private Ownership) Bill 2003

Date Introduced: 26 June 2003

House: House of Representatives

Portfolio: Communications, Information Technology and the Arts

Commencement: The majority of the Act will commence on Royal Assent. Part 2 of Schedule 1 commences on the day on which the Commonwealth's shareholding falls below majority control. Part 3 of Schedule 1 commences on the day that 85% of voting shares are held by persons other than the Commonwealth.

Purpose

The purpose of the Bill is to remove the restriction in the *Telstra Corporation Act 1991* that requires the Commonwealth to retain 50.1 per cent of equity in Telstra Corporation Ltd (Telstra), thus enabling its full sale. The Bill includes other provisions such as a requirement for regular and independent reviews of regional telecommunications services.

Background

Telstra's Origins

On 1 March 1901, the State departments of posts, telegraphs and telephones were, by Proclamation, transferred to the newly federated Commonwealth of Australia, pursuant to section 69 of the Constitution. Once transferred, the Commonwealth department was then subject to the exclusive power of the Commonwealth under section 52 (ii) of the Constitution. Included in the Constitution was also a specific head of power to enable the Commonwealth to make laws for the peace, order and good government of the Commonwealth with respect to:

51(v.) Postal, telegraphic, telephonic, and other like services.¹

The Commonwealth's power under section 51(v.) is wide enough to authorise laws on radio and television broadcasts and the power is regarded as a classic example of how progressive interpretation of constitutional law responds to changed circumstances.

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It is important to distinguish the difference between the methods the Commonwealth uses to deliver services through its departments and various business entities and the constitutional power of the Commonwealth to implement national policies by way of legislation. The full sale of Telstra does not preclude the Commonwealth from continuing to pass national laws on telecommunications matters. This is in contrast to some other federations (such as Canada) where federal powers extend only to communications between the provinces.

Following federation, the Commonwealth created the Postmaster-General's Department under the *Post and Telegraphs Act* of 1901 and placed the control of post and telecommunications under the department. Control of the department was vested in a Minister of State for the Commonwealth—the Postmaster-General. In *Bradley v The Commonwealth* (1973)², the High Court of Australia recognised that the Postmaster-General had, in effect, a monopoly in respect of the commercial provision of telegraph and telephone services.

Postal services and telecommunications functions were separated in 1975 with the establishment of the Australian Postal Commission and the Australian Telecommunications Commission (see the then *Postal Services Act 1975* and *Telecommunications Act 1975*). Telecom was created in 1975 to be the monopoly telecommunications provider and it was corporatised in 1989 to become the Australian Telecommunications Corporation.

Telstra was formed in 1992 following the passage of the *Australian and Overseas Telecommunications Corporation Act 1991* (now the *Telstra Corporation Act 1991*). Telstra is a public company limited by shares, formed from the merger of Telecom Australia (the then domestic telecommunications carrier) and the Overseas Telecommunication Commission (the then international telecommunications carrier). Within Australia, Telecom changed its name to Telstra in 1995 (and in 1993, overseas).

The *Telecommunications Act 1991* allowed the commencement of competition in telecommunications by establishing a duopoly network between Optus and Telstra and a mobile-only operator, Vodaphone. The publicly owned AUSSAT domestic satellite system was sold to Optus in the early 1990s. Up until 1997, regulation of telecommunications was the province of Austel, an industry-specific regulator. Regulation of telecommunications competition now falls under the *Trade Practices Act 1974* which is administered by the Australian Competition and Consumer Commission.³ Comprehensive competition in telecommunications was introduced in Australia on 1 July 1997.

