A RESPONSE TO THE PRODUCTIVITY COMMISSION DRAFT OF THE INQUIRY INTO GOVERNMENT DROUGHT REPORT

INTRODUCTION AND RECOMMENDATIONS

The draft of the Inquiry into Government Drought Report is another excellent Productivity Commission (PC) product and I think all its recommendations should be supported. However, its focus does too little to prepare Australia for a greener future and for related carbon trading and offset investment schemes to achieve it. The major goals of this submission, therefore, are carbon pollution reduction and protecting biodiversity.
It primarily addresses PC draft report recommendations 7.1 and 8.1 so as to position Australia's farming and related communities more effectively in their regional, social and environmental contexts, so all production can be managed in a more holistic and therefore more effectively coordinated manner, to achieve all stakeholders' social and environmental goals more competitively. This submission also aims to position Australia to achieve all related national and international goals more effectively, through managed and targeted competition and evaluation of the outcomes, according to triple bottom line accounting requirements, which are economic, social and environmental. Farming, mining, waste management, communication development, education and research are addressed in a related fashion. This also addresses the third of the Terms of Reference given to the PC, which was to identify the most appropriate, effective and efficient responses by government to build self reliance and preparedness to manage drought.

PC draft recommendation 7.1 states:

The objectives of the Australia's Farming Future initiative should be revised and expanded to the following:

1. Assist primary producers to adapt and adjust to the impacts of climate variability and climate change

2. *Encourage primary producers to adopt self-reliant approaches to managing risks*(My italics. Risks to the surrounding environment must also be managed.)

3. Ensure that farm families in hardship have temporary access to a modified version of income support that recognises the special circumstances of farmers

Draft recommendation 8.1 states that 'Significant public funding should be directed to research, development and extension to assist farmers prepare for, manage and recover from the impacts of climate variability and change. However, primary producers ideally also manage risks that their production may generate for others besides themselves and this needs to be clearly recognized for effective development. Encouraging primary producers to take self-reliant approaches to managing only their own business risks is a good idea unless the practice becomes so successful that it threatens the sustainability of competing life which is ideally valued more highly, in order to encourage other industries,

such as eco-tourism, communication or education, and in order to ensure the preservation of vulnerable species and the quality of life for future generations. For example, I love to see orang utans on TV as well as in the wild and hope they are valued more as I get older, rather than dying to produce palm oil. Government policy can assist many such market transitions so that they maximise the interests of communities in meeting all regional, national and international goals as widely, effectively and competitively as possible. Later discussion addresses this. Some draws verbatim on the findings of my daughter, Jessica O'Donnell, who completed a study at Macquarie University, entitled 'How vulnerable to climate change are plant communities within protected areas' supported by the Department of Climate Change. The following recommendations are made:

1. Plan agriculture, mining and eco-tourism in their regional land matrix contexts nationally and internationally to achieve all the goals of sustainable development.
2. Consider carbon trading and offset development in the context of the land matrix regionally, nationally and internationally to address global warming and loss of diversity.
3. Act to reduce carbon pollution and protect biodiversity by weed and pest removal, planting native vegetation and protecting river banks.
4. Seek more innovative, better coordinated management of urban and rural waste, pursued in more open markets
5. Consider the management of life and death to support the aims of the Australian Organ and Tissue Donation and Transplantation Authority Act (2009) and to assist personal choice to be exercised more effectively
6. Intervene in the national broadband communication content planning and service delivery processes to achieve all community goals as scientifically, effectively and competitively as possible

The following attached submissions to inquiries should be read in a related context:

- Health and education for sustainable development and the Australian Carbon Pollution Reduction Scheme
- Submission to Australian Health Ministers Advisory Council on a national registration and accreditation scheme for the health professions

1. PLAN AND PURSUE AGRICULTURE, MINING AND ECO-TOURISM IN THEIR REGIONAL LAND MATRIX CONTEXTS, NATIONALLY AND INTERNATIONALLY TO ACHIEVE ALL THE GOALS OF SUSTAINABLE DEVELOPMENT

2. CONSIDER CARBON TRADING AND OFFSET DEVELOPMENT IN THE CONTEXT OF THE LAND MATRIX REGIONALLY, NATIONALLY AND INTERNATIONALLY TO ADDRESS GLOBAL WARMING AND LOSS OF BIODIVERSITY

