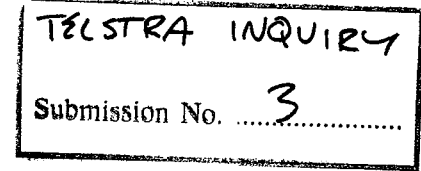


McMahon, Paul (REPS)

From: Committee, CITA (REPS)
Sent: Monday, 23 December 2002 9:35 AM
To: McMahon, Paul (REPS)
Subject: FW: inquiry into the structure of Telstra

Follow Up Flag: Follow up
Flag Status: Flagged



-----Original Message-----

From: David Booth [mailto:dbooth@goulburn.net.au]
Sent: Saturday, 21 December 2002 4:15 PM
To: Committee, CITA (REPS)
Subject: inquiry into the structure of Telstra

The Secretary,
House of Representatives Communications, Information Technology & the Arts Committee

Regarding your inquiry into the structure of Telstra, I tender my views:

The possible impact of separating core network from other business on efficient provision of services may, without corresponding change in the regulatory framework, create a government owned utility constrained by government regulation to an extent where it is economically untenable. Network services currently respond to the commercial demands. Those demands are bound by regulation of the products being developed and presented by the commercial entities. For network services to function autonomously to serve the needs of the country it will be necessary for the regulatory bodies to direct or allow network services to provide, maintain and develop the necessary resources to sustain the commercial markets as well as provide the kind of network services that are required for the country to sustain itself.

The possible impact of separating core network from other business on array of services, with wise use of regulation can enable network services in the task of provisioning. Without regulatory support, or worse, under regulatory constraint, network services will be unable to develop and sustain services.

The possible impact of separating core network from other business on investment, provided network services are sufficiently empowered by regulation to levy sustainable rates on commercial services to whom they contract, can deliver revenue for investment in developing infrastructure, research and growth, which must be budgeted for in contracting with commercial operations. A good start should be provided by the funds generated in selling shares in the commercial services.

The possible impact of separating core network from other business on wider industry can only be positive. Network services will then be able to contract to all market participants without being constrained by its own vested commercial interests. The wider industry will benefit by being able to avail itself of services without being in direct competition with the provider of those services.

The possible impact of separating core network from other business on regulation, I believe, is the

key to a successful industry. Regulatory bodies have it within their power to make or break any such proposal. With a separation of network and commercial services regulators can and must provide the framework for both the commercial services and network provisioning to operate. An example may help to illustrate: If regulators mandate to the market a number of common standards, including cost, for carriage service *independent of distance* the market will quickly develop products that will serve the needs of all customers and network services will be able to provision accordingly.

The possible impact of separating core network from other business on shareholders will deliver to shareholders the same stake in what should be a sound business if it can adapt to the resulting competitive market.

The possible impact of separating core network from other business on budget ought to be revenue neutral. The proceeds of share sales in the emergent business will be needed to launch network services and restructure regulatory bodies successfully.

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