

## Australia Dossier by Robert Barwick

### Telstra to be fully privatized

*Australia's biggest privatization target is boasting huge profits from massive cuts in jobs and services.*

Australia is bitterly divided over the federal government's proposal to fully privatize Telstra, the 51% government-owned national telecommunications company. On March 3, Prime Minister John Howard announced his intention to sell all of Telstra. "We've sold almost half of Telstra and we want to sell more," he said. "I'll keep going on it and I'll eventually get it." Four days later, Telstra announced a record half-year profit by an Australian company, of \$2.1 billion. Just after proclaiming the huge profit, Telstra CEO Ziggy Switkowski announced the elimination of 16,000 more jobs (one-third of the firm's workforce) over two years, to "reduce cost structures and maintain profit growth."

The announcement provoked an uproar. Sen. Ron Boswell, the deputy leader of Howard's coalition partners, the National Party, slammed it as a "public relations disaster." Since its initial partial privatization in 1996, Telstra has announced record profits each year, but it has also slashed 25,000 jobs. These job cuts have struck hardest in rural areas, where previously, as a publicly owned monopoly with a service orientation, Telstra would channel its profits into providing unprofitable services and infrastructure for the sparse rural population. Now, it is not uncommon for rural people, even high-profile and politically influential people, to be left without telephone service for many weeks, due to insufficient Telstra personnel. In outback Queensland, former National Party president Don McDonald was without a phone for five weeks because of a technical fault

that was eventually fixed in a few minutes.

As the party which represents the rural areas, the National Party (formerly known as the Country Party) has screamed the loudest. However, the Nationals themselves helped bring about the current crisis, because it was only with their crucial support, through their coalition with the pro-big business, pro-globalization Liberal Party, which allowed the privatization of Telstra in the first place, and which has turned Telstra's subsequent activities into a "public relations disaster" for them. Even maverick National MP Bob Katter, who most vocally denounced the job cuts for putting rural people's lives at risk, made a compromise in 1996 to allow the sale, claiming at the time that the National Party's deal would protect rural services.

Conscious of his party's (and perhaps his own) shattered credibility, Katter blasted Telstra's job cuts in the federal parliament, saying that they could lead to the typical "Mary Smith in Julia Creek" being without a phone for a very long time, and if she were an elderly pensioner who broke her leg, "Mary Smith will just have to die." Stung by the charge, Communications Minister Sen. Richard Alston, who is in charge of Telstra and is pushing for 100% privatization, labelled Katter a "national disgrace."

The furor has turned Prime Minister Howard's plans to fully sell Telstra into a hot potato. On March 19, Senator Alston tried to ameliorate the fallout by announcing an inquiry into Telstra's service performance, to report back to the Cabinet by Sept. 30.

"We remain committed to privatization, but only after receiving a tick [approval] from an independent inquiry," he said. The opposition Labor Party labelled the inquiry a "whitewash," and described the panel as "stacked," because it is chaired by a known privatization advocate.

However, Labor also has no credibility on the Telstra issue: The original plan to sell Telstra was put forward by the Labor government of Prime Minister Paul Keating, and managed by then-Communications Minister and current Labor Party leader Kim Beazley. Although Labor has gone into the last two elections vowing not to sell Telstra, Keating revealed the party's true intentions when he told the March 19 *Sunday Age* that privatization is "inevitable," and probably in the company's best interests. Liberal Finance Minister John Fahey exulted, "It is refreshing to see someone in the Labor Party expressing some honesty on the sale of Telstra. Everyone knows if Labor got back into power, they'll sell it."

Fahey knows the reason that the Labor Party will sell Telstra, despite its denials, is that it answers to the same global financial oligarchy as the Liberal/National Coalition, and that oligarchy is determined to seize whatever tangible assets it can, before the worst financial crash in centuries hits full force. On March 17, the international credit-rating agency, Moody's Investors Service, increased the pressure for privatization by downgrading Telstra's credit rating, and pronouncing that as long as Telstra is majority-owned by the Australian government, the company's cost-cutting will be impeded, and its role as Australia's leading telecommunications carrier threatened. Analysts predict that Telstra will need to shed another 35,000 jobs if it is to fit in with Moody's and others' expectations.