3. ACT TO REDUCE CARBON POLLUTION AND PROTECT BIODIVERSITY BY WEED AND PEST REMOVAL, PLANTING MORE NATIVE VEGETATION AND PROTECTING RIVER BANKS

According to the PC (p. 35) Australia is highly urbanised by international standards. In 1906 around 65% of the population lived outside the capital cities, falling to about 36% in the 1970s. This remains the situation. However, between 2001-2006, the capital cities, some coastal regions, provincial centres and mining towns experienced population growth, whereas populations in most rural and remote areas declined. Australian agriculture is ideally planned and managed from within such regional contexts where land is understood and utilised in planned production. In these contexts, one wonders which crops and animal husbandry should be encouraged in a dry continent and which should be discouraged, to achieve the goals of sustainable development most effectively. Mining interests must also be considered in regional contexts where the total land matrix is utilised effectively for planned, competitive development. Waste management and communication to promote education, development and research also require discussion in related regional arenas. This submission calls for universal action based on such analyses. Related carbon trading and offset development also require consideration in the regional context of the land matrix, nationally and internationally. This is discussed later.

The PC profile of Australian agriculture indicates that traditionally it has been dominated by extensive pastoral and cropping activities, including wheat, beef cattle and sheep (for wool and meat products). Over time, the share of wool and wheat in agricultural output has declined while that of beef and sheep meat and other crops has risen. Since 1983, areas under cotton, cane, potatoes, rice and horticulture increased, and viticulture has expanded. Intensive livestock industries have also grown. Cotton and rice production, however, have recently declined relative to the levels attained in 2001-02 (PC, p.18). There has been long term decline in the number of farm businesses, with numbers falling from about 196,000 to 130,000 in 2004-2005. The area of land used for agricultural production has declined and is now at around 1950s levels. In 1996-97 the largest 30% of farms generated 76.5 percent of the total value of agricultural operations, while the smallest 50% generated 9.8% of the total value of agricultural operations (PC, p.20). Farmers in areas such as western NSW, central Queensland and parts of the east coast are more likely to be vulnerable than farmers in other areas. A lack of partnerships, degradation, small area scale operations, low average incomes and lack of off-farm income were major indicators of vulnerability (PC p.30).

The above indicators ought to be considered in concert to achieve broader community and environment related goals, including carbon reduction and biodiversity maintenance through trading and offset development. For example, one wonders whether cotton and rice are sensible products to grow in such a dry continent as Australia, where the price of water will necessarily rise in future, along with community criticism of the effects of water removal on biodiversity and climate change. In the colonially driven production context described, one also wonders whether it is mainly for European colonial reasons that bamboo, a fast growing plant which can be used in building, for cotton-like clothing and for many other purposes, seems largely to have been ignored by Australian agriculturalists.

In a related context one wonders whether the consumption of kangaroo meat should be preferred over the consumption of other meat, for the purposes of general sustainability, or whether kangaroos should be perceived as lucrative tourist draw-cards, which are endangered by culling. In the same colonial context it is important to consider the knowledge of the land which Aborigines who were hunter gatherers have, and more generally to become more aware of the potential of products traditionally used in Asia and other places rather than Europe.

Those concerned more with conservation than agriculture have suggested that 49 plants and 54 animals have become extinct across Australia, and more than 1000 plants species, 400 animal species, and 40 ecological communities, are currently under threat from many human-induced pressure and the impacts of pest species. Some invasive weeds, other pests and their destruction of native vegetation on which fauna depends, may also be seen as problems by farmers and conservationists alike. Effective management of common threats within the landscape matrix is increasingly recognized as an important element in the development of adaptive management strategies for protected areas, and conservation initiatives in general. In relation to climate change, the management of these threats, and the maintenance of high quality and well connected habitat are necessary to facilitate the dispersal and establishment of species within new areas. I cite O'Donnell's work below.

Approximately 89 million hectares of land, or 11% of the continent is currently protected in some form. Since the 1960's, the development of the national reserve system in Australia has been based on the principles of comprehensiveness, adequateness and representativeness (CAR) (ANZECC & MCFFA 1997). These principles are directly related to the development of the Interim Biogeographic Regionalisation of Australia (IBRA), which divides Australia into 85 distinct biogeographic regions and 403 sub-regions. IBRA provides a scientific framework and tool to aid and evaluate the realization of the CAR principles in the development of the national reserve system. For example, the current goals of the national research system are to protect 80% of the ecosystems represented by both the IBRA regions and sub-regions by 2010-2015 (DEWHA 2008a). In the last decade however, the acquisition of land for the national reserve system has not met current targets (Sattler & Taylor 2008). The treatment of farming and mining in Australia should take account of the impacts of various forms of production on climate change and biodiversity. Government should also consider further acquisition of protected land.

