*This 'Ideas Piece' was originally one chapter of 'A Blueprint to Advance Australia Collectively' originally written in 1999 to 2000 and released publicly in January 2001. It has not been adapted or updated from the original. The 'Ideas Piece' format is designed to help generate discussion around areas of social interest.*

# Privatising Telstra

This idea addresses any possible 'T3' share listing, whilst looking at the previous public offerings made.

If I understand things correctly, Telstra was built using taxpayers money. So back in the days when it was just 'Telecom' and we had no choice about who we'd pay to make a call, the trucks, staff, lines, cables, posts and so on, were paid for by the taxpayer.

If that is this case, why did the government **sell** shares in Telstra to the public? Surely the fairer process is more one of 'demutualisation'.

That is, we have members (taxpayers) and their club (Telstra) wants to list on the stock exchange. That means that every member receives a parcel of shares equivalent to their 'policy'. In order to qualify as a member holding a policy, you'd have to be a current Australian resident. To determine how many shares you should be GIVEN in the next 'T3' issue, a formula similar to this one, would be applied -

*Parcel allocation determinant -*
- *Total shares on offer, divided by total number of work years of members = A*
- *Total number of individual's working years multiplied by parcel allocation = B*

Each member is allocated a parcel of shares for every year worked (B).
But first we divide the number of shares on offer by the collective total of working years of all members to determine a 'demutualised parcel' of shares. (A)

So what this means is that if you have lived in Australia all of your life, worked for 40 years and paid tax (part of which built the company now known as Telstra), you would receive a certain number of shares for every year you worked.

Let's say you get 30 shares for every working year then you'd be GIVEN 1200 shares in Telstra, after all you have already paid for them as a taxpayer.

Now if you are a relative new comer to the shores of Australia and have only lived here for 7 years and worked for 6 of them, you'd get 6 years x 30 shares = 180 shares.

If you moved overseas and then came back or went on a pension or didn't work at all, this would all reduce your years as a taxpayer helping fund and build Telstra and so the number of shares you could receive would also be reduced.

Then the market forces can go to work in an attempt to buy your shares. The government can allocate itself a parcel based on the 'goodwill' value and sell those on market, but surely taxpayers have already paid for Telstra to be built and shouldn't have to 'buy them' again? A demutualisation for T3 is the way to go.

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