After a decade of competition, Telstra still has the largest market share in fixed line, domestic long distance, international calls, mobile and internet access. Telstra's competitors in Australia are all foreign controlled entities.⁴

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The Sale of the First Third of Telstra (T 1)

The Coalition Government's 1996 election policy contained a commitment to partially privatise Telstra. The proposal involved the sale of one-third of the Commonwealth's equity by way of a share float with 65% of the shares reserved for Australian investors. The community service obligations of telecommunications carriers were maintained. On 2 May 1996, the Government introduced the Telstra (Dilution of Public Ownership) Bill 1996.⁵

The first Telstra share offer opened on 15 October 1997 at a share issue price of \$3.30, (including the discount for Australian retail investors) paid in two instalments. The fully paid price per share excluding the discount was \$3.40. Telstra shares were first traded on the Australian Stock Exchange on 17 November 1997. Concurrent listings of the shares were offered on the New York and New Zealand Stock Exchanges. The share offer was more than four times subscribed. The offer to institutional investors was 6.2 times subscribed. The Telstra public share offer was completed in accordance with the Government's sale timetable. A performance audit by the Australian National Audit Office concluded:

This represents a significant achievement, given the unprecedented scale of the offer.⁶

The same audit report, however, noted that the share offer was not fully priced (meaning that the costs of fees and commissions for the sale process might be more competitively priced) and that overall value for money in any future sale could be improved.⁷

The 1998-99 Australian National Audit Office report also noted the then estimated gross proceeds of the sale at \$14.24 billion and direct costs of sale at \$260 million.⁸

Telstra 2 Sale (T 2)

The Telstra 2 sale was outlined in the Coalition Government's 1998 pre-election policy. The *Telstra (Further Dilution of Public Ownership) Act 1999* was passed by Parliament on 21 June 1999. The Act authorised the sale of up to 49.9% of the Commonwealth's original equity.

The 2000-2001 performance audit by the Australian National Audit Office (*Second Tranche Sale of Telstra Shares*) notes that Telstra 2 was one of the largest public share offers conducted world-wide in 1999.⁹ The audit report estimated that the gross proceeds amounted to \$16.04 billion with direct sale costs of \$169 million. The issue price was set at \$7.80 which was a slight discount on the then market price for Telstra shares. The retail price was discounted to \$7.40. The institutional demand was 1.9 times the allocation. The audit report concluded that the issue was fully priced and noted:

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The success of the offer was underpinned by the strength of Australian domestic demand, which was reflected in 87 per cent of the shares being allocated to Australian investors, including two-thirds of shares allocated to retail investors.¹⁰

The possibility of also using hybrid securities in T2 was examined by the Office of Asset Sales and IT Outsourcing and its advisers but the proposal (i.e. using exchangeable bonds) was abandoned shortly before the offer was launched.¹¹

At the close of the market on Monday, 30 June 2003, Telstra was trading at \$4.40 with a 52 week high of \$5.08 and a low of \$3.92.¹²

Final Sale of Telstra (T 3)

On the opening of the Fortieth Parliament on 12 February 2002, it was stated that:

The government will not proceed with any further sale of Telstra until it is satisfied that arrangements are in place to deliver adequate services to all Australians.¹³

Budget Paper No. 1 for Budget 2003-2004, issued on 13 May 2003, stated that the forward estimates included the effect of the sale of Telstra but that the Government has committed not to introduce the necessary legislation until it was satisfied arrangements exist to deliver adequate services, in particular to rural and regional Australia. It was revealed in Senate Estimates in the Finance and Public Administration Legislation Committee on 28 May 2003 that the Budget Papers indicated that the Government's valuation for the sale of Telstra was based on the price that it hoped to achieve rather than the then current market price for the shares, which was lower.¹⁴

The media speculated that, on the Government's estimate, the indicative price per share was between \$5.25¹⁵ to \$5.75, instead of the then market price of about \$4.25.¹⁶ The Minister for Finance and Administration, Hon Nick Minchin MP, confirmed that the estimate reflected 'the value of Telstra based on the share price we would want to receive for our shares' and he also confirmed that it was the Government's policy to sell Telstra.¹⁷

On 26 June 2003, in the introductory Second Reading speech for the Bill the Government stated:

While the Government is moving to establish the legislation immediately, it has undertaken not to proceed with any further sale of Telstra until it is fully satisfied that arrangements are in place to deliver adequate telecommunications services to all Australians, including maintaining the improvements to existing services. The independent regional telecommunications inquiry report, released in 2002, found that the government had addressed consumer concerns identified by the independent telecommunications inquiry in 2000.