Traditionally, the establishment of protected areas has been thought the most important and effective conservation method. Protected areas offer differing degrees of protection, ranging from formally managed national parks to land subject to conservation covenants, and the World Conservation Union has developed a formal classification system to define these different levels of protection. Ideally, protected areas represent suitable habitat of an adequate size for the maintenance of ecosystem processes and the persistence of species populations, in an environment that is protected against destructive activities and land-uses. The Australian protected area network incorporates over 9000 reserves, including national parks, protected land owned by indigenous Australians, areas managed by non government organizations, and private land protected through conservation based agreements such as Covenants. Should these reserves now be augmented by measures to

achieve as many national and international goals as possible? (I guess so, but the decision is ideally made on a variety of good evidence about the regional land matrix.)

The perceived effectiveness of protected areas was initially based on the assumption that species distributions were static. As early as 1985 however, it was recognized that species distributions were changing in response to climate change, and that this would have implications for the capacity of protected areas to continue to conserve individual species and maintain current community assemblages. The WWF report *Building Natures Safety Net (2008)* assesses the current state of Australia's national reserve system in terms of meeting current targets for ecosystem representation. The report highlights the inevitability of change in the current species assemblages within protected areas, an important issue that had been raised in the Australian *National Biodiversity and Climate Change Action Plan 2004–2007* (NRMC 2004). The Australian Government Department of Climate Change report *Implications of Climate Change for Australia's National Reserve System* builds on this theme by suggesting the previously accepted conservation goal of "preventing ecological change" must shift towards "managing the change to minimize the loss". This new way of thinking incorporates two main management directives: (1) the facilitation of natural changes, such as species distribution changes and community change, and (2) the identification and protection of areas considered especially important as refuges, or particularly vulnerable to climate change. (Why accept losses?)

Recognition that species ranges are shifting, at least partly in response to climate change, has greatly increased consideration of the landscape matrix, in the conservation of biodiversity. The quality of the landscape matrix plays an important role in facilitating or preventing a species dispersal, survival and establishment. The landscape matrix, represents both potential habitat of varying quality and also a source of threats to species survival, persistence and migration. For example, a history of land clearing, intense land use and modification has reduced the extent of natural vegetation on the east coast of Australia. Suitable habitat within the landscape matrix is often highly fragmented, posing barriers for species movement, migration and dispersal, and impeding genetic flow. The modification of hydrological systems, pollution and the introduction of grazing species have further degraded potential habitat in Australia. Disturbance of natural ecosystems, nutrient addition and the activity of grazing animals have facilitated the invasion of exotic plant species, which compete with native plants for resources. It is recognized that synergies exist between these factors and the pressure imposed by climate change, potentially making the combined impact worse than the sum of the impact of individual factors. How are all ideally treated in regional land matrix contexts and more broadly?

Protected areas represent the most common and potentially effective method to conserve biodiversity. They aim to buffer healthy habitat from human activities that modify, degrade or destroy ecological assemblages. For two decades, it has been recognized that climate change poses a threat to the effectiveness of protected areas, and there is mounting evidence that the distribution of species, and species representation within communities is already changing in response to climate. O'Donnell's study sought to assess and compare the vulnerability to climate change of plant assemblages within two Australian national parks in contrasting environments, using three potential indicators of climate change

vulnerability. She used bioclimatic modeling to predict the current bioclimatic ranges of all higher plant species known to inhabit each park, and compared the range size frequencies between the parks. To investigate and compare levels of climate change exposure, she projected the current plant ranges onto a future climate scenario and measured the magnitude of range size change, and the potential loss of plant species from each park. To investigate and compare the capacity for plant species to track climate change outside the boundary of the national park, and move between refuges such as protected areas, she undertook a simple qualitative analysis of the landscape matrix surrounding each park – one inland and one coastal.

