
CAV
Relevant information file
LGE
P-1 exhibit 1(a)
to exhibit 5

Exhibit 1(a)
Fast Track Settlement Proposal
signed 22nd November 1993.
Please note the date should read 23rd
November 1993.

Cape Bridgewater Holiday Camp
22 November 1993

Mr J.R. Holmes
Corporate Secretary
Telecom
242 Exhibition Street
Melbourne 3000.

Dear Mr Holmes

I enclose the Fast Track Settlement Proposal (latest version) which I have signed. I acknowledge the significant shifts which Telecom has made to bring this matter to settlement.

In signing and returning this proposal to you I am relying on the assurances of Mr Robin Davey, Chairman of Austel, and Mr John MacMahon, General Manager, Consumer Affairs, Austel, that this is a fair document. I was disappointed that Mr Davey was unwilling to put his assurances in writing, but am nevertheless prepared to accept what he said.

I am concerned that there is no deadline stated in the Fast Track Proposal, only that "speed is of the essence". I hope that there will be no unnecessary delays in handling the matter.

I would not sign this agreement if I thought it prevented me from continuing my efforts to have a satisfactory service for my business. It is my clear understanding that nothing in this agreement prevents me from continuing to seek a satisfactory telephone service.

Thank you very much


Alan Smith

copies to: The Hon David Beddall, Minister for Communications
Mr R.C. Davey, Chairman, Austel

A05141

**COT CASES
FAST TRACK SETTLEMENT PROPOSAL.**

(1) This "Fast Track" Settlement Proposal:

(a) applies in respect of the following four *COT Cases*:

- (i) O. Scherer: Golden Messenger
- (ii) A. Garms: Tivoli Restaurant
- (iii) M. Gillan: Japanese Spare Parts
- (iv) A. Smith: Cape Bridgewater Holiday Camp

(b) provides the basis for a process (copy attached) being developed in consultation with AUSTEL that may be applied as a dispute resolution process additional to the Telecommunications Industry Ombudsman scheme. (Telecom acknowledges that the *COT Cases* proposal has assisted Telecom to clarify its views about dispute resolution processes suitable for small business in the future.)

(2) Telecom and the four *COT Cases* agree:

(a) to a review of:

- (i) the adequacy of the amounts paid by Telecom to the four *COT Cases* under earlier settlements
- (ii) claims since the earlier settlements to a date of the assessor's findings.

(b) that the review be conducted by an assessor nominated by the Telecommunications Industry Ombudsman after consultation with Telecom and the *COT Case* involved to the assessment.

The TIO's nomination shall be a person who is impartial and independent, with appropriate experience and high standing.

(c) that the review will focus on losses alleged to have been incurred by the *COT Cases* due to faults or problems in his or her telephone service and will not review the following matters that are the subject of a separate inquiry by AUSTEL:

- (i) the manner in which Telecom handled each of the *COT Cases* complaints; or
- (ii) the manner in which the earlier settlements were handled or the reasons the *COT Cases* entered into those earlier settlements.

except insofar as they are relevant to the losses that are alleged to have been incurred by the *COT Cases* due to faults or problems in his or her telephone service. (Telecom will make available to the assessor copies of both the Coopers & Lybrand and Bell Canada International reports and its responses to those reports.)

- (d) That in respect of Mr Schorer the matters covered by the earlier settlement between his company and Telecom are specifically excluded, because that settlement was via a payment in court and was confined in relation to the matters it covered, none of which need or should be re-opened.

It is assumed for the purposes of this proposal that Mr Schorer and Telecom have made a previous settlement regarding Mr Schorer's claims in respect of alleged faults or problems with his telephone service, and Telecom paid nothing in respect of those claims.

- (e) that the review will be primarily based on documents and written submissions. Each party will have access to the other parties' submissions and have the opportunity to respond.

The assessor may, however, call for oral presentations by either party. Such presentations will not include cross-examination, and would not be open to the public or third parties. Representation of the parties will be at the assessor's discretion.


- (f) that in conducting the review the assessor will make a finding on reasonable grounds as to the causal link between each of the COT Cases' claims and alleged faults or problems in his or her telephone service and, as appropriate, may make reasonable inferences based upon such material as is presented by each of the COT Cases and by Telecom, i.e. unless the assessor is able to conclude that Telecom caused the loss claimed, there will exist no basis for a claim against Telecom.

- (g) that in respect of some period or periods of the time covered by the COT Cases' claims Telecom may not be strictly liable, or have any legal obligation, to pay any amount to them and for that reason in making the findings the assessor will in respect of each of the COT Cases:

- (i) determine for the time covered by his or her claim, the period or periods for which Telecom is not strictly liable or has no obligation to pay and the period or periods for which Telecom is liable and has an obligation to pay
- (ii) determine in respect of each such period the amount of loss, if any, incurred by the COT Case
- (iii) recommend whether, notwithstanding that in respect of a period or periods that Telecom is not strictly liable or has no obligation to pay, Telecom should, having regard to all the circumstances relevant to the COT Case's claim, pay an amount in respect of such a period or periods and, if so, what amount.

In the four COT Cases covered by this Proposal, Telecom, acting in good faith, commits in advance to implementing any recommendation made by the assessor pursuant to clause (2)(g)(iii).

- (i) that before the assessor commences the review, to inform AUSTEL in writing that the assessor's finding will be final and binding upon each of the COT Cases, and that no claims will be pursued or considered for those services for the period reviewed for any reason in any forum.
 - (ii) that if the assessor determines in respect of a COT Case an amount less than that paid under an earlier settlement, Telecom will not recover the difference.
 - (iii) that speed is of the essence, and that the assessor will be instructed accordingly and to give priority to preparing a mutually acceptable timetable for consideration by the parties.
 - (iv) that Telecom will pay the assessor's reasonable costs.
 - (v) that the amounts paid by Telecom under this agreement will be maintained confidential by the parties.
- (3) Telecom does not accept the COT Cases' grounds for reviewing the earlier settlements. However, on the basis of a denial of liability and without any legal obligation to do so and purely as a matter of good faith and business expediency, Telecom is prepared to agree to the above mentioned review.
- (4) This proposal constitutes an offer open to all or any of the COT Cases referred to in Clause (1)(a), which will lapse at 5pm on Tuesday 23 November 1993. This offer may be accepted by signature below and sending advice of such signature to AUSTEL or the Telstra Corporate Secretary before that time.