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The bill provides for the timing of the sale to remain open. The government, however, will be seeking to maximise the returns from the sale of its remaining holdings.¹⁸

Since the introduction of the final sale Bill, there have been divergent views on the application of the proceeds of the sale of Telstra. The Prime Minister, the Hon John Howard MP, deflected calls from his Coalition partners to apply the proceeds to rural and regional Australia—in his view, the priority was to retire debt.¹⁹

Besley and Estens Inquiries into Telecommunications

On 19 March 2000, the Government announced the establishment of a Telecommunications Service Inquiry to assess service levels to customers in metropolitan, regional, rural and remote areas. The inquiry assessed Telstra's specified performance criteria, namely the legislated Customer Service Guarantee. The inquiry was chaired by Mr Tim Besley AO and it is referred to as the 'Besley Inquiry'. On 24 May 2001, Senator the Hon Richard Alston, Minister for Communications, Information and the Arts, issued a media release that detailed the Government's response to the 17 Besley recommendations. One of the responses was the announcement of an allocation of a total of \$52.2 million, over four years, to establish a National Communications Fund to assist significant telecommunications projects in the education and health services sectors for regional communities.²⁰

On 25 June 2003, the Government released its response to the Regional Telecommunications Inquiry (the 'Estens' Inquiry). The Estens Inquiry recommended that Telstra, as the primary universal service provider, be required to maintain an ongoing local presence in regional, rural and remote Australia into the future.²¹ The Government stated in its response that it will impose a licence condition on Telstra to give effect to this recommendation.²²

Australian Labor Party Policy

In the lead up to the 2001 Election, the Australian Labor Party issued a *Plan for Telstra*.²³ The Labor Party's policy included the retention of majority public ownership and the improvement of access to the latest broadband technology and an enhancement of services and pricing for consumers.

Since the final sale Bill was introduced, the Australia Labor Party has repeated its call for the retention of majority public ownership of Telstra and pointed to the implications of a private Telstra that would dominate the telecommunications sector and may use its power to dominate other sectors like media and information.²⁴ The Labor Party spokesman for communications, Mr Lindsay Tanner MP, said:

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Labor sees telecommunications services as essential services, built around a fixed-line network which is still largely a natural monopoly. In a huge country with a small and very unevenly distributed population, government ownership of a dominant telecommunications carrier remains critical.²⁵

The retention of Telstra in majority public ownership returns a dividend to taxpayers from what is a large enterprise. Labor's Shadow Minister for Cabinet and Finance, Bob McMullan MP, estimates that the sale of Telstra, based on conservative assumptions, would make the budget worse off by around \$2.1 billion over the four year period beginning 2005-06.²⁶ Mr McMullan also notes:

The sale of Telstra is one of the most important decisions facing Australia. It is critically important that all the facts are presented so that an informed decision takes place and Australian taxpayers' interests are protected.²⁷

The Australian Democrats

The Australian Democrats do not support the further sale of Telstra. Their communications spokesperson, Senator Lyn Allison, has publicly stated:

I would like to start with an unequivocal statement. The Democrats do not support the further privatisation of Telstra.²⁸

On 21 July 2003, AAP reported that the Australian Democrats confirmed that the party and its members did not support the further privatisation of Telstra.²⁹

Reports of a Rural Backlash to the Sale of Telstra

Two independent members of Parliament, the Hon Bob Katter MP and Mr Tony Windsor MP are reported as stating on 29 June 2003 that they have conducted surveys in their respective rural electorates and the majority of the responses are against the further sale of Telstra. The concern expressed was that the likely long-term consequences are not known so there is no guarantee of an enhancement of rural telecommunications.³⁰

