

Senate Economics Legislation Committee
ANSWERS TO QUESTIONS ON NOTICE
Treasury Portfolio

Supplementary Budget Estimates 1 - 2 November 2006

Question: sbt 7 (ASIC)
Topic: Telstra Shareholder Proxy Form
Hansard Page: Written

Senator MURRAY asked:

An email dated 20 October was sent to a few parliamentarians, and because of my relevant committee memberships, was forwarded to me on the 2 November. These are relevant extracts:

'I'm contacting you out of frustration and disappointment with trying to understand how to complete the recently posted Telstra Shareholder Proxy form. The form is heavily biased to get you to give your proxy to the Chairman (if you do nothing this is what happens i believe and the last thing i now want to do is support any Board who are deceptive or try to confuse). I've not been able to find out how to register a valid vote without giving the Chairman my proxy – or appointing someone else proxy or trying to attend the AGM meeting. I know my vote won't really count much compared to the weight of institutional votes, but i do believe the saying that evil triumphs when good people do nothing. I haven't ever contacted you or any other Member of parliament before so you can see that this has got me pissed me off.

The Form. Basically, I'm no genius but have managed in the past to work out how to complete shareholder voting forms sent by many other companies. Telstra's form and explanatory material is either incompetently assembled or deliberately confusing. i now think they are being intentionally deceptive and misleading. Have you seen the form and the Chairman's letter? I can't believe what i read this morning. I have examined the form, read the instructions inc the reverse, & read the Chairman's letter. No help. I then called the 'further information' helpline. Not wanting to make a fuss or complain, just find out how to register a valid vote. Still no help. The helpline itself is interesting. An Indian-sounding gentlemen with an Indian first name (who was clear in speech & friendly) didn't help either. Well, in a way he did... he said they had had heaps of calls and in the first week he had no information at all to give but at least now he had the script to read. He was smart enough and friendly enough to know and say that he knew the script info didn't help. He explained that only 4 Directors were up for re-election & i could put an 'X' in as many or few boxes as i wanted (this did help). But he didn't know anything else & didn't have a copy of the form himself. He didn't know whether, if i didn't appoint a proxy, the rest of my votes would count. He sympathised & said i was one of many who had phoned with the same issues and he had no idea where i could go next.'

Does ASIC take an interest in the useability and text of shareholder voting forms, and proxy advice, especially where deliberate obfuscation, bias, manipulation or deception may be perceived? If so what regulatory measures does ASIC take in this area? (a summary will do) Has this particular Telstra 2006 shareholder proxy form previously been brought to the attention of ASIC? If so, what have you done about it; if not what will/can you do about it?

Answer:

ASIC responds to complaints in relation to proxy forms and considers whether there have been any contraventions of the *Corporations Act 2001 (Cth)* or whether members have been so disenfranchised that voting results ought to be reconsidered. ASIC's experience is such that this is

Senate Economics Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Supplementary Budget Estimates 1 - 2 November 2006

rarely, if ever, the case. In those very few cases that ASIC has encountered, the ultimate outcome of the voting would not have been affected.

In serious cases, ASIC would consider whether there had been contraventions of the directors duties provisions of the *Corporations Act 2001 (Cth)*, and would also consider whether any remedial action should be taken if the result of a meeting would be different but for the contravention.

ASIC did not receive any complaints about the identified Telstra 2006 shareholder proxy form and does not propose to take action about this proxy form.