



11 October 2009

The Chair
Senate's Environment, Communications and the Arts Committee
Parliament House
Canberra
ACT 2600

Dear Sir

RE: SENATE INQUIRY INTO TELECOMMUNICATIONS LEGISLATION
AMENDMENT (COMPETITION & CONSUMER SAFEGUARDS) BILL

I am a shareholder in Telstra (T1 & T2) and I am writing to express my concern at the recent changes being proposed to the regulatory framework within which the company operates.

I purchased my shares in Telstra in good faith based on the current regulatory environment which allowed the company to operate as a fully integrated telecommunications company. The proposed new framework will penalise Telstra for being highly successful in its current structure. In penalising Telstra you will be penalising it's shareholders.

The Government appears to be determined to force structural separation of the company yet every example of structural separation taken elsewhere has resulted in a huge loss of value for the affected shareholders. It is not the case that structural separation is a win-win situation for the shareholders in Telstra.

I am also concerned at the proposed legislation which threatens Telstra with shareholder damaging sanctions in the form of divestment of its Foxtel shareholding, divestment of its hybrid fibre coaxial cable network and inaccessibility of new band widths for fourth generation mobile networks unless the company complies with Government directives. I am not aware of any other example of legislation undertaken by a Government which specifically attacks a single company with punitive measures unless it follows a particular course of action.

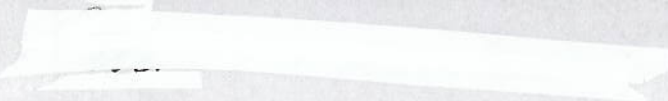
This sets a dangerous precedent which will indicate to investors the reality of the sovereign risk that applies to investments in Australian companies because the Government can, and will, legislate against certain companies arbitrarily.

I am also concerned about the Government's new national broadband network which will need to acquire assets from Telstra. The company will be forced to sell assets into the national broadband network without the current shareholders receiving a fair and reasonable price for these assets.

The Government was very persuasive in encouraging retail investors to participate in the three Telstra share offers. At the time I acquired my shares in Telstra there was no indication that the Government would take such unprecedented action to attack the company and its shareholders. The Government has benefited from selling its interest in the company and now intends to damage the interests of all those who acquired their shares in good faith without giving fair and just compensation.

I understand that the Government is seeking to improve the telecommunications industry for consumers. However, the Government should reconsider its approach which will undermine Telstra's position to the detriment of over one million Australian shareholders.

Yours faithfully



Peter Hamilton