The results suggest plant species inhabiting both Kinchega and Myall Lakes national parks are vulnerable to climate change, as all species responded to future climates with shifts in range, and the landscape matrix around each area also presents threats to species persistence and movement. Plant assemblages within Kinchega National Park, however, may be more vulnerable to climate change, as the Kinchega species showed stronger responses to climate change, which is likely to translate into greater ecological change within the park. The flora of the Darling Riverine Plains vegetation is currently not highly represented in the Australian National Reserve System, and species shifting out of Kinchega National Park face a highly degraded landscape, with few areas of formal protection, and high levels of competition from a large number of exotic pest species. The study suggests plant assemblages within Kinchega national park may be more vulnerable to climate change-induced range contractions than those within Myall Lakes National Park, but that both parks will be susceptible to change.

The vulnerability of a species, community or ecosystem to any kind of pressure, or threat, is determined by a multitude of interrelated factors. These factors can be categorized roughly into three main groups: (1) the intrinsic characteristics of species, (2) the factors that determine the degree of exposure to a pressure or threat, and (3) the factors that influence the adaptive capacity of a species. O'Donnell found the landscape matrix around Kinchega national park represents continuous remnant vegetation, but poor quality habitat due to high levels of grazing pressure and competition from a large number of invasive plant and animal species. The lack of protected land within the region reduces the chance of species shifting into land actively managed for conservation purposes, leaving them more vulnerable to a range of threats. The landscape matrix around Myall Lakes is highly fragmented, due to widespread land clearance for agriculture and urban development, which represents the greatest threat to biodiversity within the region. A greater concentration of reserves within the region increases the chance of species shifting into other protected areas, but fragmentation of the landscape is likely to present numerous barriers to dispersal. Climate change and a landscape matrix affected by production and development both reduce biodiversity. The latter appears the main problem. This has implications for land planning and carbon offset development.

The provision of drought support requires consideration in an environment where invasive weed eradication and the planting of native species to provide habitat and build corridors for wildlife migration are ideally also recognised as necessary. This direction is ideally supported by carbon trading and offset development. In this context the concerns of

organizations such as Rivers SOS also require close consideration and related action. Rivers SOS is an alliance of 41 community groups in NSW campaigning for a safety zone of at least one kilometre around all rivers in order to protect them from the severe damage being done by poorly regulated mining operations. (Anyone who has visited Borneo might guess that a similar river strategy is urgently necessary for protection of many endangered animals such as orang utans and proboscis monkeys. In some areas there is so much clearing in the forest along supposedly protected rivers that one wonders how long the eco-tourism industry and animals can survive. Rivers are also good for carrying other produce cheaply, even for the smallest operators). In the light of the ageing and more affluent populations which have arisen comparatively recently across the world, the preservation of native animals and related development assistance provided to their surrounding communities, is ideally a central strategy for all future development. This seems the only sensible way forward, with poverty alleviation considered in this context.

Mining is ideally considered in related regional contexts. For example, Rivers SOS is concerned about longwall coal mining. It claims this underground mining is having a devastating impact upon rivers, swamps and aquifers. The group claims mining and environmental legislation are failing to protect the environment or provide water security and that protection zones are now required to protect rivers, streams, swamps and other key natural features from being cracked, drained and polluted as a result of ground subsidence caused by longwall mining. It calls upon government to implement a regulatory system that counterbalances mining approvals with a legislated one kilometre protection zone for rivers, streams and swamps. Among other measures, it seeks adoption of the recommendation of the Hawkesbury-Nepean River Management Forum which principally sought to ensure that all underground coal mining is required to eliminate existing impacts and to avoid future impacts upon the water supply system, rivers, streams and wetlands within the Hawkesbury-Nepean, Shoalhaven and Woronora catchments. The group also seeks to expose the mining industry to greater public transparency and accountability, by providing greater access to all environmental reporting and standardising the community consultation process. Such concerns are important to take into consideration in any planned approach to the land matrix. Perfect information is necessary for a perfect market. The international financial crisis was based on ignorance instead. The blind led the blind. Freer markets depend upon reliable information.

4. SEEK MORE INNOVATIVE, BETTER COORDINATED MANAGEMENT OF URBAN AND RURAL WASTE, PURSUED IN MORE OPEN MARKETS.

5. CONSIDER THE MANAGEMENT OF LIFE AND DEATH TO SUPPORT THE AIMS OF THE AUSTRALIAN ORGAN AND TISSUE DONATION AND TRANSPLANATION AUTHORITY ACT (2009) AND TO ASSIST PERSONAL CHOICE TO BE EXERCISED MORE EFFECTIVELY

The Lord Mayor of Sydney, Clover Moore, states that the council's Sustainable Sydney 2030 program anticipates there will be restrictive carbon pollution policies in the future and proposes several measures through which the City can reduce its carbon footprint and become more sustainable. A key Sydney 2030 initiative is to change the way energy

(electricity, heating and cooling) is provided and distributed. The plan for Green Transformers includes the introduction of locally generated energy using various low-carbon energy generation technologies such as co-generation, tri-generation and renewables. It is recognised that in the long term some of the fuel for this network could be sourced from local waste. In November 2008 the City sought expressions of interest in the provision of light emitting diode (LED) technology to improve lighting in public spaces. This technology apparently has the potential to cut energy use by 50%, decrease maintenance costs and also provide improved lighting conditions in public spaces.