Mr Alby Schultz MP, a Government backbencher, is reported as saying that his constituents in the country electorate of Hume are dismayed at service standards and he may abstain when the House of Representatives votes on the final sale Bill.³¹

The Prime Minister, the Hon John Howard MP, has commented that an assumption should not be made that everybody in rural Australia is opposed to the sale of Telstra and reported that he was informed by country people in Queensland that services have improved quite significantly, particularly over the past five years.³²

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A Failure to Pass the Bill

If the final sale Bill is rejected by the Senate, the immediate consequence is that Telstra will remain in majority public ownership. The estimated proceeds from the sale of the remaining 50.1 per cent Commonwealth ownership are \$30 billion plus, depending on the timing of the sale.³³

It is generally accepted that a failure to pass the Bill will see it subsequently reintroduced to establish it as one of the Bills for justifying a double dissolution of Parliament.

Sale-scheme Hybrid Securities

In the case of both T1 and T2, the Government considered, but did not use, the option of hybrid securities in addition to the release of ordinary shares. In this Bill, the Government is expressly dealing with that option as part of the final sale scheme.

The Bill introduces a sale scheme arrangement whereby the Commonwealth may transfer some of its shares to a wholly-owned Commonwealth company that will issue hybrid securities.

A brief explanation of the share market's terminology for hybrid securities can be found on the ASX web site where there is an outline of the broad classification for this group of securities.³⁴ Essentially, the more recent type of hybrid securities provide a set dividend rate for a 5 year period and they can be later converted into shares. The group also includes redeemable preference shares (see discussion, below). Traditional hybrid securities usually convert at a set ratio e.g. one hybrid to one ordinary share. Lately, there has been some attention to resettable hybrids e.g. the holder can accept new terms, redeem the face value of the share or convert them under the agreed ratio.

At the time of the Parliament's examination of the legislation for the sale of the first third of Telstra in 1996, Senator Brian Harradine raised the suggestion of looking at the option of a hybrid security sale-scheme approach for Telstra. During the debate in the Senate on the Telstra (Dilution of Public Ownership) Bill 1996 he said:

The remaining question that concerns me considerably is obtaining the \$8 billion from a one-third sale of Telstra by the issue of ordinary shares. I have proposed to the government in my letter that it should consider the issue of redeemable preference shares in a variety of ways.³⁵

As noted above, hybrid securities are a broad group and they are used to achieve different objectives. Some are more flexible than others. In hindsight, it is noted that Senator Harradine showed prescience in 1996 by questioning whether the sale arrangement for one-third of Telstra at that time, by way of ordinary shares, was the only option. Senator Harradine's idea was not taken up at the time but it was referred to the Senate Economic

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Legislation Committee for report. The Government's response to the Senate Committee's report³⁶ included the following:

While recognising that hybrid securities may provide a useful form of capital raising in certain circumstances, the government is mindful of the disadvantages identified in the Committee's report regarding the exclusive use of various types of hybrid securities for the Telstra offer. The range of hybrid securities discussed in the majority report is very broad, encompassing very different features within both redeemable preference share and converting preference share structures. The majority report identifies advantages for Telstra and for the government's wider reform objectives in the use of ordinary equity, in preference to widespread use of hybrid securities of an equity character. Use of hybrid securities of debt character, even apart from any tax issues, would lack the advantages for Telstra and for the government's program that ordinary equity, and securities of an equity character, would have.³⁷

It should be noted that the first Telstra (Dilution of Public Ownership) Sale Bill 1996 contained what would become section 8AJ of the *Telstra Corporation Act 1991* which governs the Telstra sale-scheme. Subsection 8AJ (4) authorised the various elements that may comprise the sale-scheme. These elements included 'the redemption of redeemable preference shares in Telstra held by the Commonwealth' (paragraph 8AJ(4)(i)). As noted above, the Government chose to implement the sale-scheme by way of the more conventional offer of ordinary shares.

