

**Senate Environment, Communications, Information Technology and the Arts
Legislative Committee Inquiry**

Telstra (Transition to Full Private Ownership) Bill 2005.

Telecommunications Legislation Amendment (Competition and Consumer Issues) Bill 2005

Telecommunications (Carrier Licence Charges) Amendment (Industry Plans and Consumer Codes) Bill 2005

Telecommunications Legislation Amendment (Future Proofing and Other Measures) Bill 2005

Appropriation (Regional Telecommunications Services) Bill 2005

September 2005

EXECUTIVE SUMMARY

The CEPU welcomes the opportunity to comment on the above group of bills, the chief purpose of which is to prepare the ground for the full privatisation of Telstra. Given the short time available to respond to this legislation, it is not our intention to examine each bill in detail. Rather, the Union will focus on what it sees as the two key issues at the heart of this legislative package: the funding of rural and regional telecommunications needs in a fully privatised environment and the proposed operational separation of Telstra.

In putting forward this package, the Government claims it is “future proofing” regional and rural Australia’s communications services (presumably against those commercial forces which the Government itself has unleashed through its own privatisation policies). The CEPU considers these claims ill-founded. While the specific measures proposed here may confer modest benefits on those who live in these areas, they cannot, in our view, provide answers to the long-term investment needs of the community.

Nor will the operational separation of Telstra do anything to help “the bush”. The chief beneficiaries of this measure will be companies whose prime targets are high spend commercial customers and the metropolitan mass market. Thin rural and regional markets will continue to hold few attractions for profit driven firms, irrespective of the structural experiments of policy makers. In the meantime, to the extent that Telstra is constrained from realising the efficiencies of vertical integration, all consumers, including those in rural areas, will carry the burden of unnecessarily high prices.

The Government, in putting forward these bills, is of course attempting to satisfy both the National Party and Telstra’s competitors, while reassuring a community overwhelmingly hostile to Telstra’s privatisation that they have nothing to fear from a full sale. It is a pragmatic package, cobbled together in indecent haste to meet a political timetable, not a serious policy response to the issues facing the industry and the community. The uncomfortable fact is that there is no easy solution to the conflict between the traditional social objectives of telecommunications policy – equitable access to services by all Australians – and the logic of the market. Majority public ownership does, however, at least offers a means of mediating those tensions, while preserving forms of accountability appropriate to a company that continues to perform critical social functions.

