

Mr Ward—In relation to the third category which has been the subject of earlier dialogue tonight, I have offered to meet with the TIO tomorrow to try and progress that forward.

Senator CARR—Mr Ward, what do you believe have been the savings to Telstra of the strategies that you have employed with the CoT cases? How much money have you saved by this process?

Mr Ward—I would have to ask my colleagues who are across the detail.

Mr Mead—I suppose the only way that can really be answered is to say that the total amount—as I think Mr Ward said in his opening statement—of the claims asserted against Telstra was \$44.5 million. The arbitrated results have totalled \$1.74 million so far, although there are still five claims. ↙

Senator CARR—Although your costs have been some \$14 million, plus the arbitrator's costs. In fact the CoT cases have probably cost the taxpayer \$18½ million. They should be included.

Senator SCHACHT—Without the payment of any settlement costs.

Mr Mead—That would go to an extra \$1.74 million.

Senator SCHACHT—So on top of that \$18.8 million, you have actually paid out \$1.7 million in payments to the CoT case people for damages or settlement, whatever you want to call it. Is that right?

Mr Mead—Yes. The \$18 million figure includes the arbitration costs, which are not really costs incurred by Telstra. They are costs incurred by the arbitrator. ↙

Senator CARR—I understand that. But in terms of the public purse, as officers of the Commonwealth, even though through a statutory corporation, you have an obligation to protect the Crown's interest in these matters. This is public money, after all. Your claim essentially is that because there were claims against Telstra of \$44 million and you have only had to pay out \$1.4 million, you have saved the Commonwealth considerable sums of money. Is that essentially the argument?

Mr Mead—Against the alternative of not incurring any costs and just paying out a figure of \$44.5 million, as was asserted.

Senator CARR—Given that in 1994, Mr Steve Black was head of the particular section at that time—was it commercial and consumer?

Mr Benjamin—He was the General Manager of the Office of Customer Affairs.

Senator CARR—That is right. According to the e-mail that I have here, he wrote to Krasnostein, who was your chief legal counsel at the time—

Senator Schacht—Rozencrantz and Guildenstern have turned up again!

Senator CARR—Suggesting, 'While at a personal level I am of the view that we should walk away, I do not believe that this option suits Telecom's wider strategy and that it would appear to lead directly to a Senate inquiry.' To what extent were you or the management of Telstra motivated by the concerns about the public purse? To what extent were you concerned about a Senate inquiry?

Mr Benjamin—I cannot answer that.

Mr Ward—I was not across these matters at the time that Mr Black was, but I—

Senator SCHACHT—Where is Mr Black now?

Mr Ward—He has left the company.

Senator CARR—He works for the Canberra Casino, doesn't he?

Senator EGGLESTON—He works for an energy company.

Senator CARR—I am sorry, I thought he was with the Canberra Casino.

Senator SCHACHT—Did he leave of his own volition or was he asked to leave by the management in view of this mess?

Mr Ward—I do not believe it was the latter. I was not across the detail of Mr Black's leaving.

CHAIR—Senator Schacht, I do not think that is a reasonable question to ask. It reflects on Mr Black and I ask you to withdraw it.

Senator SCHACHT—I will withdraw that.

Senator CARR—Mr Blount, on 3 March 1994, suggested there should be some form of summit meeting held between Smith from Austel, Krasnostein, himself and others 'to put this foolishness behind us.' Was Mr Blount able to hold a summit and was he able to secure that strategy of 'putting this foolishness behind us'?

Mr Ward—Mr Benjamin might be able to comment about the timing of that meeting vis-a-vis the subsequent arrangements sorted out by Robin Davey that led to these processes. I do not know if one led to the other.

Mr Benjamin—You may be referring there to a meeting that took place of Senator Boswell, Mr Blount and other parties. I am not sure who else might have been there. I was not a party to that meeting.

Senator CARR—That brings me to: to what extent does Telstra's action cost the public purse rather than save its money? To what extent were you motivated by concerns about the prospect of a Senate inquiry? Given what we have heard tonight, I am wondering whether or not you think that a more flexible approach on the negotiations might have actually resolved these issues a lot more quickly.

Mr Benjamin—Are you suggesting that in respect of the CoTs that have been and gone because, as we have pointed out, 11 of those have had awards?

Senator CARR—I will come to those in a minute.

Senator SCHACHT—You have spent \$18.8 million and have paid out to defend these cases and argue over them. In total, the people have got settlements totalling \$1.3 million. Is that right?

Mr Mead—It is \$1.74 million.

Senator SCHACHT—It is \$1.7 million. So \$17 million was spent to pay—

Mr Mead—About \$18½ million.

Mr Benjamin—The claims were larger than that.

Senator CARR—Yes, I understand people make claims against the public purse all the time and there is an argument in government that says you have to protect the public purse. The point I put to you is: we have had this experience behind us. To what extent do you think you could have saved money by actually resolving these matters with a less legalistic approach?

Mr Benjamin—I believe that we have learnt from our experiences. The whole process was innovative. It was new. People were not certain where the process might lead. There was perhaps more caution taken than would be the case now. We have had two claims in 2½ years under the standard rules of arbitration. They have been solved, negotiated within a reasonable period of time. As we become more experienced in respect of handling these types of claims, we would handle them with more expedition.

Senator CARR—I just quote you the case for Mr Alan Smith from Portland. He has been through the arbitration process and, from the documentation that I have in front of me, he is a highly dissatisfied customer. It actually has not resolved much at all. The matter has not been completed, has it, because he is continuing his claims in various