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Media release

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Fate of the Democrats' GST Deal will Haunt the Nationals' Telstra Agreement

The Nationals' Telstra sale agreement has ominous similarities with the Democrats' GST deal that failed to offset the adverse effects of the GST and contributed to the waning political fortunes of the Democrats, according to a new study by the Australia Institute.

Releasing the study today, Institute Director Dr Clive Hamilton said authors Andrew Macintosh and Deb Wilkinson found the two deals shared at least ten of the policy and political weaknesses that led to the failure of the GST's *Measures for a Better Environment* deal.

Both agreements: were rushed through Parliament with little or no scrutiny; were poorly planned; consist mainly of a large sum of money for agreed spending initiatives; lack appropriate safe-guards to ensure the money is spent effectively; and are vulnerable to pork-barrelling and to being abolished or altered in the future.

"The Government has broken several of its spending promises under the GST deal, and there is no reason it will not do the same in relation to the Nationals' Telstra agreement", said author and Institute Research Fellow Andrew Macintosh.

The study reveals that a staggering \$630 million was not spent as promised during the GST deal's four year commitment period, amounting to almost three-quarters of the \$900 million originally allocated for environmental initiatives under the deal.

Where money has been spent in accordance with the agreement, the programs have generally failed to produce the desired outcomes and have proven to be a highly inefficient means of addressing the relevant issues.

"The flaws in the spending component of the Telstra agreement that were evident in the GST deal are likely to mean that telecommunications services in rural and regional areas remain inadequate", said Mr Macintosh.

"The experience of the Democrats' GST deal suggests that the Telstra agreement will not guarantee the promised parity of service and price for rural and regional customers. This could well result in an electoral backlash for the Nationals."

The report can be read under What's New at www.tai.org.au.