 Date 18. 11. 93
 J.R. Holmes
 Corporate Secretary
 Telstra Corporation Ltd


Accepted  Date 22/11/93

Exhibit 1(b)
Telstra's "Fast Track" Proposed
Rules of Arbitration
faxed to the TIO 10th January 1994

10/1/94

Telecom
AUSTRALIA

Commercial
37th Floor
242 Exhibition Street
Melbourne Vic 3000

Australia

Telephone (03) 632 7700
Message Bank
Facsimile (03) 632 3241

10 January, 1994

Mr W Smith
Telecommunications Industry Ombudsman
Ground Floor
321 Exhibition Street
MELBOURNE VIC 3000

Dear Mr Smith

"Fast Track" Arbitration Procedure

I refer to your recent correspondence with Ian Campbell concerning the procedures and timing to apply to the "Fast Track" dispute reviews.

Originally, there was attached to the "Fast Track" agreement a set of detailed draft rules which were being developed for general use in relation to the arbitration of telephone-related disputes. Those draft "standard" rules are referred to in clause 1(b) of the "Fast Track" agreements. The "standard" rules are still being finalised, but they are now relatively close to finalisation.

Telecom has modified a copy of the current draft "standard" rules so as to be specifically suitable for use in relation to the arbitration of the "Fast Track" disputes. The modifications take into account the following:

- the provisions of the "Fast Track" agreements,
- some relevant comments which Austel has recently made concerning the draft "standard" rules, and
- our further views on the rules which should apply to these cases.

A copy of those modified rules is enclosed for your consideration for use in relation to the arbitration of the "Fast Track" disputes.

You no doubt appreciate that there is a need for such rules and procedures to be set before any "Fast Track" review is commenced. That is because the "Fast Track" agreements signed by Mr Schorer, Mrs Garms, Mrs Gillan and Mr Smith, only constitute agreements to enter into an arbitration process. As such, they do not fully document the rules and procedures to be applied to that arbitration process.

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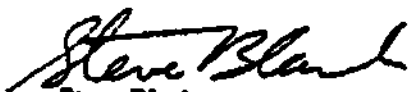
In the absence of agreed rules and procedures, the following problems could arise:

- the reviews could be seen to be unfair if rules or procedures are applied without prior agreement;
- the reviews could be constantly delayed if agreement is sought to set rules or procedures part way through a review; and/or
- the reviews could fail to achieve resolutions which are legally binding if rules which have not been agreed to, are applied.

It is important that the process to agree and adopt a set of rules and procedures be implemented quickly in the light of your planned timetable for the review of the "Fast-Track" disputes. Please be assured that Telecom will provide every assistance in this regard.

I would appreciate being kept informed of any decision made concerning any rules and procedures to be adopted for these reviews.

Yours faithfully



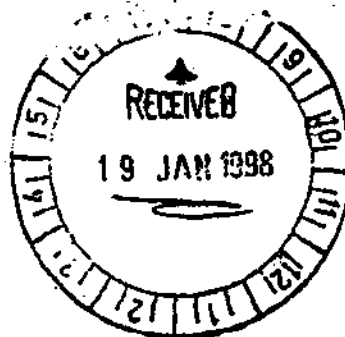
Steve Black
GROUP GENERAL MANAGER
CUSTOMER AFFAIRS

D01186

TELSTRA CORPORATION LIMITED
"FAST-TRACK" PROPOSED RULES OF ARBITRATION

Scope of the Procedure

1. This Procedure ("the Procedure") provides arbitration as a final and binding method of resolving the disputes listed in Schedule A ("the Disputes") between the customers listed in Schedule B (jointly and severally "the Claimants") and Telstra Corporation Limited ("Telecom Australia").
2. The Claimants and Telecom Australia will be bound by the Arbitrator's decision, and the Claimants, by accepting the application of the Procedure to the Disputes will be deemed to have waived their respective rights to commence proceedings in any court or other forum in respect of the facts giving rise to the Disputes.
3. Arbitration under the Procedure will be administered independently by the Telecommunications Industry Ombudsman ("the Administrator") and conducted by X ("the Arbitrator").
4. A request for arbitration under the Procedure in respect of a Dispute does not relieve any Claimant from any obligation that Claimant may have to pay Telecom Australia any other amounts which are due and are not part of the Dispute the subject of arbitration.



Commencement of Arbitration

5. (a) Each Claimant will complete and sign a prescribed request for arbitration form as set out in Schedule C annexed in respect of their Disputes. The form must be completed and returned to the Administrator by the Claimant within X days of receipt of the form by the Claimant.
- (b) On receipt of the duly completed request for arbitration form, the Administrator will immediately forward the application form to Telecom Australia for signature and return within X days. Upon return of the signed request for arbitration form to the Administrator Telecom Australia will become a party to the arbitration.
6. Arbitration commences for the purpose of this Procedure when the Administrator has received and accepted the request for arbitration form signed by the Claimant and Telecom Australia. Upon receipt and acceptance of the signed request for arbitration form the Administrator will dispatch written notice to the Claimant, Telecom Australia and the Arbitrator of that acceptance.

Arbitration Proceedings

7. Unless the Arbitrator otherwise specifies, the arbitration will be on documents and written submissions only. The Arbitrator may form the opinion that the arbitration requires one or more oral hearings in which event the Arbitrator will advise the parties of a date, time and venue for those hearings. Any oral hearing will not be open to the public nor any other non-parties to the arbitration. In an oral hearing no cross examination of any witnesses is to be allowed.

