

11 May 2000

SUBMISSION TO MINISTERIAL INQUIRY INTO TELECOMMUNICATIONS

The submission of the Campaign Against Foreign Control of Aotearoa (CAFCA) is brief and to the point.

We believe that telecommunications is a strategically vital part of any modern economy, and that it is far too important to be left in the hands of squabbling transnational corporations such as Telecom and Clear (and the rest of the Johnny come latelies). We believe that it is a function that should be publicly owned and performed by the State.

We believe that the 1990 sale of Telecom was a major mistake (crime would be a more accurate word). We are far from alone in this belief, indeed a very clear majority of New Zealanders share it, which is extraordinary, considering that the sale took place ten years ago. Not even a decade of corporate propaganda and "evidence" has shaken that view. An April 2000 *National Business Review/Compaq* Poll found that 61% thought that the sale of Telecom was a mistake (and that figure had increased since a similar 1997 poll). We most definitely have a mandate on this one.

Dealing specifically with Telecom, the evidence is clear (pardon the pun): it has profited mightily in its decade of foreign ownership, exporting a phenomenally high percentage of its annual profit (98.1% was paid out as dividend in the 1998/99 financial year); it has abused its monopoly in relation to other phone companies, Internet service providers and the general public; it has allowed service to deteriorate to the point where big city exchanges have crashed on a number of occasions and essentials such as emergency public phones have become scarce; it has abused its ownership of things such as the numbering system, phone cards and the Yellow Pages; it has treated its own workers in an appalling fashion, with mass redundancies, the downgrading of conditions, and a policy of de-unionisation; it has treated communities all around the country with contempt in its ceaseless drive to erect cellphone towers. This is not to say that the other telecommunications transnationals are blameless – far from it. But Telecom is the biggest and the worst. It has consistently behaved as a bad corporate citizen.

No amount of tinkering or mucking around with regulation and the likes of the minimalist Kiwi Share is going to resolve this mess. **The Government has a duty to nationalise Telecom.** Its policy towards ACC provides an obvious precedent for this. Those who bought it in 1990 have already made stupendous profits and capital gains: we see no reason why they should receive any further compensation. If anything, Telecom should be compensating the New Zealand public for the damage it has caused. This nationalisation should be done because **it is in the national interest.** Once again, Government policy, in this case, forbidding the sale of Brierley's fishing assets overseas – because that would not be in the national interest – provides a precedent.

We are fully aware that this suggestion will be dismissed as “unrealistic”, “impossible”, etc, etc. Doubtless the “market” would not take it kindly. Too bad, they’ll live. We offer as a minimum condition that the **local phone network** (Telecom’s trump card in its monopoly situation) **be returned to permanent public ownership**. Another minimum condition is that any expansion of telecommunications services, by any company (be it cellphone, Internet, fibre optic cable, etc) be installed to all sections of the community, both rural and urban, not just in the profitable and easy central business districts of the big cities. This reluctance to offer new services to remote and rural communities (on grounds of cost) is another argument in favour of a publicly owned telecommunications company, with a statutory emphasis on **service rather than profit**.

In the case of ACC, the Government is closing the door on private providers and restoring a State monopoly. **We see no reason why the same cannot be expeditiously applied to telecommunications**. There is no reason to be daunted. This country has spent the best part of 15 years seriously addressing major political mistakes from the 19th century, namely Treaty of Waitangi claims. This is a major political mistake that dates from a much more recent, and abnormal, period of our history. Let’s rectify it.

Murray Horton
Secretary/Organiser