Currently in NSW the state government has a program for recycling and reuse of government waste. Councils handle waste separately. Better coordinated and more innovative management of waste management programs is necessary in the future. Sustainable Sydney 2030 commits the City to investigating an integrated waste management strategy with other Inner Sydney Councils, which may include establishing an Alternative Waste Technology (AWT) facility as an alternative to the current practice of using landfill for disposal. AWT facilities have the potential to recover 80% or more of recyclable materials and have the potential to generate energy through the capture of methane. This would help the City meet both its waste diversion targets and support the Green Transformers initiative, according to the Lord Mayor.

Proposals for AWT facilities should include investigation and consideration of the current methods of disposal of all human and animal body wastes, in order to improve their treatment. In a medical context, the prevention of overpopulation and the disposal of human bodies and their wastes are the raw material of many potential scientific and democratic revolutions. More scientific and democratic development approaches have yet to emerge from the destructive ignorance of past feudal practices everywhere, which many rich lawyers and others still jealously guard through courts, which also support 'junk science' through their expensive adversarial practices. The Australian Organ and Tissue Donation and Transplantation Authority Act will commence in January 2009. Its aims and related requirements need close examination in this context in order to develop an understanding of how the health aims of everybody may be achieve most effectively and fairly. Ideally, individuals have the right to make their own informed decisions. They should not normally be spoken for by lawyers, psychologists, ethicists and others who may use the pretence of protecting people to frighten them to silence while living off them.

After the Nazi defeat in Europe, the Nuremberg trials produced a Code which expressed the new international awareness that narrowly driven views of scientific experiment may make total destruction as likely as improved wellbeing. The Nuremberg Code stated all those involved in research must be properly informed and have the power and moral responsibility for autonomous speech and decision. The first principle of the Code states:

> The voluntary consent of the human subject is absolutely essential. …….
> The duty and responsibility for ascertaining the quality of the consent rests upon each individual who initiates, directs or engages in the experiment. It is a personal duty and responsibility which may not be delegated to others with impunity.

Code principles should be applied in any broadly scientific approach to individual or community management, as well as in medical experiments. Broader community education rather than lawyer driven requirements and ethics committees are needed in this context. The latter may just produce red tape and often copy feudal assumptions and practices which are pre-scientific, let alone pre-Nuremberg. A recent discussion paper on the protection of human genetic information by the Australian Law Reform Commission and the National Health and Medical Research Council (2003) concluded ethical inquiry is consistent with scientific inquiry, in that it is centrally concerned with the kind of procedures or discussions that allow all relevant sources of information and viewpoints on a disputed matter to be taken into account in coming to a decision. Ethical judgment, like scientific inquiry, is ideally an ongoing activity for all, since community life is continually developing, along with knowledge and related conceptions of truth. This inclusive approach to ethical judgment requires much greater recognition of the need for informed participation of communities in all service provision. It also requires educational approaches which recognize the subjectivity of all, including that of any researchers who prefer to think of themselves as above the fray gripping those below.

This route is also necessary for freer international markets and attaining Millennium Development goals. Many poor women have little or no choice whether they carry a child or not. That choice is largely up to men and they too, may have no contraception. Uncontrolled population growth is therefore a major problem for all those seeking to end poverty and to improve health and sustainable development by freer choice. The use of nuclear power remains a key safety concern for every nation, particularly in Iran. The record on Iranian women and children's health, family planning and related education are all comparatively good for a developing nation. Ideally, Australians should try to collaborate further with Iranians or other willing communities to improve child and community health, including through nuclear medicine and environment protection.

