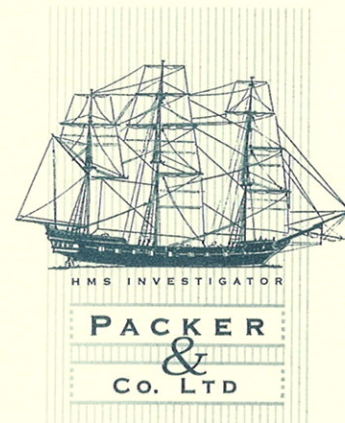


6 October 2009



Submission to:

Committee Secretary  
Senate Standing Committee on Environment,  
Communications and the Arts  
PO Box 6100  
Parliament House  
Canberra ACT 2600  
Australia

Concerning the:

**Inquiry into the Telecommunications Legislation Amendment (Competition and Consumer Safeguards) Bill 2009**

Dear Secretary,

We are deeply concerned about the impact of the proposed Bill on Telstra's shareholders. Packer & Co manages the Packer & Co Investigator Trust, which has \$500m under management, invested in Australian and international equities and bonds. The Investigator Trust currently owns over 16 million Telstra shares.

It is clear that any move to separate Telstra's wholesale infrastructure, either functionally or structurally, will weaken Telstra's economic position. Whilst we accept the Government's right to pursue policy objectives, we do not accept the Government's right to do so at the expense of Telstra's shareholders.

Telstra shareholders paid \$3.30 for their shares in 1997 in the T1 sale. Since then, the market price of Telstra shares has fallen 2% in value. Meanwhile, inflation has increased consumer prices by around 39%, and the stock market has risen 83%. The stock has been an abysmal performer for millions of Australians, directly and through their superannuation funds.

Page 1 of 2



The Government's actions have had a major contribution to Telstra's poor share price performance. Telstra was sold by the Government to investors in the form of a fully integrated telecommunications company. At no point in any stage of the Telstra sale process did the Government raise the prospect of forcing Telstra to separate its wholesale arm. Unless Telstra shareholders are fairly compensated for such action, the Government is imposing an enormous penalty on Telstra's shareholders.

Furthermore, we believe Australia's ability to attract international investment will be impaired if Telstra is not fairly compensated.

As international investors, we spend a great deal of time thinking about sovereign risk in our capital allocation decisions. We can assure you that the Government's actions will be closely monitored by the global investment management community.

Any damage to Australia's reputation for secure property rights would harm the ability of Australian enterprise to attract future capital. This is a serious concern in light of Australia's reliance on international investment to fund economic development.

Yours sincerely,

William Packer  
**Managing Director**  
Packer & Co Ltd