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TO: The Secretary
House of Representatives
Communications Information Technology & Arts Committee
R1, Suite 116
Parliament House
Canberra ACT 2600

Wednesday 25th December 2002

Dear Secretary.

Re: Structure of Telstra.

The proposed sale of the Government's remaining majority stake in Telstra is not in the interest of the Australian public, and this over-rides all of the other issues in your inquiry's remit.

1 Telstra has consistently reported multi-hundred-million dollar profits. It is most clearly not in the public interest to divert this revenue from Government coffers into private hands. The taxation raised from shareholders dividends will be far less than the direct revenue from Telstra's profits to the Government.

2 Selling off the remaining shares in Telstra will increase the economic rift between those Australians already at the bottom end of the spectrum and those who comfortably have the surplus resources to take the shares up. In any case, Institutional investors will inevitably displace the small investor over time.

3 As has been demonstrated by the privatisation of other utility services (electricity, airports etc.) the Management of such companies necessarily focus on delivering the maximum return to Shareholders in order to secure their jobs and bonus packages. To do this they embrace the policy of 'what the market (the end user) will bear'. Only through continued public ownership can users retain a semblance of control over quality and cost of service.

For the above reasons I urge you to recommend the retention of the Government's majority stake in Telstra.

Yours sincerely,

Dr David Leifer.