Cultural or related legal prohibitions against the death penalty for major criminals must also be understood as occurring in many contexts where the urban or rural poor and disabled are given no government economic support of any kind whatever. From any perspective, but especially from theirs, the jails may appear most accurately conceptualised as comparatively expensive forms of welfare service provision, made primarily to those who appear least deserving. The funds might logically have been spent more usefully elsewhere, including on provision of relevant contraceptive devices to reduce poverty, crime and all related environmental degradation. We need more useful cultural dialogue so that everybody can have their personal wishes satisfied better.

My personal aims in life are to gain greater public recognition of the need for more competitive, greener development everywhere, and to obtain more personal choice for elderly citizens such as myself, so as to render more support to other more vulnerable beings as well. If every Australian over retirement age who wished to do so was given the choice to end their life up to two years earlier than might otherwise be so, the taxpayers could save vast amounts of money on care towards the end of life, when its quality may also be diminished and so valued least by some of us. When we are old enough to rationally assume that we will not get better, some of us may wish that the money which

keeps us alive was spent instead on making life more comfortable for many who apparently have much more reason to live than we do ourselves, such as all those who are younger and more vulnerable. From this perspective, which others may share, voluntary organ donation in old age may be conceived as a great form of public service, a related potential gesture of personal gratitude or atonement and a choice ideally made available in the public interest to anybody who is elderly. I aspire to make this choice, albeit preferably at some stage later on. I have always tried to make the most of my body and am deeply grateful for its absolutely outstanding service so far. I would ideally like to help others live, including monkeys and other endangered species, by donating it later. Surely I have the right to this choice, which is so obviously in the public interest.

6. INTERVENE IN THE NATIONAL BROADBAND COMMUNICATION CONTENT PLANNING AND SERVICE DELIVERY PROCESSES TO ACHIEVE ALL COMMUNITY GOALS AS SCIENTIFICALLY, EFFECTIVELY AND COMPETITIVELY AS POSSIBLE

In 1992, the first principle of the Rio Declaration on Environment agreed to by UN members was that humans are at the centre of concern for sustainable development and are entitled to a healthy and productive life in harmony with nature. At the 1994 Asia Pacific Economic Cooperation (APEC) summit, national leaders agreed to create an Asia-Pacific free trade zone by 2020, and to protect health and the natural environment. Achieving Millennium Development and related goals also requires healthier, freer trade. Ideally, regional environments are examined to identify and manage key risks to business, community and environment wellbeing. In this national context, where perfect markets also require perfect information, the broadest and most open communication possible appears logically to be the best way forward to the freest markets. I therefore assume that talks about how to achieve this should start with Telstra and with all related others, including ABC and SBS TV, other TV stations, newspapers, Microsoft, Google, Sony, libraries, universities, other education, training and research institutions, etc.

In November 2008, Senator Conroy, Minister for broadband communications and the digital economy called for bids to deliver a national broadband network which meets the government objective of providing a fibre-based network reaching 98% of the Australian population and delivering minimum speeds of 12 megabits per second, according to the Australian Financial Review (AFR 1.12.08, p.3). Telstra has proposed a national broadband rollout but made clear that it is likely to be able to deliver coverage for only 90% of the population. It argues the $4.7 billion the government has put towards the project will only allow such limited reach (p.3). It also indicates a willingness to take the government offering of $4.7 billion as a ‘concessional’ loan rather than a grant. (AFR 27.11.08, p.64). Including Telstra, the government has received six proposals – four national and two for states. Three national broadband bidders have claimed they will meet the criteria to reach 98% of the population but some propose doing so by connecting more remote areas with wireless technology, not fixed fibre network (AFR 1.12.08, p.3).

Boss magazine(AFR Nov. 2008, p.26) states Sol Trujillo became Chief Executive Officer (CEO) of Telstra in July 2005. There are currently 47,000 employees. The Chairman,

Don McGauchi, claims he is 'totally supportive of Sol positioning the company to give 'shareholders and customers first priority. Not anyone else who may think they have a stake' (p. 29). One wonders, however, why the CEO has such an enormous remuneration package as that reported in the media. On what basis does Sol Trujillo get so much money and what is he expected to do for it? Are no others capable of doing his job as well but cheaper? If so that is remarkable. What makes him so special? Is he uncompetitive?

The Telstra Chairman has submitted a scoping proposal as distinct from a bid to the government. He said Telstra cannot bid without an assurance it would not have its business structurally separated by government delivery requirements and described other areas of concern that need to be resolved. Key Telstra concerns are 'for its intellectual property to remain confidential and for clarification of the regulatory regime'(AFR 27.11.08, p.64). The latter appears also to relate to other uncertainties over how to treat any supposed 'conflict of interest' which may arise a result of the history of Australian government ownership and regulation of Telstra.