All written evidence shall be in the form of a statutory declaration. All oral submissions shall be on oath or affirmation. Either party may request a transcript of any oral evidence or submission given at the hearing. The cost of the transcript shall be borne by the party requesting the same.

Subject to any directions of the Arbitrator the Procedure will be as follows:

- (a) The Claimant is required, within X weeks of receipt of notification of acceptance of the request for Arbitration by the Administrator, to send to the Administrator, in duplicate, its Statement of Claim and any written evidence and submissions ("the Claim Documents") in support of that claim. The Statement of Claim shall, with sufficient particularity, state the following:
- (i) the identity of the Claimant or Claimants;

- (ii) the faults in the telecommunications service which are alleged to have occurred including the dates and periods over which such faults allegedly occurred;
- (iii) the loss allegedly suffered and particulars of how that loss is calculated.
- (b) A copy of the Claim Documents will immediately be sent by the Administrator to Telecom Australia which is required, within X weeks of receipt of the Claim Documents, to send to the Administrator, in duplicate, Telecom Australia's Statement of Defence, including any counterclaim or set off and any written evidence and submissions ("the Defence Documents") in support of that defence, counterclaim or set off. The Statement of Defence shall, with sufficient particularity state the following:
- (i) Telecom Australia's answers to the allegations referred to in the Statement Claim; and
- (ii) any affirmative defence which Telecom Australia will seek to rely upon.
- (c) A copy of the Defence Documents will immediately be sent by the Administrator to the Claimant. The Claimant may send to the Administrator within X weeks of receipt of the Defence Documents a defence to any counterclaim made by Telecom Australia and/or a reply to the Statement of Defence together with any supporting documents. Such reply will be restricted to points arising in the Statement of Defence, and may not introduce any new matters, points, or claims.
- (d) At any time after the commencement of the Procedure, either party may request the Arbitrator to require the other party to produce further documentary information and/or particulars of claim or defence. The request for further documentary information and/or particulars by a party must be made in writing to the Arbitrator and must be supported by written reasons for the request which shall state the relevance of that further documentary information and/or particulars to the arbitration. The Arbitrator will consider the request and if the Arbitrator reasonably believes that the further documentary information and/or particulars requested is or are relevant to the arbitration, the Arbitrator will require the other party, by notice in writing, to provide the further documentary information and/or particulars.
- (e) The Arbitrator may, through the Administrator, require by notice in writing, either the Claimant or Telecom Australia to provide any further documentary

information and/or particulars which the Arbitrator reasonably considers would assist the Arbitrator in the Arbitrator's decision.

- (f) If the documentary information and/or particulars are supplied within such time as the Arbitrator prescribes under Clause 9(d) and 9(e), then the documentary information and/or particulars shall be copied to the other party to the arbitration by the Administrator on the same basis as the Defence Documents are to be sent to the Claimant under clause 9(c), and the party receiving the copies of the documentary information and/or particulars shall be afforded an opportunity to make submissions in relation to them within such times as the Administrator reasonably prescribes.
- (g) If either party does not within X weeks of receiving a notice from the Arbitrator under clause 9(d) and (e), comply with the notice, the Arbitrator shall stay the arbitration until either the notice is complied with or the Arbitrator determines that the party receiving the notice has given a reasonable explanation for non-compliance.
- (h) If the Claimant does not furnish the Claim Documents within the time allowed and does not remedy this default within two weeks after dispatch to the Claimant by the Administrator of written notice of that default, the Claimant will be treated as having abandoned the Claimant's claim under the Procedure, and the arbitration will not proceed.
- (i) If Telecom Australia does not furnish the Defence Documents within the time allowed and does not remedy this default within X weeks after dispatch to Telecom Australia by the Administrator of written notice of that default, then subject to any directions the Arbitrator may give, the dispute will be decided by the Arbitrator by reference to the Claim Documents only.
- (j) Either party, may prior to the expiry of any of the deadlines specified in these Rules, request an extension of time to meet a deadline. No request for an extension made after the expiration of a deadline will be allowed. The other party will be notified of such request and if there is any objection then the Arbitrator will be asked to give directions and the Arbitrator may make such direction as to the grant of further time as the Arbitrator deems appropriate in the circumstances.
- (k) The Arbitrator will make an award having regard to the questions of Telecom Australia's liability and questions of loss as set out in this clause 9(k).

(aa) In relation to Telecom's liability, if any, to compensate for any demonstrated loss on the part of the Claimant the Arbitrator will:

(i) give effect to any contractual or statutory limitations on Telecom Australia's legal liability, and any limitations on Telecom Australia's liability to the Customer as determined by Austel pursuant to section 121 of the Telecommunications Act 1991 which limitations may apply in respect of some period or periods of time covered by the Claimant's claims and for that reason in making the findings the Arbitrator will:

(A) determine for the time covered by the claim, the period or periods for which Telecom Australia is not strictly liable or has no obligation to pay and the period or periods for which Telecom Australia is liable and has an obligation to pay;

(B) determine in respect of each such period the amount of loss, if any, incurred by the Claimant;

(C) recommend whether, notwithstanding that in respect of a period or periods that Telecom Australia is not strictly liable or has no obligation to pay, Telecom Australia should, having regard to all the circumstances relevant to the Claimant's claim, pay an amount in respect of such a period or periods and, if so, what amount.

(ii) set off against any amounts found by the Arbitrator to be otherwise owing by Telecom Australia to the Claimants any amounts paid to, rebates granted to, or services carried out for the Claimant by Telecom Australia to date.

(bb) In relation to any assessment as to the Claimant's loss, the Arbitrator:

(i) will take into account the Claim and Defence Documents, sworn written evidence and submissions made by the parties and, if applicable, any sworn or affirmed oral evidence presented to the Arbitrator by the parties to the arbitration;

(ii) will make a finding on reasonable grounds as to the causal link between each of the Claimant's claims and the alleged faults or problems with the relevant telephone service and, as appropriate, may make reasonable inferences based upon such evidence as is

presented by the Claimants and by Telecom Australia (ie. unless the Arbitrator is able to conclude on reasonable grounds that Telecom caused the loss claimed, there will exist no basis for a claim against Telecom.)

