Australian government plans telephone company sell-off

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The Australian government has announced plans for one of the largest privatisations in the world—a proposed US$26 billion sale of Telstra, the state-owned telephone company. In the telecommunications industry, the sell-off will be second only to the Japanese government's sale of NTT in 1988 for $34 billion.

The Liberal-National Party coalition government will attempt to rush legislation through both houses of parliament within months to enable the sale of the government's remaining two-thirds stake in Telstra to go ahead immediately following the next federal election, which could be held as early as July. Parliament passed similar measures last year to sell one third of the company.

The very size and scope of the Telstra sale demonstrates that there is literally no limit to the privatisation process, which has increasingly dominated the agenda of all Australian governments, state and federal, over the past decade. Although the official Labor Party opposition has criticised the move, the previous Labor governments of Hawke and Keating began the privatisation process, selling off Qantas airways, the Commonwealth Bank and the major airports. At the state government level, both Labor and conservative administrations have sold off electricity, gas and water supply networks, railways and other public transport facilities and even hospital and welfare services. In every case, thousands of jobs have been eliminated and services gutted.

Prime Minister John Howard declared that the completed Telstra sale would be a gain for "mums and dads" and "ordinary Australians" who would supposedly benefit by purchasing thousands of shares. In reality, the float will produce a bonanza for big investors, finance houses and major companies. They stand to reap billions of dollars, at the direct expense of Telstra workers and household phone users.

Already, as a result of ruthless job-cutting, outsourcing and cost-cutting, Telstra has announced a record $1 billion half-yearly profit and forecast $2 billion for the full year 1997-98. It is currently eliminating jobs at the rate of 1,000 per month. Over 16,500 jobs have gone since late 1996 when the company announced "Project Mercury"—a plan to axe 25,000 jobs, about a third of its work force, within three years.

Howard's government claims it will ensure that Telstra's new owners maintain consumer facilities and subsidized minimal services to rural areas. However, the entire privatisation process is driven by the relentless profit requirements of globally-operating financial markets and transnationals. With a bottom line of securing at least a 15 percent rate of return on investment, the money markets will not tolerate regulations that impinge on profits. For Telstra to compete with the global telecommunications giants, it will only be a matter of time before cross-subsidies to rural areas are eliminated and unprofitable services terminated. Large business customers will play Telstra off against competing providers, inevitably obtaining low-cost services at the expense of household users.

Equally misleading is the government's claim that it will allocate $2 billion from the Telstra sale for a "social bonus package." Big business will insist that all the government's cuts to welfare, health, education and housing—including the imposition of aged care nursing home fees—proceed and deepen. Like the "Heritage Fund" set up from the one-third Telstra sell-off last year, the "social bonus" will turn out to be nothing more than a Liberal-National Party slush fund to boost the Coalition's election prospects.

Making his announcement, Howard said his goal was to make Australia the "greatest share-holding democracy in the world." This is reminiscent of Margaret Thatcher's claim to be creating "people's capitalism" in Britain. In truth, the lion's share of Telstra will be grabbed by the big banks and financial institutions, and by the transnational telecommunications companies.

In the two largest companies privatised by the Labor governments, the Commonwealth Bank and Qantas, the wealthiest 20 shareholders dominate completely, owning 56.01 percent and 74.37 percent respectively. Apart from British Airways, which has taken 25 percent of Qantas, the two Top 20 lists are almost identical. They consist of finance houses and banks, such as Westpac Custodian Nominees, Chase Manhattan, AMP and ANZ Nominees.

According to the Reserve Bank, the country’s central bank, Australia is already second only to Britain among OECD nations in the value of privatisations carried out from 1990 to 1997. Yet those owning shares in their own name remain a distinct minority of the population, rising from 16 percent in 1994 to 25 percent by 1997.

A far higher proportion of the population—40 percent according to a recent report—have been forced to become involved in the privatisation process because their life savings are being sunk into the share market by the pension funds, insurance companies and banks. With every new privatisation and corporate share float, capitalism more and more resembles a giant casino, with everything gambled on the hope of an ever-rising stock market. While working people never see a single cent in dividends from these investments, they stand to lose everything in the event of a crash.

Likewise, Telstra workers were given small parcels of shares in last year’s initial float and actively encouraged to take interest-free loans to purchase more. Such schemes have a particular purpose. They are designed to bind employees directly to the company and its balance sheets—so that workers will cooperate in the destruction of their own jobs and conditions.

Telstra and the government can only proceed with their plans because the Labor Party and the trade unions-including the Communication Electrical and Plumbers Union (CEPU), which covers most communication workers—have paved the way for them and continue to collaborate at every stage.

Even now, the CEPU is conducting behind-the-scenes negotiations with Telstra on a new contract that will further slash conditions and jobs. The union leaders’ only concern is that they retain their privileged positions as labor-hire negotiators, irrespective of whether Telstra is privatised or not.

A so-called anti-privatization campaign mounted by the Labor and trade union leaders last year was a diversion to distract attention from this partnership. They argued that if workers sacrificed jobs and conditions to boost Telstra’s profits ever higher, public ownership would be maintained, ensuring that workers could exercise some control over their future. The very opposite has been the case. This process has only prepared the groundwork for privatization.

More fundamentally, the very argument advanced by the Labor and union bureaucrats—that workers must assist “their” employer to compete in the struggle for markets—expresses the objective logic of the private profit system. Today, profits are made by continual job-shedding and cost-cutting, combined with opening up every conceivable arena for corporate plunder. That is why even when record profits are announced, it is only the signal for another wave of retrenchments.

These are the processes that drive the privatization program, not—as the union and Labor leaders claim—some purely ideological bent on the part of Howard, or his Labor predecessors. Whereas big business once relied on governments to provide expensive infrastructure such as telephone systems and railway lines, at public cost, the corporate boardrooms and their bankers now demand that the most lucrative sections of these fields be handed over for direct exploitation.

Moreover, workers have never had a say in how such government-owned enterprises were run, or whose interests they served. Nor has the “public” ever been in control—every key decision remained the prerogative of the ruling elite and its political representatives, both conservative and Labor. The sale of Telstra, supposedly “public property,” has only confirmed this fact. Communications Minister Richard Alston declared that the float would proceed, despite a recent survey showing 62 percent public opposition.

Working people cannot answer the elimination of jobs and services by opposing the application of the most advanced technology or by attempting to turn the clock back to the days of national regulation. There is no doubt that telecommunications—at the very cutting edge of modern technology—have to be reorganised on a global scale to utilize the immense potential of the computer-led revolution. The issue is: by whom and in whose interests?

Left in the hands of the corporate world, these advances will be employed only to create even greater social inequality, unemployment and social misery. However, organised on the basis of social ownership, and under the genuine democratic control and direction of the working people, the wonders of technology can be harnessed to provide decent employment, advanced training, shorter working hours and sophisticated international communications for all. This is a socialist perspective.