The concept of being or doing actions which are labelled uncompetitive is a legal mine field, which may also be linked to the concept of having a conflict of interest. In an earlier inquiry, the PC estimated that Telstra currently accounts for around two thirds of total services revenue in the communications industry. Its market dominance is due to the fact that it is the original government owner and provider of all the lines and switches that are currently used for sending or receiving voice and data on fixed phone lines. If a rival to Telstra wishes to compete in non-local services, such as mobile, national and international long distance calls, it must have access to the 'local loop' of aging copper wires historically funded by government and inherited by Telstra. The latter has faced repeated charges from the National Competition Council that it prevents competition to its services through its monopoly power. The Australian Competition and Consumer Commission (ACCC) conduct arbitrations. Telstra has been called the biggest consumer of legal services in Australia (PC, 2001, p. xxv). (How much does this cost taxpayers?)

The current government may be forced to wait until the second half of 2009 to sign any contracts for broadband rollout because the opposition insists on a full inquiry into the project (AFR 26.11.08, p. 14). They question the use of government money to subsidise networks in city areas that could get services on commercial terms. They also oppose the government taking equity or debt in the network operator as this would 'revive the conflict of interest prevailing when the government owned and regulated Telstra' (p.14). The legal concept of 'conflict of interest' and its treatment is often based, however, on outdated assumptions. One is that competition to get money is the only kind which need ever be addressed. A second is that the more market players offering services in any arena, the better the society will be served. (Anybody who knows anything about the comparative provision of health care internationally knows this assumption is nonsense.) Thirdly, this view of competition, which focuses on trading, takes no account at all of the importance to the consumer of any particular kind of media content over any other. (Lawyers are nuts.)

The form of national competition policy envisaged by Hilmer (1993) would have led naturally to triple bottom line accounting – economic, social and environmental - if

implemented properly. He defined competition as, 'striving or potential striving of two or more persons or organizations against one another for the same or related objects'(1993, p.2). His recommendations were agreed to by governments but botched in implementation to the Trade Practice Act (TPA) which recognises competition for money as the only kind. Hilmer's national competition policy ideally requires private sector and public sector service providers to compete on a national level playing field of standards which ideally apply equally to all competing operations. Separation of national policy from supporting service management ideally allows the outcomes of all competing service managers to be judged. Whether the latter are government or privately funded organizations is not important. The vital question is how comparatively effectively their management achieves the mission or standards which have been agreed more broadly. The role of government is ideally to intervene transparently in the market to facilitate more effective competition or to attain other social objectives considered to be in the public interest.

From the above perspective there superficially seems to be no need for Telstra to be broken up, as long as its goals are clearly aligned with those of government and its operations are transparent enough for its comparative outcomes to be judged effectively on a continuing basis. Telstra ideally competes with peer producers on a level playing field, whether it built an earlier version of the latter playing field itself, or not. In its inquiry, the PC (2001) concluded there is an inherent difficulty in defining anti-competitive conduct in an objective sense and it is not possible to undertake a full benefit cost analysis of the merits of anti-competitive conduct regulation. It stated that lack of transparency in the Trade Practices Act (Part XIB) also limits the ability of telecommunications providers and the community to analyse and comment. The Commission's view of its own inquiry into allegations of unfair use of market power is summed up in its quote from the Hilmer Report (1993, p. 69):

> The central conundrum in addressing the problem of misuse of market power is that the problem is not well defined or apparently amenable to clear definition…. …….Even if particular types of conduct can be named, it does not seem possible to define them, or the circumstances in which they should be treated as objectionable, with any great precision……Faced with this problem……..the challenge is to provide a system which can distinguish between desirable and undesirable activity while providing an acceptable level of business certainty. (2001, p. 154)

Unlike the ACCC and the PC report above, I also assume the choices which people make about communication are driven at least as much by the media content produced for the competing communications available, as by the cost of their carriage. For example, whether I watch TV, get a video, use my computer, listen to the radio, read a book or go out to a lecture or the theatre on any particular evening depends overwhelmingly on my level of interest in the competing content on offer, and also whether it is close to home. Within reason, the cost of the communication carriage is normally less important than the content of the product. (For example, I always go out of my way to avoid sport. Others may see it as one of life's top priorities. History and politics are similar, in reverse.) In communication choices, one's taste is everything. On the other hand, the high cost

mandated for traditional university education, where the curriculum is closed and the lecture time or place may be very inconvenient, seems unnecessary and outrageously unfair. Universities appear to function for accreditation of narrowly self-appointed elites.

