

Dear Senate Committee,

I am getting the sense of a huge groundswell amongst Australians (not just tfs shareholders) against the Labor party's actions of the past weeks. I note an article by Kenneth Davidson (The Age 21/09/2009) titled 'Protection Racket is Bad Policy' makes good points regarding Labor's proposed legislative changes and NBN network from a person that has no vested interest (i.e. does not own Telstra shares). I note that even people supportive of Labor's policy's consider Labor's actions as being unprecedented, radical and beyond any reasonable government tactics (in a country that is supposed to have low sovereign risk) – legislative blackmail is putrid.

I note David Thodey anticipates seeking the votes of all 1.4 million shareholders on the fate of the company to split or not to split and any additional red tape that Labor plan. I hold some telstra shares and will be voting against Labor government policy's at any opportunity. Even if I lose the lot I will be supporting an aggressive stance against Senator Conroy and the Labor governments bad policy. I don't believe that due thought has been given to these policy's and I am disappointed in the lack of objective debate that the telstra board is currently giving against Labor's policy's.

I have many areas of concern, however, foremost in my mind at the moment is;

1 the risk of one size fits all technology. Conroy and his department prescribing fibre to the home will destroy any diversity our current system has. I see diversity and growth driven by market forces as being key to a healthy economy. The network should be all about; diversity of network – having HFC, copper, fibre, electricity lines, wireless, wifi etc; continual upgrade through replacing those parts that need replacing; debottlenecking such that if fibre is laid in a suburb then the pipes higher up are built to take the load; as time goes along and new fibre / technology is released then it can be used in the newest suburb or used to upgrade the oldest suburb. If technology remains still long enough I am confident that particular fibre or technology will become ubiquitous anyway.

2 the cost of this network with no help from telstra will surely exceed \$43 billion if you had to rip up every footpath, street verge, garden bed and lawn to get fibre to the premise. I don't expect it to be a market driven investment (it will require subsidising by the Aussie taxpayer (me) well into the future) leading to the budget blackholes labor always develops. This means I will have my tax dollars spent against my Telstra investment well into the future (hardly surprising I don't like that idea).

3 Do we need fibre to all houses. If fast internet is required by a business I am sure that they will move to a venue that has access to it, but that goes for any infrastructure – you couldn't build an aluminium refinery in Horsham Victoria (need a port, electricity etc). My wife and I require fast internet and currently get this through a HFC cable. In any event if demand for fast internet increases in any particular area (then so long as a company has security of investment) then I am sure it will be delivered due to the usual market forces of demand and supply. I suspect that fibre to all houses will just support consumption of American movies and all sought of rubbish from overseas. Government policy to date has failed in this area as it has never encouraged innovation or investment – it has always encouraged litigation

against the incumbent telco so that the arbitrage trade can be carried out with minimal capital risk.

3 Conroy's policy is to re-nationalise telecommunications in Australia. It will re-introduce the problem of government being regulator and controlling shareholder of the NBN Co. Conroy then plans to sell the government's stake in "NBN Co" back to the Australian public. Hence we will end up back where we are now. I don't know if 1.4 million Aussie shareholders will go through the wringer twice Mr Conroy? This is just Dumb with a capital 'D'. You say that you want to increase competition and yet your plan is to destroy any existing competition and set up a monopoly based on technology that is current today. The technology you propose will once again become historically stranded and we will re-enter the argument about who will do the next rollout.

4 In my opinion Conroy's policy will greatly increase the cost of telecommunications. There will now be an additional tier of carrier controlling the 'domestic wholesale network' and called the NBN Co. This new tier will be controlled by the undeniably inefficient and bureaucratic government. This debt laden quasigovernment organisation will no doubt be bureaucratic and expensive but will be considered to be transparent in selling access at the same price to telstra retail as optus retail because there will be no benefit to it in favouring one retailer over another. Adding this extra tier is in my opinion likely to increase the cost of telecommunications not reduce it - especially since it will be delivered by an organisation controlled by the government (a pinnacle of inefficiency).

5 Conroy's actions must be unprecedented in Australian corporate / political history. Company directors must be sitting around wondering if labor will try to break into their sector / company next. Foreigners must be saying I don't want to invest over there they just expropriate your investment when they want to (and don't say you have given the company a choice as it is really just a "Hobson's choice"). I must say I consider the banking industry and staple food industry's to be far less competitive than the communications industry. The commercial bank take from Australian taxpayers must far exceed the take by telecommunications. Influence of particular media moguls also seems to be significant as well. I note another meeting between Kevin Rudd and Murdoch in NY.

It is my opinion that Conroy's policy of splitting wholesale and retail networks is mostly about pandering to the media moguls who see a vertically integrated telecommunication company converging on media as a great threat to their businesses and power. I suspect the Inets and Optus's are incidental winners, as are the consumers of American movies, eshopping, etc. Current mobile broadband speeds are more than adequate for 90% of education usage. Labor is just romanticising if it thinks an FTTP network will stimulate the growth of 100's of new industries including online health services etc. Any such businesses can get fast internet now if they need it. Worst case scenario satellite broadband networks at speeds of 2mb per second and costs of \$200 per month are available anywhere in Australia. So anybody can get fast internet if they need it.

I don't believe Labor's political spin about competition will get this one through – their arguments are too frail (how can they argue destroying any existing competition and setting up a monopoly is good for competition). I believe any disillusionment in Australia's telecommunications is a result of poor government policy that discourages direct investment through not giving the investor confidence of ownership, encourages arbitrage through third parties litigating against incumbent networks for access that they then re-sell at a margin

(with little capital risk) and prescribing onerous responsibilities on individual company's rather than financially subsidising communications in areas where it is not economic to do so.

The big beneficiary of Labor's policy's are the Media Moguls – Rupert Murdoch, Kerry Stokes etc. Do we really need these people to become more powerful!!! I suspect they have been lobbying Conroy and Rudd hard. The Inet's, Optus's and Australian consumers of movie and music downloads are incidental winners.

Please block this labor party rubbish in the senate.