Looking back, it is difficult to understand the anxiety expressed at the time of the first sale about the use of redeemable preference shares. In particular, the Senate Economics Committee reported that Telstra had submitted to the Committee that the market for hybrid securities in Australia is not well established or understood.³⁸ More recently, the securities market is reported to have greeted the announcement that the final sale (T3) would involve hybrid securities with a 'yawn' but some analysts noted that this approach could help the markets digest the proposed \$30 billion plus sell-off.³⁹

The Government has now decided to maximise the flexibility available in the sale arrangements for the remaining publicly-owned shares. Apart from the mixture of the types of shares and hybrid securities on offer, the Government may also decide to sell by way of a number of tranches over a period of time.⁴⁰

The Bill provides a definition of its broad group of hybrid securities applicable under the Telstra sale arrangements in a proposed **new section 8AJA** at **Item 16** in Schedule 1 of the Bill.

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Main Provisions

Schedule 1—Amendments

Part 1—Amendments commencing on Royal Assent.

Telecommunications Act 1997

The *Telecommunications Act 1977* regulates entities such as carriers and service providers. A carrier's licence is subject to conditions.

Item 1 inserts a **new section 66** into the *Telecommunications Act 1977* to empower the Minister or the Australian Communications Authority to make decisions of an administrative character in connection with the carrier's licence conditions that ensure that Telstra retains a local presence in regional, rural and remote parts of Australia. These administrative decisions could cover such matters as draft local presence plans.

Telstra Corporation Act 1991

The *Telstra Corporation Act 1991* (the Act) was formerly the *Australian and Overseas Telecommunications Corporation Act 1991*. Telstra is the successor of Telecom and OTC. The Act contains provisions which place restrictions on the ownership of Telstra, including a limit on foreign ownership. The Act establishes Telstra's Head Office and base of operations in Australia. The Chair of Telstra must be an Australian citizen.

Item 2 inserts a definition of the ACCC (Australian Competition and Consumer Commission) in the Act (see specific reference to the ACCC in **Item 86**).

Item 3 inserts a definition of hybrid–security issuer company into the Act by reference to amendments to section 8AJ (see, particularly, **Item 14**). The hybrid–security issuer company will be a wholly–owned Commonwealth company.

Item 4 inserts a definition of the Regional Telecommunications Independent Review Committee (RTIRC) in the Act. The RTIRC will be established by a **new section 74** (see **Item 32**). The RTIRC will conduct regular independent reviews of the adequacy of telecommunications services in regional, rural and remote parts of Australia.

Item 8 and **Item 9** are key provisions in the Bill. The repeal of Division 2 of Part 2 of the Act removes the statutory obligation on retention by the Commonwealth of majority ownership of the voting shares in Telstra. In a practical sense, it is interesting to note how briefly worded the amendments are to achieve such a significant event.

Items 10 to 15 provide definitions associated with the marketing of hybrid securities under the sale–scheme. **Item 13** is a typographical correction to the Act. **Item 15** identifies that a wholly-owned Commonwealth company will issue the Telstra hybrid securities.

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Item 16 is a key amendment and it inserts a **new section 8AJA Sale-scheme hybrid securities** provision in the Act. These Telstra hybrid securities will be issued in Australia and overseas and they may be issued in Australian currency or foreign currency denomination. A discussion of hybrid securities is mentioned in the Background, above.

Item 17 exempts Telstra's hybrid securities from State or Territory stamp duty or other taxes.

Item 18 removes any doubt that the issue of Telstra hybrid securities—to the extent that the issue represents a borrowing on behalf of the Commonwealth—is authorised by an Act of Parliament. This provision is inserted to address the broad market description of a hybrid security as a combination of equity and debt.

Items 19 to 21 authorise access to appropriation to enable the Commonwealth to meet the costs of engaging in the issue and management of hybrid securities as part of the Telstra sale-scheme.