- (iii) apply normal Australian accounting standards as applicable at the time of the claimed loss and the rules of evidence relating to causation and assessment of loss.
- (l) The award made by the Arbitrator shall be compensatory only and not of a punitive nature.
- (m) The Arbitrator's reasons will be set out in full in writing and referred to the Arbitrator's award.
- (n) The parties shall not comment publicly on the conduct of the arbitration proceedings at any time after the commencement of the arbitration. The Arbitrator shall suspend, dismiss or otherwise refuse to deal with the arbitration proceedings in the event that the Claimant contravenes this rule.
- (o) Subject to Clause 9(p), confidential information relevant to the arbitration including the Claim and Defence Documents ("Confidential Information") shall not be disclosed by any party to the arbitration. The Arbitrator shall suspend, dismiss or otherwise refuse to deal with the arbitration proceedings in the event that any party contravenes this rule.
- (p) The following is not Confidential Information for the purposes of clause 9(o):
- (i) information which at the time of disclosure to a party to arbitration is in the public domain.
 - (ii) information which, after disclosure to a party to the arbitration, becomes part of the public domain otherwise than as a result of the wrongful act of the party to whom the information was disclosed.
 - (iii) information which was received from a third party, provided that it was not acquired directly or indirectly by that third party from a party to the arbitration.
- (q) The Administrator will publish the Arbitrator's award by sending copies of the award to each of the parties to the arbitration. The Arbitrator's award shall be kept strictly confidential by the Administrator, the Arbitrator and all of the parties to the arbitration. Telecom Australia has submitted to the arbitration in consideration

of the conduct of the Procedure, the Confidential Information and the Arbitrator's award being kept strictly confidential by the Claimant. Any disclosure of the conduct of the Procedure, the Confidential Information or the Arbitrator's award by the Claimant will render any obligation of Telecom Australia to pay any sum to the Claimant null and void. Any payment already made by Telecom Australia to the Claimants pursuant to the Arbitrator's award under these rules shall be wholly and immediately refundable by the Claimant to Telecom Australia as liquidated damages in the event of a breach of the obligation of confidence owed by the Claimant to Telecom Australia pursuant to the rules embodied in the Procedure.

- (r) Telecom commits in advance to implementing any recommendation made by the arbitrator pursuant to clause 9(k)(aa)(3)(C).
- (s) Subject to clause 9(q) and unless directed otherwise in the Arbitrator's award or the parties otherwise agree, within three weeks of dispatch to the parties of the Arbitrator's award, payment shall be made of any monies directed by the award to be paid. Such payment shall be made by the party liable direct to the party entitled, and not through the Administrator. If the Arbitrator determines in respect of a Claimant's claim an amount less than that paid under an earlier settlement, Telecom agrees not to recover the difference.
- (t) If either party has sent original or copy documents in support of its case to the Administrator that party may within six weeks of publication of the award request the return of those documents. Subject to that, case papers will be retained by the Administrator and may in due course be disposed of in accordance with the Administrator's policies from time to time.
- (u) The Arbitrator and Administrator shall conduct and progress the arbitration as quickly as justice to all the parties reasonably permits.

Costs

- 9.- The Arbitrator's fees and expenses shall be paid by the Administrator and are part of the administrative costs of the Procedure.
10. The administrative costs of the Procedure are subject to a separate agreement between the Administrator and Telecom Australia.
11. Each party bears its own costs of preparing and submitting its case.

Liability of Administrator and Arbitrator

- 12. Neither the Administrator nor the Arbitrator shall be liable to any party for any act or omission in connection with any arbitration conducted under these Rules save that the Arbitrator (but not the Administrator) shall be liable for any conscious or deliberate wrongdoing on the Arbitrator's own part.

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Schedule B
("the Claimants")

- (a) Graham Schorer [+ other claimants - companies etc.]
- (b) Ann Gorms [+ other claimants - companies etc.]
- (c) Maureen Gillan [+ other claimants - companies etc.]
- (d) Alan Smith [+ other claimants - companies etc.]

Schedule A
 ("the Disputer")

- (a) In respect of each of the Claimants other than Graham Schorer [+ other related claimants]:
- (i) the liability of Telecom Australia to the Claimant in respect of alleged faults in the provision to the Claimant of telecommunication services;
 - (ii) the adequacy of the amounts paid by Telecom to the Claimant under earlier settlements in relation to alleged faults in the provision to the Claimant of telecommunication services;
 - (iii) the liability of Telecom Australia to the Claimant in respect of alleged faults in the provision to the Claimant of telecommunication services since the date of the settlement payment for the respective Claimant's earlier claims, up to the date of the Arbitrator's decision;
 - (iv) If Telecom Australia is found liable in accordance with (i) or (iii) above, the quantum of compensation payable by Telecom Australia to the Claimant for the Claimant's proven loss.
- (b) In respect of Graham Schorer [+ other related claimants]:
- (i) the liability of Telecom Australia to Graham Schorer [+ other related claimants] in respect of alleged faults in the provision to Graham Schorer [+ other related claimants] of telecommunication services;
 - (ii) If Telecom Australia is found liable in accordance with (i) above, the quantum of compensation payable by Telecom Australia to Graham Schorer [+ other related claimants] for Graham Schorer's [+ other related claimants] proven loss.

