Committee Secretary
Senate Standing Committee on Environment, Communications and the Arts

I write to make a (hopefully) short submission to the "Telecommunications Legislation Amendment (Competition and Consumer Safeguards) Bill 2009" Committee. In opening I would make it known that I am a Telstra shareholder having purchased small parcels of shares under both T1 & T2.

I am writing to say that I SUPPORT a separation of Telstra's Wholesale and Retail divisions. However, I am not that concerned as to whether it is functional or structural so long as the wholesale and retail divisions are separated and managed as two distinctly separate entities either as distinctly separate companies or separated by what I believe are termed in financial markets "Chinese curtains" or "Chinese walls" and with appropriate checks and balances in place to prevent "Telstra Retail" from continuing to receive "special wholesale deals". Ideally the two new divisions would have distinct and independent "names" and not just "Telstra Wholesale" and "Telstra Retail". My ideal outcome would be the formation of two new independent companies, with the retail arm perhaps retaining the Telstra name.

I can't, for the life of me, see how any genuine competition between Telstra and its competitors can be just that - genuine - unless they (the competitors) also have equal access to the network and that Telstra retail has to function on the same wholesale pricing structure as the other communications companies. The companies operating in the communications industry need to be able to operate on a level playing field and under the current structure, as I understand it, Telstra is operating at a financial advantage with respect to the costs paid for access to the network and hence the retail advantages that Telstra can bring to the way it charges its customers for their services.

However, any legislation that sets out the processes by which either structural or functional separation will be achieved must consider how the (reported) 1.4 million shareholders will be compensated for any likely artificial, but market driven, downward movement in their share price. One suggested way to do this that I might venture might be to provide a lower CGT rate for any sale of Telstra shares at any time in the future but only on those shares that were held on a date that would either be specified in the legislation, specified by regulation or set by an irrevocable ATO special ruling. That is, so long as the shares were purchased on or before a specified date, there would be no sunset date after which any compensatory CGT rate reduction, or other form of compensation could be revoked.

Also, I would like to see the legislation require that Telstra cease directly billing customers of other companies for the use of numbers such as, but not limited to, the "1900" numbers regardless of the form of separation that is put into place. At a personal level, my authorised service providers are currently AAPT (mobile) and TransACT (landline). However, whenever I make a call to a "1900" competition line I am billed directly by Telstra which is NOT one of my authorised telecommunications carriers and as such I think that the only way that this might be fixed would be to legislate that only the customer's authorised carrier can bill the customer for calls made from such services. If such a change is accepted and made to the legislation, then Telstra should be required to either transfer any unpaid balances for such

services to the relevant carriers for all calls which don't belong to "Telstra specific" customers so that the authorised carriers can then bill their customers directly or alternatively require Telstra to write off all such outstanding unpaid non-Telstra customer derived "1900", etc, calls and "carry the cost" of this themself. As a shareholder, my former suggestion may be the most desirable one.

Regards,

Paul Myers