Item 27 inserts three **new sections 8AYA, 8AYB and 8AYC** into the Act to empower the Minister to regulate Telstra and any Commonwealth-owned company that issues equity in Telstra to ensure that activities by those entities in equity markets, unrelated to the Telstra sale-scheme, do not compromise the Commonwealth's interests in Telstra. The Minister's power under **new section 8AYA** becomes redundant once the Commonwealth's equity falls below 15%. The Bill contains an automatic repeal of **new section 8AYA** once that event occurs (see **Item 59**).

Item 32 inserts a **new Part 10—Independent reviews of regional telecommunications** in the Act (as **new sections 72 to 86**). A proposed Regional Telecommunications Independent Review Committee (RTIRC) will review the adequacy of telecommunications services in regional, rural and remote parts of Australia. The reports of the RTIRC will be tabled in Parliament. The RTIRC will comprise a Chair and at least two other members, appointed by the Minister on a part-time membership basis. The RTIRC may be assisted in the performance of its functions by the Australian Communications Authority, the Australian Competition and Consumer Commission and the portfolio Department.

Part 2—Amendments commencing on the designated day

The amendments at **Items 33 to 52** commence on the day designated by the Minister when the Commonwealth's shareholding in Telstra is less than a simple majority.

Under this Bill, once the Commonwealth's equity in Telstra falls below 50%, Telstra is then no longer regarded as a 'Commonwealth authority' for the purposes of a range of other Commonwealth Acts and Regulations. It is necessary, therefore, to remove references from those Acts. In addition, it is necessary to provide some transitional provisions to enable matters that were in train under those Commonwealth laws to be processed to finalisation. These Commonwealth laws include:

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- Archives Regulations
- *Freedom of Information Act 1982* (but note the transitional provision at **Item 38**)
- Freedom of Information (Miscellaneous Provisions) Regulations
- Long Service Leave (Commonwealth Employees) Regulations 1957
- Maternity Leave (Commonwealth Employees) Regulations
- *Occupational Health and Safety (Commonwealth Employment) Act 1991*
- Ombudsman Regulations 1977
- *Ombudsman Act 1976* (but note the transitional provision at **Item 44**), and
- *Safety, Rehabilitation and Compensation Act 1988*.

These amendments ensure that the new privatised Telstra is freed from a range of specific reporting, accountability, employee and occupational, health and safety obligations relevant to Commonwealth-related activities and responsibilities.

Item 52 inserts a **new Part 3A** in the *Telstra Corporation Act 1991* to deal with transitional provisions for matters that require residual Commonwealth legal effect. These include employees' long service and maternity leave calculations for service periods that were previously accrued as Commonwealth employees. The Director of Public Prosecutions may also act in relation to certain acts, omissions or proceedings that occurred when Telstra was a Commonwealth authority (see **new section 9Q**).

In one case, the 'designated day' effect actually triggers an earlier date through another Commonwealth Act. **New section 9H** applies section 128A of the *Safety, Rehabilitation and Compensation Act 1988* (SRC Act). Section 128A of the *SRC Act* states:

128A Comcare's liability to be discharged by prescribed Commonwealth authorities in some cases

(1) In spite of anything in this Act, an amount that Comcare is liable to pay under this Act in respect of any injury, loss or damage suffered before 1 July 1989 (whether or not suffered before the commencing day) by an employee of a prescribed Commonwealth authority must be paid by the authority and any such payment operates, to the extent of the payment, as a discharge of Comcare's liability.

(2) An action or proceeding does not lie against Comcare for recovery of an amount mentioned in subsection (1), but such an action or proceeding may be brought against the prescribed Commonwealth authority concerned.

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(3) Nothing in this Act requires the Commission to prepare an estimate in relation to a prescribed Commonwealth authority for any period before the financial year starting on 1 July 1989.

(4) In this section:

...

Under section 128A of the *SRC Act* Telstra is placed on the same footing as other Commonwealth-owned business enterprises that have been sold such as the Commonwealth Bank. Telstra will therefore continue to be liable to pay an amount in respect of an employee's injury, loss or damage suffered before 1 July 1989.

Item 53 is an important provision as it enables the Auditor-General to resign as auditor of Telstra once Telstra ceases to be a Commonwealth authority.