Exhibit 2

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**Fast Track Arbitration Agreement
provided to Graham Schorer
2nd March 1994 and Alan Smith
3rd March 1994.**

2/2/94

"FAST-TRACK" ARBITRATION PROCEDURE

Scope of the Procedure

1. This Procedure ("the Procedure") provides arbitration pursuant to the Victorian Commercial Arbitration Act 1984, as amended, ("the Act") as a final and binding method of resolving the disputes listed in Schedule A ("the Disputes") between the customer named in Schedule B ("the Claimant") and Telstra Corporation Limited ("Telecom Australia").
2. The Claimant and Telecom Australia will be bound by the Arbitrator's decision, and the Claimant, by accepting the application of the Procedure to the Disputes, will be deemed to have waived all rights to commence proceedings in any court or other forum in respect of the facts giving rise to the Disputes or the Disputes themselves.
3. Arbitration under the Procedure will be administered independently by the Telecommunications Industry Ombudsman of 321 Exhibition Street, Melbourne ("the Administrator") and conducted by Dr Gordon Hughes C/- Hunt & Hunt, Solicitors, 21st floor, 459 Collins Street, Melbourne, 3000 ("the Arbitrator").
4. A request for arbitration under the Procedure in respect of the Disputes does not relieve the Claimant from any obligation the Claimant may have to pay Telecom Australia any other amounts which are due and are not part of the Disputes the subject of this arbitration.

Commencement of Arbitration

5. Each party shall complete and sign a Request for Arbitration form as set out in Schedule C annexed in respect of the Disputes. The form must be completed and returned to the Administrator by a party within 7 days of

receipt of the form from the Administrator. The Administrator shall notify the parties and the Arbitrator in writing when he has received completed and signed Request for Arbitration forms from both parties and from the parties to the arbitrations between each of the three Claimants referred to in Schedule D and Telecom Australia. Neither party shall be bound by this Procedure until the Administrator has despatched this written notice.

The Administrator shall forward with this written notice an exclusion agreement in the form set out in Schedule E. This agreement must be completed and returned to the Administrator by each party within 7 days of receipt.

Arbitration Proceedings

6. Unless the Arbitrator otherwise specifies, the arbitration will be on documents and written submissions only. The Arbitrator may form the opinion that he requires one or more oral hearings in which event the Arbitrator will advise the parties of a date, time and venue for those hearings. Subject to Clause 8.3, any oral hearing will not be open to the public nor any other non-parties to the arbitration apart from any of:-

- ° The Administrator;
- ° A representative or representatives of the Administrator;
- ° Special Counsel to the Administrator, Mr Peter Bartlett, C/- Minter Ellison Morris Fletcher, Solicitors, 40 Market Street, Melbourne ("the Special Counsel"); or
- ° A representative of the Special Counsel.

In an oral hearing no cross examination of any witnesses is to be allowed. Legal representation of the parties shall be at the Arbitrator's discretion.

All written evidence shall be in the form of an affidavit or statutory declaration. All oral submissions shall be on oath or affirmation. Either party or the Arbitrator may request a transcript of any oral evidence or submission given at the hearing. A copy of the transcript shall be given to the parties, the Arbitrator and the Special Counsel. The cost of the provision of the transcript shall be part of the administrative costs of the Procedure.

A copy of all documents and correspondence forwarded by the Arbitrator to a party or by a party to the Arbitrator shall be forwarded to the Special Counsel.

7. The Procedure will be as follows:-

7.1 The Claimant shall within 4 weeks of receipt of written notice from the Administrator pursuant to Clause 5 that he has received completed and signed Request for Arbitration forms send to Telecom and to the Arbitrator in duplicate, its Statement of Claim and any written evidence and submissions ("the Claim Documents") in support of that claim. The Statement of Claim shall, with sufficient particularity, state the following:

7.1.1 the identity of the Claimant;

7.1.2 the faults in the telecommunications service which are alleged to have occurred including the dates and periods over which such faults allegedly occurred;

7.1.3 the loss allegedly suffered and particulars of how that loss is calculated

together with a request for any documents the Claimant requires which the Claimant believes are in the possession custody or power of Telecom Australia.

7.2 Telecom Australia shall within 4 weeks of receipt by it of the Claim Documents send to the Claimant and the Arbitrator in duplicate its Statement of Defence, including any counterclaim or set off and any written evidence and submissions ("the Defence Documents") in support of that defence, counterclaim or set-off. The Statement of Defence shall, with sufficient particularity, state the following:

7.2.1 Telecom Australia's answers to the allegations referred to in the Statement Claim; and

7.2.2 any affirmative defence which Telecom Australia will seek to rely upon.

Copies of the documents requested by the Claimant pursuant to sub-clause 7.1, or an explanation as to why those documents have not been provided, shall accompany the Defence Documents.

7.3 The Claimant may send to Telecom Australia and to the Arbitrator within 4 weeks of receipt of the Defence Documents, a defence to any counterclaim made by Telecom Australia and/or a reply to the Statement of Defence together with any supporting documents. Such reply will be restricted to points arising in the Statement of Defence, and may not introduce any new matters, points, or claims.

7.4 Either party may, upon reasonable notice in writing to the other party, apply to the Arbitrator for directions upon any matter in relation to the proceedings including the production of further documentary information, further particulars of claim, defence, counterclaim or reply or an extension of the time limits set pursuant to sub-clauses 7.1, 7.2 or 7.3.

- 7.5 The Arbitrator may by notice in writing require either party to provide any further documentary information and/or particulars which he reasonably considers would assist him.
- 7.6 If the Claimant does not furnish the Claim Documents within the time allowed pursuant to sub-clause 7.1 or any further time allowed by the Arbitrator and does not remedy this default within 2 weeks after dispatch to the Claimant by the Arbitrator of written notice of that default, the Claimant will be treated as having abandoned the Claimant's claim under the Procedure, and the arbitration will not proceed.
- 7.7 If Telecom Australia does not furnish the Defence Documents within the time allowed pursuant to sub-clause 7.2 or any further time allowed by the Arbitrator and does not remedy this default within 2 weeks after dispatch to Telecom Australia by the Arbitrator of written notice of that default, then subject to any directions the Arbitrator may give and subject to Section 17 of the Act, the dispute may be decided by the Arbitrator by reference to the Claim Documents only.
- 8.1 The Arbitrator may, as he sees fit, use as a resource unit the services of personnel employed by Ferrier Hodgson, Chartered Accountants, 459 Collins Street, Melbourne and DMR Group Australia Pty. Ltd. of 1 Southbank Boulevard, South Melbourne ("the Resource Unit").
- 8.2 The Arbitrator may require the Resource Unit to examine documents, inspect premises or systems or carry out such other enquiries or research as he directs. A report of any such activities shall be made available to the parties who shall be entitled to make a written submission upon such report on such terms as the Arbitrator thinks fit.

