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FAMILY FIRST REJECTS TELSTRA SALE

Family First is disappointed that the Government, which claims to be a champion of the family, is refusing to tell families how selling the rest of Telstra will affect them.

When the Prime Minister announced during the election campaign that he would take up Family First's proposal to prepare Family Impact Statements, the public thought the idea was to benefit them. So did Family First.

Had Mr Howard explained to Australian families that Family Impact Statements were solely for the benefit of Cabinet, people might have thought they were not worth much at all. Family First feels the same.

If ever there was an issue where families needed to know how they would be affected, it is the sale of the rest of Telstra. This is especially so given the Government's record on this issue.

Last weekend the Communications Minister said the full sale of Telstra has been government policy for nine years. If she is right, Australian families might think they have been misled.

Back in 1996, the Prime Minister denied Cabinet had any plans for a full sale.

He said: *"We have a commitment to sell a third... Self-evidently if some people support the sale of a third of Telstra, they can vote for legislation to sell a third of it and vote against any legislation that might be submitted in 10 years time to sell any more."*

Back then, owning two-thirds of Telstra did not present a conflict of interest between being both owner and regulator. But less than 10 years later, we are told that owning 51 per cent of Telstra presents huge problems.

A couple of years after the Prime Minister assured Australians that supporting the sale of a third of Telstra did not mean selling it all, he said his goal was to *"make Australia the greatest share-owning democracy in the world."*

A year later many Australians heeded Mr. Howard's call and bought shares in Telstra, at \$7.40 each. They are now paying the price.

The fundamental issue today is whether the role of government is to provide services or run businesses.

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Australians expect governments to provide essential services, including telecommunications. They do not want them to provide those services as though they were businesses driven by the bottom line.

Today we are paying the price for treating Telstra as a business rather than a provider of services. To appease 'the market', Telstra borrowed \$500 million this year, and will borrow \$2 billion next year, to pay dividends, presumably to prop up the share price.

Meanwhile there has been under-investment in infrastructure; more than 14 per cent of all lines are faulty; old equipment has not been replaced; IT systems are inadequate and an additional \$2 to \$3 billion should have been invested over the last three to five years.

All this while the Government has been assuring us that services are up to scratch.

If this reflects how much Telstra has deteriorated while the Government has control, it does not require much imagination to work out what will happen if Telstra is completely sold off.

As for regulation, who is going to trust a government, which nine years ago said that a decision to sell a third of Telstra was not a commitment to sell all of it, to maintain its proposed level of regulation after it has sold all of its shares?

We know what Telstra wants. Its management has spelt it out in detail. And we know the general view of the Finance Minister is that the Government should be "*light-handed in their regulation*".

Telstra management has told us who will be the biggest losers from a completely privatised company driven by market forces. They will be people in regional, rural and remote Australia where Telstra's market share is more than 90 per cent.

I support free enterprise, not the free market. This sorry tale is a stark example of the difference between the two.

Australians believe the Government should use some of Telstra's dividends to fix up its problems, keep directing some of that money into defence, pensions, health and education as currently happens and still retain ownership of Telstra.

Despite the Government's best efforts, 70 per cent of Australians are not convinced that selling the rest of Telstra is in our interests.

In May, I asked the Minister for Communications for a Family Impact Statement on Telstra and I said: "*I need to be shown how (selling the rest of Telstra) will benefit Australian families.*" I added that I did not want "to see this **only** about how it will benefit us economically. I want to be convinced that it's a good idea."

The Government has failed to convince me.

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