

Letters

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ASIC's chasing rumours in blind alley

Telco investors must fight back

It might be time for some of the mind police at the Australian Securities and Investments Commission to take a Bex and have a good lie down.

In releasing consultation paper 118 entitled "Responsible handling of rumours" ASIC is seriously entering new grounds that may result in their time and resources being consumed in endless legal battles about nothing.

ASIC is calling for submissions that seek to place a general prohibition on the origin of rumours and a prohibition on the circulation of rumours, except where the rumour is in wide circulation and a judgement is

formed that in the circumstances the rumour would not unduly distort the market. Wow — now doesn't that open up a can of worms?

This is all an overreaction to those nasty rumour-mongers known as hedge funds who told us that Babcock & Brown, ABC Learning Centres, Allico Finance and others were insolvent.

Sadly they were right. Perhaps there is some good in rumours as they may speak the truth when often company management fail to do so.

The paper calls for comments on the proposed principles contained

in the discussion paper in the context of compliance costs, effect on competition, other impacts and costs and benefits.

Here are a few simple answers: It will increase compliance costs for all Australian Financial Services licence holders, it will reduce information flow in the market and therefore reduce competition for good ideas and for a very small gain. Where obviously malicious rumours are stopped, it will be a cost to all investors as no one will be prepared to pass on their thoughts or observations for fear that they will be vilified for starting rumours.

What ASIC might like to do is to work smarter on weeding out the corporate cheats and liars at some of the now infamous corporate disasters like Storm Financial and Westpoint.

Or perhaps the regulator could spend a bit more time reviewing and ruling against the underlying inequity of selective share buyback schemes or the inability of retail investors to participate on a pro rata basis in deeply discounted share issues.

David Iron
Mosman NSW

The ethical thing for the government would be to buy back the shares for what we paid for them.

The massive sale by the Future Fund rang warning bells but we still hung in. Now we are threatened to give up part of the assets we paid for. Communications Minister Stephen Conroy should feel some of our pain. We will contribute to whoever opposes him at the next election.

Gordon Martin
Rose Bay NSW

■ Has Stephen Conroy's mum got any Telstra shares?

Bill Lang
Rockingham WA

■ No amount of outrage in the Letters section will take the "con" out of Conroy, but the action of 1.4 million shareholders at the ballot box will take him and his larcenous government out of Canberra.

Richard Fisher
Sinnamon Park Qld

■ A state Labor government trashed Tabcorp's share price before the global financial crisis. Now it's federal Labor trashing Telstra's. As a voting battler concerned for his superannuation balance, can I just say to Labor: "Please, no more help!"

Peter McPhail
Subiaco WA

■ Again, a policy change shows how illusory are the profits for investors in floats of public assets.

Ben Morris
Wollongong NSW

■ Lee Wilson and Lee Cheng Huat have seen the truth in the saying (Letters, September 16). Before paying \$7.40 for Telstra shares, they should have remembered those who sup with the devil should use a very long spoon.

Stofan MacAedh
Epping NSW

Export the go

John Kehoe's "Why smarter approach is needed" (September 10) hits the mark concerning Australia's reduction in productivity. The more intelligent and responsive strategy is to increase funding to the only organisation with the capability of increasing Australian exports, the Australian Trade Commission.

For years we've seen a steady increase in funding and people to the Taxation Office to chase the black economy which adds nothing to the gross domestic product.

The Australian Taxation Office had some 22,000 people employed to June 2008. With fewer than 2000 staff Austrade is expected to target more international markets for more potential exporters with an ever diminishing budget and staff.

After a role at Austrade as an export adviser I believe what we need is increased productivity by potential export companies into the global marketplace for manufactured products and advanced services. We already lead the world in areas like forensic science and road traffic management strategies, so let's increase funds to develop specific markets for new exporters.

John Lancaster
Kew Vic



Public hospitals healthy

The 123 recommendations from the National Health and Hospitals Reform Commission would indicate to people that a lot is wrong with our system. You only need to travel the world to see we still have one of the best public hospital systems, very well supported by private hospitals and day surgeries and with acclaimed doctors and fine nurses.

The 123 recommendations would be hard to achieve. I believe there are three modifications needed for the short term:

■ National accreditation of doctors, dentists and optometrists to allow an appropriate proportion of practitioners for all areas of Australia. This will avoid the

convoluted state-based processes that don't address areas of concern.

■ A patient guarantee that supports the promise by doctors to fix the patient's problem if the problem is not fixed appropriately.

