



COMMONWEALTH OF AUSTRALIA

PARLIAMENTARY DEBATES



THE SENATE

TELSTRA (TRANSITION TO FULL PRIVATE OWNERSHIP) BILL 2003

**Report of Environment, Communications,
Information Technology and
the Arts Legislation Committee**

SPEECH

Monday, 27 October 2003

BY AUTHORITY OF THE SENATE

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Questioner
Speaker Cherry, Sen John

Source Senate
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Responder
Question No.

Senator CHERRY (Queensland) (6.25 pm)—This is quite a significant report, and I commend it to the Senate. This inquiry by the Environment, Communications, Information Technology and the Arts Legislation Committee received over 168 submissions.

Senator Eggleston—Mr Acting Deputy President, I raise a point of order. This debate is purely about the printing of the report; it is not really about the report itself.

The ACTING DEPUTY PRESIDENT (Senator Watson)—Senator Mackay sought leave to take note of the report, so we are debating a motion to take note. Senator Cherry is the second speaker on this, and I understand that Senator McGauran also intends to speak.

Senator Eggleston—Does this mean we will have a series of speakers taking note of the report?

The ACTING DEPUTY PRESIDENT—There is a time limit, but Senator Cherry is quite in order.

Senator CHERRY—As I was saying, this is a very important report. It deals with a very important issue—the proposed sale of Telstra, a \$30 billion plan by the government. What came through the evidence of those 168 submissions and the seven days of hearings was that the government has comprehensively failed to make out a public interest case for the sale of Telstra. The inquiry found that competition has not developed as extensively as was generally expected after full competition was introduced in 1997 and that various telecommunications markets are not yet effectively competitive. It found market failure and an imbalance in market power. It found that Australian household consumers are still paying too much for their services; that services are not equal between urban Australia and regional and rural Australia; that there are no future-proofing mechanisms to ensure meaningful outcomes; that Australia specific research and development is dissipating; that networks are not being developed and used to their full potential; that the current regulatory system needs improving; that there has been no independent, authoritative study of structural separation, despite such a study being recommended by the OECD and required under subclause 4(3) of the Competition Principles Agreement; and that this bill contains nothing that will improve competition but instead removes part 3 of the Telstra Corporation Act 1991, which gives the minister power to intervene in the public interest.

It is also noteworthy that the evidence given to this inquiry dealt with the significant power Telstra has in respect of the customer access network and of the media market through its Foxtel partnership, particularly in regional markets, and through its control of the universal service obligation. The ACCC gave evidence to the committee that the bill will in no areas improve competition and instead will reduce the ability of government to monitor and intervene in market power abuse. Throughout the inquiry a compelling case was made for the implementation of a mechanism to future-proof rural and regional Australia.

Senator McGauran—Mr Acting Deputy President, I raise a point of order. As I listen to Senator Cherry, it sounds as though he is speaking to the report. I believe Senator Mackay sought leave to speak with regard to the processes of bringing on this report.

The ACTING DEPUTY PRESIDENT—No, the motion was to take note of the report.

Senator McGauran—Talking about process being misused, I think we have a classic case over here.

The ACTING DEPUTY PRESIDENT—There is no point of order.

Senator CHERRY—Thank you, Senator McGauran. It was good of you to turn up to the committee hearings.

Senator McGauran—I was busy with a whole lot of other committees.

Senator CHERRY—Good. Despite recommendations by the National Competition Council, the ACCC, the OECD and various other experts, the government has not yet explored the competitive advantages, costs and

benefits of improving competition through means such as structural separation; nor has it responded to the report by the Australian Communications Authority on improving network reliability frameworks; nor, indeed, has it dealt with the issues of future proofing raised in a whole range of rural and business submissions. All the committee's evidence shows very clearly that the government has not made a clear case based on the public interest for selling Telstra and that a whole range of things will need to occur before the 80 per cent of Australians who are opposed to the sale of Telstra come round to the government's point of view.

Sitting suspended from 6.30 p.m. to 7.30 p.m.

The ACTING DEPUTY PRESIDENT (Senator Hutchins)—The question is that the Senate take note of the report.

Question agreed to.