Close consideration of the potential consumer choice of specific communication content appears vital for effective broadband planning and service delivery purposes. The objects of the Radiocommunications Act (1992) should have focused many recent inquiries much more effectively on educational and entertainment content than was the case. Lawyers and those who benefit from their feudal mode of production often love acting to increase their costs and are powerful enough to force their feudal will against any later, more scientific approaches. How else may one explain the failure to implement the Hilmer Report better, even though its contents were supported by government? Why ignore the Radiocommunications Act, which seeks management of the radiofrequency spectrum to:

- Maximise, by ensuring the efficient allocation and use of the spectrum, the overall public benefit derived from using the radiofrequency spectrum
- make adequate provision of the spectrum for use by agencies involved in the defence or national security of Australia, law enforcement, the provision of emergency services, or for use by other public or community services

A government appointed panel has the authority to consider Telstra's twelve page submission as a bid, alongside those of other bidders and will report within eight weeks from the end of November 08. In my view the government committee and all broadband bidders should confer as necessary, with the aim of maximising their service outcomes and the related interests for all involved. Presumably their activities will also be considered under the public-private sector plan for infrastructure funding described by Finance Minister, Lindsay Tanner in an article entitled 'Tanner puts trust in time to be fair'. (AFR, 19.11.08, p.4). This indicates that the government intends to use some of the money from its three infrastructure funds to buy shares in companies responsible for nation building projects, thus giving it oversight of the ventures it sponsors to ensure accountability. The reform of rules of government investment in national infrastructure is also designed to attract some of the billions of dollars invested by Australian superannuation funds in offshore projects (p.4). Broadband development is part of infrastructure development.

The government's announcement of an 'education revolution' in late 2007, aimed to provide each school child with access to a personal computer, the 'tool-box of the future'. The PM also discussed his vision to 'unleash the national imagination from beyond the ranks of politics and the public service' and 'to help fashion a national consensus around a common vision for the nation, with common goals to aim for within that vision', in the Sydney Morning Herald (SMH 17.4.08, p.11) The national broadband direction is ideally addressed in a clearly related context of industry, community and environment planning and development. The Australian Broadcasting Commission (ABC) outlined its plans for five channels. ABC5 will be the Educational Channel providing English and foreign language tuition, curriculum material and an integral digital resource for a newly developed national schools curriculum, with at least 50 percent Australian content to meet teachers' and students' needs. Coordinated consideration and attainment of open

education and related entertainment media content is vitally necessary, so learning on the job and away from it is easier for everybody.

From the historical perspective of the normal product development chain and from the related democratic perspective which seeks to meet the broadest possible need for high quality and rapid skills and education development, the Australian online education production process appears to be totally and determinedly irrational. (One person, the teacher, does almost everything herself, but her work can only reach a comparatively few people.) One may wonder why the apparently normal way of providing the most effective production and related economies of scale has apparently been ignored in regard to on-line teaching. I guess that the big US money behind IT development is strong enough to drive everything else in its own interests, and that these dominating interests have allied themselves with universities and technical colleges against the broader public interest, for related development purposes. On the other hand, the powers of Google, email, TV, radio and videos in providing information are enormous and the Sony Tropfest approach to the image has wonderful democratic development potential.

Community benefits can be derived across all boards if industry leaders, their organizations and members participate in broader, more open, regional community planning approaches which address innovative management and skills developments to achieve the diverse goals of sustainable development as broadly as possible. The carbon pollution reduction scheme provides potential support for this direction. An industry and community approach to management and all related education ideally starts with teaching key skills and management principles for the identification, prioritization and control of community and environment risks, in order to devise effective injury prevention and rehabilitation solutions for the future. Open and broader educational support is needed for this approach. Sol Trujillo apparently has introduced a $200 million program called the Telstra Learning Academy to improve training and better equip the field force of ‘techs’ who go out in the trucks and do the legwork. He is quoted as saying he values customers and shareholders first and they should be put at the centre of everything. He thinks there is no such thing as too much feedback. Open discussion to gain jointly agreed broadband contract design and service operation seems the logical approach.

Thank you for the opportunity to make this submission.

Yours truly,

Carol O’Donnell