- 8.3 Such members of the Resource Unit as the Arbitrator requires may be present at all or part of any oral hearing.
- 8.4 Subject to sub-clause 8.2, the Arbitrator shall be at liberty to consult the Resource Unit as he sees fit and shall be under no obligation to disclose to the parties advice given in such consultations.
- 8.5 The fees and expenses of the Resource Unit shall be part of the administrative costs of the Procedure.
9. The Arbitrator may, as he thinks fit, combine parts of this Procedure with parts of the identical procedure being used in respect of claims by those whose names appear in Schedule D including the hearing of oral evidence concurrently.

The Award

10. The Arbitrator shall make his award having regard to the questions of Telecom Australia's liability and questions of loss as set out in this clause.
- 10.1 In relation to Telecom's liability, if any, to compensate for any demonstrated loss on the part of the Claimant the Arbitrator will:
- 10.1.1 give effect to any contractual or statutory limitations on Telecom Australia's legal liability, and any ~~limitations on Telecom Australia's~~ liability to the Customer as determined by Austel pursuant to section 121 of the Telecommunications Act 1991 which limitations may apply in respect of some period or periods of time covered by the Claimant's claims and for that reason in making the findings the Arbitrator will:

- 10.1.1.1 determine for the time covered by the claim, the period or periods for which Telecom Australia is not strictly liable or has no obligation to pay and the period or periods for which Telecom Australia is liable and has an obligation to pay;
- 10.1.1.2 determine in respect of each such period the amount of loss, if any, incurred by the Claimant;
- 10.1.2.3 recommend whether, notwithstanding that in respect of a period or periods that Telecom Australia is not strictly liable or has no obligation to pay, Telecom Australia should, having regard to all the circumstances relevant to the Claimant's claim, pay an amount in respect of such a period or periods and, if so, what amount.
- 10.1.2 set off against any amounts found by the Arbitrator to be otherwise owing by Telecom Australia to the Claimants any amounts paid to, rebates granted to, or services carried out for the Claimant by Telecom Australia to date.
- 10.2 In relation to the Claimant's loss, the Arbitrator:
- 10.2.1 will take into account the Claim and Defence Documents, written evidence and submissions made by the parties and, if applicable, any sworn or affirmed oral

evidence presented to the Arbitrator by the parties to the arbitration together with any information obtained by the Resource Unit or any advice given to him by the Resource Unit.

10.2.2

will make a finding on reasonable grounds as to the causal link between each of the Claimant's claims and the alleged faults or problems with the relevant telephone service and, as appropriate, may make reasonable inferences based upon such evidence as is presented by the parties together with any information obtained by the Resource Unit or any advice given to him by the Resource Unit.



10.2.3

apply normal Australian accounting standards as applicable at the time of the claimed loss and accepted legal principles relating to causation and assessment of loss.

- 11. The award made by the Arbitrator shall be compensatory only and not of a punitive nature.
- 12. The Arbitrator's reasons will be set out in full in writing and referred to in the Arbitrator's award.
- 13. Telecom commits in advance to implementing any recommendation made by the arbitrator pursuant to sub-clause 10.1.2.3.

14. Subject to clause 19 and unless directed otherwise in the Arbitrator's award or the parties otherwise agree or a Court otherwise orders, within three weeks of dispatch to the parties of the Arbitrator's award, payment shall be made of any monies directed by the award to be paid. Such payment shall be made by the party liable direct to the party entitled, and not through the Administrator. If the Arbitrator determines in respect of a Claimant's claim an amount less than that paid under an earlier settlement, Telecom agrees not to recover the difference.
15. The Arbitrator and Administrator shall conduct and progress the arbitration as quickly as justice to all the parties reasonably permits.

Confidentiality

- best held.*
16. Save as required by law, the parties shall not comment publicly on the conduct of the arbitration proceedings at any time after the commencement of the arbitration. The Arbitrator may take such steps as he thinks appropriate, including the dismissal of the claim or any counterclaim, in the event that either party contravenes this rule. ✓
17. Save as required by law and subject to clause 18, confidential information relevant to the arbitration including the Claim and Defence Documents ("Confidential Information") may not be disclosed by any party to the arbitration. The Arbitrator may take such steps as he thinks appropriate, including the dismissal of the claim or any counterclaim, in the event that either party contravenes this rule. ✓
18. The following is not Confidential Information for the purposes of clause 17:
- 18.1 information which at the time of disclosure to a party to arbitration is in the public domain.

18.2 information which, after disclosure to a party to the arbitration, becomes part of the public domain otherwise than as a result of the wrongful act of the party to whom the information was disclosed.

18.3 information which was received from a third party, provided that it was not acquired directly or indirectly by that third party from a party to the arbitration.

19. This clause is to be read subject to any requirements of law or of any Court application relating to the Procedure. Upon making his award, the Arbitrator shall immediately forward two copies of it to the Administrator and the Administrator shall thereupon send a copy to each party. The Arbitrator's award shall be kept strictly confidential by the Administrator, the Arbitrator and all of the parties to the arbitration. Telecom Australia has submitted to the arbitration in consideration of the conduct of the Procedure, the Confidential Information and the Arbitrator's award being kept strictly confidential by the Claimant. If there is any disclosure of the conduct of the Procedure, the Confidential Information or the Arbitrator's award by the Claimant any dispute as to any damages suffered by Telecom Australia as a result of such disclosure shall be determined by an Arbitrator nominated by the President of the Institute of Arbitrators Australia. Such Arbitrator may determine any question that arises for determination in the course of such arbitration proceedings by reference to considerations of general justice and fairness.

Costs

20. The Arbitrators fees and expenses shall be paid by the Administrator and are part of the administrative costs of the Procedure.