Part 3—Amendments commencing on the 85% sale day

Telstra Corporation Act 1991

A 15% or more equitable interest in a public company is considered a significant interest. Telstra is likely to be sold in a number of tranches and it is necessary for the Commonwealth to ensure that it receives reports on the progressive sell-down of Telstra, even when it falls below simple majority control. Once the 85% sale day is determined, then the Commonwealth's 'significant holding' falls below 15% and it is then no longer appropriate for the Commonwealth to impose reporting and other special regulatory measures on Telstra.

Items 54 to 59 will remove obligations on Telstra to report on various matters and to provide information to the Commonwealth—once the Commonwealth's equity falls below 15%.

Concluding Comments

The conclusions and different views put to the Senate Economics Legislation Committee for its 1997 report *Inquiry into Public Equity in Telstra Corporation Limited*⁴¹ are worth revisiting. The current 1.8 million shareholders of Telstra shares might wonder why they were not offered the same level of flexibility of hybrid securities before this stage of the Telstra sale-schemes. It is a fair comment, however, that the size of the proposed T3 will warrant additional flexibility in its sale-scheme.

The privatisation of Telstra will see a lessening of the more direct supervision by the Executive and the Parliament of this large business enterprise. As noted above, the privatisation will not, however, affect the Parliament's power to pass laws on legislative policy initiatives directed at regulating telecommunications matters.

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Endnotes

- 1 *Commonwealth of Australia Constitution Act (The Constitution)*.
- 2 *Bradley v The Commonwealth of Australia and Another* (1972-73) 128 CLR 557 at p. 566.
- 3 Drawn from Jock Given, 'Foreign ownership of media and telecommunications: an Australian story', *Media and Arts Law Review*, Vol 7 no. 4, December 2002, pp. 253–272, and Anita Stuhmcke, 'The rise of the Australian Telecommunications Industry Ombudsman', *Telecommunications Policy* 26, Pergamon, 2002, pp. 69–85.
- 4 Jock Given, 'Foreign ownership of media and telecommunications: an Australian story', *Media and Arts Law Review*, Vol 7 no. 4, December 2002, p. 260.
- 5 See the background summaries in Bills Digest No. 72, 1995–96, Telstra (Dilution of Public Ownership) Bill 1996 by Dr Kim Jackson, Brendan Bailey and Elizabeth Williams and Bills Digest No. 176, 1997–98, Telstra (Transition to Full Private Ownership) Bill 1998 by Lee Jones, Department of the Parliamentary Library, Canberra. After passage through the Parliament the Bill became Act 81 of 1996 and received the Royal Assent on 19 December 1996.
- 6 Australian National Audit Office, *Sale of One-Third of Telstra*, Audit Report No. 10 98-99, Canberra, 19 October 1998, p. 12.
- 7 *ibid*, pp. 12–13.
- 8 *ibid*, p. 13.
- 9 Australian National Audit Office, *Second Tranche Sale of Telstra Shares*, Audit Report No. 20 2000-2001, Canberra, 30 November 2000, p. 10.
- 10 *ibid*, p. 10.
- 11 *ibid*, p. 35.
- 12 'Market Wrap', *Australian Financial Review*, 1 July 2003, p. 26.
- 13 'Governor-General's Speech', House of Representatives, *Debates*, 12 February 2002, p. 22.
- 14 'Consideration of Budget Estimates', Senate Finance and Public Administration Legislation Committee, Senate, *Hansard*, 28 May 2003, p. 343 (*Proof*).
- 15 Laura Tingle and Toni O'Loughlin, 'Telstra sell-off plan to cut risk', *Australian Financial Review*, 8 July 2003, p. 1.
- 16 Toni O'Loughlin, 'Value of Telstra shares inflated in budget', *Australian Financial Review*, 29 May 2003, p. 3.
- 17 Natalie Barr, *Sunrise*, Channel 7, Thursday, 29 May 2003.
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