■ A return to local board control of public hospitals to give back services to the people and avoid the unnecessary bureaucracy that surrounds the public system.

As both Henry Ergas and Richard Switzky pointed out: "Why reform something that isn't broken?"

Grahame Danaher
Managing director
Westfund
Lithgow NSW

Bloated market

Maybe the reason we're going for tradeable carbon credits is to allow for a bigger army of consultants, advisers and traders than a carbon tax would ("Carbon plan a 'GST from hell'", September 8).

Greg Baker
Giralang ACT

SUBMITTING LETTERS

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■ Letters will be edited for clarity and length.

■ We prefer 350 words or less.

Telstra directors in hot seat

Questionable behaviour all the rage for some

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decision. "Statutory provisions dealing with these issues provide only limited guidance to directors, in that they place the onus on directors to ensure that they make 'proper inquiries' in relation to matters that they have delegated, and an 'independent assessment' of information or advice they receive from others."

There are no parallels between James Hardie's situation and that facing Telstra, but Gzell's decision simply reinforced those of earlier court cases that define director liability. The ramifications of the James Hardie case are especially understood by Telstra's directors, since it caused Peter Willcox — once considered a future Telstra chairman — to have to resign his position.

The risks for investors in Telstra as a consequence of a change in government policy have always been highlighted.

"Telstra believes that regulation is the most significant ongoing risk to the company," the T3 offering document stated. "There can be no assurances as to future policies,

ministerial decisions or regulatory outcomes. These may be significantly adverse to our shareholders."

That doesn't make what's going on any more palatable. It's entirely possible that a less confrontational approach from Telstra in the past few years may have led to a less draconian situation than the one now facing it. Nevertheless, this decision from the Rudd government — like the one about executive and employee options — shows that as well as inheriting the reformist zeal of its predecessors, it may also be exhibiting some of the impatience of the Whitlam Labor government in the way it goes about implementing those reforms. It's a trait that didn't seem to manifest in the Hawke/Keating governments.

Had Telstra still been a government-owned enterprise, there might have been some protection for directors in the sorts of indemnities afforded when ministers direct some form of action. Some more seasoned non-executive directors still expect sanity and logic to prevail in this situation, with the government negotiating an outcome with Telstra

that manages to look after all Australians, including Telstra shareholders and employees. But that may only be possible if there is also something in it that insulates directors from any fallout.



UK-listed Weir Group chief executive Mark Selway is the man selected to take over as Boral chief executive when Rod Pearse departs at the end of the year. An expatriate Australian eager to return home, Selway got the gig following the now obligatory international search that also considered what Boral considers some very strong internal candidates.

Weir is an engineering company that operates in more than 40 countries and has a revenue base and workforce roughly 60 per cent of those of Boral. Selway's success in managing a diverse portfolio of businesses and creating value for shareholders is what's said to have won him the job.

Alan Juy
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can still cough up from time to time and he was so spitting mad over the possibility of a pinko public health system that he temporarily forgot four major commercial networks and cable news stations were happy to play his version of self-control.

It's not just Joe who's getting weird. Last weekend about 75,000 people turned up in Washington and it wasn't just the health-care program that had them riled. The whole ball-out is too much for them and Obama got called (and placarded) everything from a Nazi to a communist. This covers a lot of ground, philosophically speaking, but if you're cheesed-up enough you can fit anybody in there someplace.

The problem is this kind of rage frequently covers up a legitimate point. The US federal government's spending now accounts for 26 per cent of the American economy and you have to go back to the fun days of World War II to get to that level. It's goosing \$US700 billion into banks, insurance companies and car

manufacturers, and you can bet that a nice chunk of that \$US20 billion given to General Motors and Chrysler isn't going to hitchhike its way back into the US Treasury. The federal government is directly or indirectly financing nine out of 10 new houses. Hey, cool time to start up a public health system, you know, with what's left over.

But from Julia and Julie to crazy Joe to 75,000 maniacs in DC, nothing quite beats Kanye West. As you probably know by now, he took umbrage at the selection of Taylor Swift at the MTV Awards and jumped up on stage to settle once and for all the question of whether Beyonce is the greatest woman in recording history.

In addition to a short fuse, Kanye also has a bad case of the dumbs. When Jay Leno asked him about it, Kanye didn't have much to say. Come to think of it, he didn't have anything to say.

That's the rage business for you. One minute you've got it and the next minute you don't.

Peter Ruehl