21. The administrative costs of the Procedure are subject to a separate agreement between the Administrator and Telecom Australia.
22. Subject to clause 21, each party shall bear its own costs of the arbitration.

Notices

23. Any document letter or notice may be served upon a person if delivered by hand or sent by pre-paid post to the address of that person appearing in this Agreement and, if sent by pre-paid post, shall be deemed to have been received by the person to whom it is addressed on the third day after the day of posting.

Liability of Administrator and Arbitrator

24. Neither the Administrator nor the Arbitrator shall be liable to any party for any act or omission in connection with any arbitration conducted under these Rules save that the Arbitrator (but not the Administrator) shall be liable for any conscious or deliberate wrongdoing on the Arbitrator's own part.

Schedule A

("the Disputes")

* For Claimants (plus other related claimants, companies, etc) other than Graham Schorer:

1. the liability of Telecom Australia to the Claimant in respect of alleged faults in the provision to the Claimant of telecommunication services;
2. the adequacy of the amounts paid by Telecom to the Claimant under earlier settlements in relation to alleged faults in the provision to the Claimant of telecommunication services;
3. the liability of Telecom Australia to the Claimant in respect of alleged faults in the provision of the Claimant of telecommunication services since the date of the settlement payment for the respective Claimant's earlier claims, up to the date of the Arbitrator's decision;
4. If Telecom Australia is found liable in accordance with (i) or (iii) above, the quantum of compensation payable by Telecom Australia to the Claimant for the Claimant's proven loss.

O R

* For Graham Schorer (plus other related claimants, companies, etc):

1. the liability of Telecom to the Claimant in respect of alleged faults in the provision of telecommunication services;

2. If Telecom Australia is found liable in accordance with 1 above, the quantum of compensation payable by Telecom Australia to the Claimant for the Claimant's proven loss.

* **DELETE AS NECESSARY**

Schedule B

("the Claimant")

Name
(Plus other related claimants,
companies, etc)

Address

Schedule C

Request for Arbitration

XY (name of Claimant) of and (here insert name of related claimants, companies etc and their addresses) hereby agree to the Procedure annexed for the resolution of the Disputes between them and Telstra Corporation Limited in the manner described in the Procedure.

Dated this day of 1994.

.....
.....
.....

Telstra Corporation Limited hereby agrees to the Procedure annexed for the resolution of the Disputes between it and (insert name of Claimant and related claimants, companies etc) in the manner described in the Procedure.

Dated this day of 1994.

.....

Schedule D

(Here insert names of other three claimants)

Schedule E

Exclusion Agreement

XY (name of Claimant) of and (here insert name of related claimants, companies etc and their addresses) and Telstra Corporation Limited hereby agree to exclude the right of appeal under Section 38 (2) of the *Victorian Commercial Arbitration Act 1984*, as amended, ("the Act") in relation to the award to be handed down pursuant to this Procedure and the right to apply under section 39 (1) (a) of the Act with respect to a question of law arising in the course of the arbitration to be conducted pursuant to this Procedure. This agreement is made pursuant to section 40 of the Act.

Dated this day of 1994.

.....
.....
.....
.....

Exhibit 3
Fast Track Arbitration Agreement
Signed 21st April 1994

"FAST-TRACK" ARBITRATION PROCEDURE

Scope of the Procedure

1. This Procedure ("the Procedure") provides arbitration pursuant to the Commercial Arbitration Act 1984 (Victoria), as amended, ("the Act") as a final and binding method of resolving the disputes listed in Schedule A ("the Disputes") between the customer named in Schedule B ("the Claimant") and Telstra Corporation Limited ("Telecom Australia").
2. The Claimant and Telecom Australia will be bound by the Arbitrator's decision, and the Claimant, by accepting the application of the Procedure to the Disputes, subject to the Appeal provisions of the Act, will be deemed to have waived all rights to commence proceedings in any court or other forum in respect of the facts giving rise to the Disputes or the Disputes themselves.
3. Arbitration under the Procedure will be administered independently by the Telecommunications Industry Ombudsman of 321 Exhibition Street, Melbourne ("the Administrator") and conducted by Dr Gordon Hughes C/- Hunt & Hunt, Solicitors, 21st floor, 459 Collins Street, Melbourne, 3000 ("the Arbitrator").
4. A request for arbitration under the Procedure in respect of the Disputes does not relieve the Claimant from any obligation the Claimant may have to pay Telecom Australia any other amounts which are due and are not part of the Disputes the subject of this arbitration.

Commencement of Arbitration

Each party shall complete and sign a Request for Arbitration form as set out in Schedule C in respect of the



Disputes. The form must be completed and returned to the Administrator by a party within 7 days of receipt of the form from the Administrator. The Administrator shall notify the parties and the Arbitrator in writing when he has received completed and signed Request for Arbitration forms from both parties.

Arbitration Proceedings

6. Unless the Arbitrator otherwise specifies, the arbitration will be on documents and written submissions only. The Arbitrator may form the opinion that he requires one or more oral hearings in which event the Arbitrator will, after consulting with the parties, advise the parties of a date, time and venue for those hearings. Any oral hearing will not be open to the public nor any other non-parties to the arbitration apart from any of:-

- The Administrator;
- A representative or representatives of the Administrator;
- Special Counsel to the Administrator, Mr Peter Bartlett, C/- Minter Ellison Morris Fletcher, Solicitors, 40 Market Street, Melbourne ("the Special Counsel"); or
- A representative or representatives of the Special Counsel.
- With the leave of the Arbitrator, a member of the Resource Unit (as defined in Clause 8.1).
- With the leave of the Arbitrator, one or more professional consultants to a party. If such leave is granted, the other party may also have its professional consultants present.

[Signature]

In an oral hearing no cross examination of any witnesses is to be allowed. Legal representation of the parties shall be at the Arbitrator's discretion. If the Arbitrator allows one party to have legal representation then the other party may also have legal representation.

