

Committee Secretary Senate Standing Committee on Environment, Communications and  
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Senate Inquiry into Telecommunications legislation

## Summary

We live in a democracy where Government should abide by the same laws as everyone else. The conduct of business within those laws is a cornerstone of our success. Confidence in commercial transactions is the base on which we operate. I believe the government has breached the spirit of Corporations Law in its dealings with Telstra shareholders and must move to correct this mistake. To continue to be perceived to violate Corporations Law is to undermine our society.

If the government fails to act:

I consider it would be justifiable for Telstra management to now galvanize the more than 1 million shareholders to vote down any government which interferes in the operations of a privately owned company.

## Background

My wife and I own 25,000 Telstra shares through our Superannuation company Willis Management Pty Ltd. We need the income from these and other shares to live.

Mr Thodey's (CEO Telstra) recent letter to shareholders said he intends "to find a solution that suits industry, the nation, Telstra and shareholders"

Whoops! He almost forgot shareholders. I believe that shareholders and only shareholders are all Mr Thodey should represent. I believe he almost forgot shareholders because it is the Government, not shareholders, who actually control Telstra because of the pressure they exert.

## Specific Immediate Concerns

When the Australian Government sold Telstra shares, it was not mentioned in the prospectus that the Government would legislate against the company's interest when they had sold all their shares. They sold it as a successful monopoly albeit having outdated technology. Is it illegal to issue a prospectus which is incomplete or misleading? If so, why has the Government escaped prosecution?

Does the Australian Constitution allow the Australian Government to break up a company in Australia?

Is it legal for the Australian Government to seek to control the operations of a privately held company, by threat?

Has the Australian Government used the Future Fund shares to replace recalcitrant board members and management with someone more malleable?

No matter what the Government would like, Telstra is the only company in Australia capable of the large scale telecommunications required. In the past the government managed to kill Ansett, but we still only have two airlines with Ansett replaced by Virgin, a foreign company. The airfares are less because the service level is less, not because of increased competition.

I have been long suffering with Telstra. Not only is the share price a quarter of what it should be at a time of tremendous growth, but the quality of the service provided to Telstra customers has dropped significantly. Like the airline industry reforms? Telstra's ongoing failure has been largely caused by Government actions.

Additional Concerns regarding the Government Interference in the Operations of Telstra

From my perspective the Government has:

Not allowed the company any certainty.

Talked the company down.

Excluded the company from a contract when it was patently obvious it was the only company that could do the job.

Required the company to carry responsibility for unprofitable country operations without adequate recompense.

Threatened the company.

Politicized the company's operations.

Sold Telstra with antiquated technology then threatened to set up another government owned "Telstra" for NBN to act in competition with Telstra. Yet its stated intentions at the time of the float were to "privatise" the telecommunications industry.

Failed to understand the scale needed by some industries to be effective and so may create the potential for the skills to go off shore.

Appears to have failed to abide by corporations law as the vendor of the company's shares.

Flooded the market with shares through the Future Fund. By exercise of the controlling interest of the Future Fund, ordinary shareholders have no voice in running the company and I believe, have given up.

Demonstrated inconsistent behaviour from one Government to the next.

Dictated pricing policy to Telstra which has caused the share price and Price Earnings ratio to be the same today as it was in 1997.

I bought the shares in Telstra because telecommunications are strategic to Australia's future and it was a great Australian company. How can our Government be so vindictive as to kill yet another Australian company?

The only reason I am now a shareholder is I've lost so much I have to get some of it back.

Winston Willis