



Australian Government

Department of Finance and Administration

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Mr Peter Hallahan
Committee Secretary
Senate Economics Committee
Parliament House
CANBERRA ACT 2600

Dear Mr Hallahan

Future Fund Bill 2005

On 9 February 2006, I advised the Senate Economics Committee ("the Committee") that the Department of Finance and Administration ("Finance") was working with Telstra to understand their concerns regarding the potential tax implications of a transfer of Telstra shares to the Future Fund.

Central to Telstra's concerns is the interpretation of section 8AYD of the *Telstra Corporation Act 1991* ("Telstra Act"). The intention of this section was to remove certain powers that the Commonwealth currently has due to its controlling interest in Telstra; it was not intended to have any application to determining ownership of the company for taxation purposes.

We are continuing to work constructively with Telstra on this matter. At this stage, we are optimistic that any issues are capable of being resolved administratively. Finance is currently not convinced of the need for any change to either the Future Fund Bill 2005 or the Telstra Act, as suggested by Telstra in its submission and evidence to the Committee.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Mark Heazlett', written over a horizontal line.

Mark Heazlett
Branch Manager
T3 Sale Taskforce
22 February 2006