

Internal Memo

Telecom
AUSTRALIA

Network & Technology

To Ian Campbell
Managing Director, Commercial

From D. C. Campbell
Group Managing Director

Subject Coopers & Lybrand Report on DNF Costs

Date 9 November 1993

File

Attention

Dear Ian

Australia
Telephone 03 632 1600
Facsimile 03 632 6022

I have perused the executive summary of this report and I am concerned that it does not reflect a professional, responsible approach and I believe that Coopers & Lybrand should be approached and requested to reconsider the entire tone and direction of the report

Items like R10 and R11 on page 9 appear to go beyond their terms of reference and do not at first reading, appear to be commercially reasonable. Item 2.7 on page 24 at the end of the first paragraph in connection with testing by Telecom states that we could have pursued the testing further in spite of customer rejection. This conclusion ignores a letter from Austel advising that they considered further testing inappropriate and the omission of this additional fact completely misrepresents the situation. I am concerned that this may reflect a sloppy, incomplete approach of the full report.

I believe that it should be pointed out to Coopers & Lybrand that unless this report is withdrawn and revised, that their future in relation to Telecom may be irreparably damaged


D.C. CAMPBELL

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PARLIAMENT OF AUSTRALIA · THE SENATE

SENATOR MICHAEL BAUME
SENATOR FOR NEW SOUTH WALES

20 November 1995

Mr Robert King
Secretary
Senate Standing Committee on Environment, Recreation, Communications &
the Arts
S1 57
Parliament House
CANBERRA 2600

Dear Mr King

In keeping with the arrangements made at the ERCA Committee's hearing into Telstra on 17 November 1995 for my questions on C.o.T. cases to be taken on notice, with the responses to be "in camera", I now ask:-

1. Please respond and the matters raised in the attached two faxes to me from Alan Smith. I am particularly concerned about the allegation that a Telstra employee recommended that Coopers & Lybrand be threatened into withdrawing their report into this matter (p 4), that heat was belatedly shown to have caused faults in the unmanned exchange, that the Bell Canada International report should be "cleansed", and that there was a potential for conflict of interest with the arbitrator and the technical resource team.
2. Please respond to the matters raised in Ann Garms' letter to the ombudsman of 14 November 1995, a copy of which has been sent to me, which raises some of the matters in Mr Smith's correspondence and others relating to her own business.
3. Please respond to the five submissions made to me on 17 November 1995 by Ann Garms, and to the memorandum from Stephen Black to David Krasnostein of 2 March 1994.

Yours sincerely,



SENATOR MICHAEL BAUME
Senator for New South Wales

12-B

*File Fast Track
no copies.*



25 February 1994

COMMERCIAL AND CONSUMER
CUSTOMER AFFAIRS

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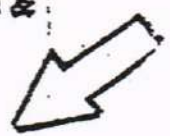
Mr Gordon Hughes
Hunt & Hunt
Level 21
459 Collins Street
MELBOURNE VIC 3000

No attachments on file

Dear Mr Hughes

PROVISION OF INFORMATION

The Fast Track Settlement Proposal agreed to by all parties to the Arbitration requires in paragraph 2(c) that Telecom make available to the assessor copies of both the Coopers & Lybrand and Bell Canada International Reports and its responses to these reports.



The documents enclosed with this covering letter are:

1. Bell Canada International Inc. Report to Telecom Australia, 1 November 1993.
2. Coopers & Lybrand Review of Telecom Australia's Difficult Network Fault Policies and Procedures, November 1993.
3. Telecom Australia Response to Coopers & Lybrand Report and Bell Canada International Report, December 1993.

I have arranged that Mr R. Pollock will deliver these to you by hand. He will be handling the arbitration process of the four COT Cases, and can be contacted on 634 8484 should you need his assistance.

Yours sincerely

Steve Black
Steve Black
GROUP GENERAL MANAGER
CUSTOMER AFFAIRS

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12-C

2 REVIEW OF APPROACH TO DIFFICULT NETWORK FAULT CASES

2.20 Some customers were put under a degree of pressure to agree to sign settlements which in our view goes beyond normally accepted, fair commercial negotiation practices.

We have found evidence that an inappropriate use of legal representation and aggressive tactics were used in negotiating settlements and attempting to develop a resolution process.

We are concerned that Telecom statements to the press about these settlements, in the light of the above, were bound to be considered inflammatory by the customers concerned and have contributed to the failure of the settlements to achieve a resolution to the case. Examples of statements in the media include:

".....in "very generous" settlements with several small businesses that complained of service faults in what critics believe was a bid to buy their silence"

"in Telecom's opinion, very generous and have contained a not insignificant component beyond that which could be supported by objective analysis of the factual evidence"

2.21 Telecom's control of external advisers has not been sufficiently rigorous.

Our analysis of legal and accounting work done on behalf of Telecom has indicated that some functions performed at this level have been inappropriately managed and controlled. We were not supplied any evidence of a specific briefing by Telecom for work currently being performed by accounting advisers or evidence that Telecom Management had an understanding of their role.

Customers have been required to produce technical information for external advisers which should have been made available from Telecom staff.

2.22 Telecom placed an unreasonable burden on DNF cases to provide evidence to substantiate claims for situations where all telephone fault information that could reasonably determine loss should have been held by Telecom.

While Telecom is considered to be entitled to obtain information on business performance from customer we believe Telecom unreasonably used its inability to adequately document faults and test for causes as a defence against claims.

2 REVIEW OF APPROACH TO DIFFICULT NETWORK FAULT CASES

commercial negotiation practices employed by organisations such as Telecom.

We believe that in some cases an inappropriate use of legal representation and aggressive tactics were used in negotiating settlements and attempting to develop a resolution process.

We are concerned that given the above, Telecom statements to the press about these settlements, were bound to be considered inflammatory to the customers and contributed to the failure of the settlements to achieve a resolution to the cases. Examples of statements in the media include:

“.....in “very generous” settlements with several small businesses that complained of service faults in what critics believe was a bid to buy their silence”

“.....in Telecom’s opinion, very generous and have contained a not insignificant component beyond that which could be supported by objective analysis of the factual evidence”

2.21 Telecom’s control of external advisers was not sufficiently rigorous.

Our analysis of legal and accounting work done on behalf of Telecom indicates that some functions performed by external advisers were inappropriately managed and controlled by Telecom. We were not supplied with any evidence of a specific brief by Telecom for work currently being performed by accounting advisers or evidence that Telecom senior management had an understanding of their role.

Customers have been required to produce technical information for external advisers which should have been made available by Telecom staff.

2.22 Telecom placed an unreasonable burden on DNF cases to provide evidence to substantiate claims for situations where all telephone fault information that could reasonably assist to determine loss should have been held by Telecom.

To determine settlement of a dispute Telecom is considered to be entitled to obtain information on business performance from customers. In relation to information on the nature of complaints and their incidence, it is Telecom’s responsibility to collect the information and we believe Telecom unreasonably used its inability to adequately document faults and test for causes as a defence against claims.