

Senate Economics Legislation Committee
ANSWERS TO QUESTIONS ON NOTICE
Treasury Portfolio
Supplementary Budget Estimates 1 - 2 November 2006

Question: sbt 121 (ASIC)
Topic: Dispute about regulatory issues in the Telstra prospectus
Hansard Page: E16-17

Senator CONROY asked:

I was seeking to ascertain who initiated the contact over the dispute over the form of words to do with the regulatory issues in the Telstra prospectus—that specific issue. I appreciate that last time you said there was ongoing dialogue for many months just in a generic sense, but I want to know who initiated the contact over that dispute regarding the form of words.

Mr Lucy—Which dispute are you referring to?

Senator CONROY—The dispute about the statements around Mr Cousins. It was widely reported in the newspapers that ASIC were involved in discussions.

Mr Lucy—In respect of Mr Cousins, it was not ASIC that precipitated the discussions.

Senator CONROY—I am asking who did.

Mr Lucy—I am not able to say whether it was the adviser representing the government or Telstra or the other independent adviser who communicated, but it certainly was not ASIC communicating with the advisers.

Senator CONROY—I did ask this sort of question three or four weeks ago. I am surprised you have not had any briefing on it since then, given I was quite specific in my question of a few weeks ago.

Mr Lucy—My recollection is that it was to do with the communications more broadly; I did not realise it was particularly to do with Mr Cousins.

Senator CONROY—As I said, two or three issues arose. I mentioned the regulatory issues.

Mr Lucy—There were numerous communications between ASIC and the advisers on a whole range of issues. But what I can do is confirm that it was not ASIC that initiated those communications.

Senator CONROY—I would be surprised if it was, Mr Lucy; I am just trying to get to the bottom of who it was. Are you able to take that on notice and advise us—

Mr Lucy—Yes, certainly.

Senator CONROY—who dragged you into it?

Answer:

The statements about Mr Cousins ('the statements') were first provided to ASIC by Goldman Sachs JB Were (one of the joint global coordinators of the offer) in the draft of the prospectus given to ASIC for comment on 5 October 2006.

ASIC received revised wording of the statements on 6 October 2006 from Telstra's legal advisers. ASIC notified Telstra's legal advisers on 7 October 2006 that it had no objection to the statements.

ASIC also received a slightly revised form of the statements on the morning of 9 October 2006 from the Commonwealth's legal advisers. ASIC communicated that it did not object to the statements.