All written evidence shall be in the form of an affidavit or statutory declaration. All oral evidence shall be on oath or affirmation. Either party or the Arbitrator may request a transcript of any oral evidence or submission given at the hearing. A copy of the transcript shall be given to the parties, the Arbitrator and the Special Counsel. The cost of the provision of the transcript shall be part of the administrative costs of the Procedure.

A copy of all documents and correspondence forwarded by the Arbitrator to a party or by a party to the Arbitrator shall be forwarded to the Special Counsel. A copy of all documents and correspondence forwarded by a party to the Arbitrator shall be forwarded by the Arbitrator to the Special Counsel and the other party.

7. The Procedure will be as follows:-

7.1 The time limits for compliance referred to in this clause are subject to the overriding discretion of the Arbitrator and may be the subject of submissions by the parties.

7.2 The Claimant shall within 4 weeks of receipt of written notice from the Administrator pursuant to Clause 5 that he has received completed and signed Request for Arbitration forms send to Telecom and to the Arbitrator in duplicate, its Statement of Claim and any written evidence and submissions ("the Claim Documents") in support of that claim. The Statement of Claim shall, with sufficient particularity, state the following:

7.2.1 the identity of the Claimant;

Steve Black

7.2.2 the service difficulties, problems and faults in the provision to the claimant of telecommunications service which are alleged to have occurred including the periods over which such service difficulties, problems and faults allegedly occurred;

7.2.3 the loss allegedly suffered and particulars of how that loss is calculated.

7.3 Telecom Australia shall within 4 weeks of receipt by it of the Claim Documents send to the Claimant and the Arbitrator in duplicate its Statement of Defence, and any written evidence and submissions ("the Defence Documents") in support of that defence. The Statement of Defence shall, with sufficient particularity, state the following:

7.3.1 Telecom Australia's answers to the allegations referred to in the Statement Claim; and

7.3.2 any affirmative defence which Telecom Australia will seek to rely upon.

7.4 The Claimant may send to Telecom Australia and to the Arbitrator, within 4 weeks of receipt of the Defence Documents, a Reply to the Statement of Defence together with any supporting documents. Such Reply will be restricted to points arising in the Statement of Defence and the Defence Documents, and may not introduce any new matters, points, or claims.

7.5 Without limiting any rights the parties may have to obtain documents or evidence under the Act, either party may, upon reasonable notice in writing to the other party, apply to the Arbitrator for directions upon any matter in relation to the proceedings including an amendment to the Statement of Claim,

Defence or Reply, the production of further documents, further particulars of Statement of Claim, Statement of Defence or Reply. Each party is entitled to be heard on any such application. In giving directions, the Arbitrator, where appropriate, shall impose time limits for compliance with such directions. On any such application, the Arbitrator may not require the production of documents protected by legal professional privilege.

7.6 The Arbitrator may by notice in writing require either party to provide any further documentary information and/or particulars which he reasonably considers would assist him.

7.7 If the Claimant does not furnish the Claim Documents within the time allowed pursuant to sub-clause 7.2 or any further time allowed by the Arbitrator and does not remedy this default within 2 weeks after dispatch to the Claimant by the Arbitrator of written notice of that default, the Claimant may, at the Arbitrator's discretion, be treated as having abandoned the Claimant's claim under the Procedure, and the arbitration will not proceed.

7.8 If Telecom Australia does not furnish the Defence Documents within the time allowed pursuant to sub-clause 7.3 or any further time allowed by the Arbitrator and does not remedy this default within 2 weeks after dispatch to Telecom Australia by the Arbitrator of written notice of that default, then subject to any directions the Arbitrator may give and subject to Section 17 of the Act, the dispute may be decided by the Arbitrator by reference to the Claim Documents only.

8.1 The Arbitrator may, as he sees fit, use as a resource unit the services of personnel employed by Ferrier Hodgson, Chartered Accountants, 459 Collins Street,

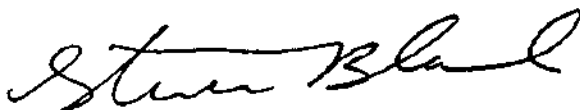


Melbourne and DMR Group Australia Pty. Ltd. of 1 Southbank Boulevard, South Melbourne ("the Resource Unit").

- 8.2 The Arbitrator may require the Resource Unit to examine documents, inspect premises or systems or carry out such other enquiries or research as he directs. Such requirement shall be in writing and a copy of it shall be sent to the parties at the same time as it is sent to the Resource Unit. A report of any such activities shall be made available to the parties who shall be entitled to make a written submission upon such report on such terms as the Arbitrator thinks fit.
- 8.3 The Arbitrator shall disclose to the parties in writing all advice received from the Resource Unit. The parties shall be entitled to make a written submission in relation to such advice on such terms as the Arbitrator thinks fit.
- 8.4 The fees and expenses of the Resource Unit shall be part of the administrative costs of the Procedure.
- 8.5 Prior to undertaking any work or receiving any documentation or information relating to the arbitration each individual who is part of or engaged by the Resource Unit shall sign a form of confidentiality undertaking as in Schedule E and shall send that signed confidentiality undertaking to the Administrator.

9.

The Arbitrator may, as he thinks fit, combine parts of this Procedure with parts of the identical procedure being used in respect of claims by those whose names appear in Schedule D including the hearing of oral evidence concurrently.



The Award

10. The Arbitrator shall make his award having regard to the questions of Telecom Australia's liability and questions of loss as set out in this clause. The parties agree that in respect of some period or periods of the time covered by the Claimant's claims Telecom may not be strictly liable or have any obligation to make any payment to the Claimant.

10.1 In relation to Telecom's liability, if any, to compensate for any demonstrated loss on the part of the Claimant the Arbitrator will:

10.1.1 give effect to any contractual or statutory limitations on Telecom Australia's legal liability, and any limitations on Telecom Australia's liability to the Customer as determined by Austel pursuant to section 121 of the Telecommunications Act 1991 which limitations may apply in respect of some period or periods of time covered by the Claimant's claims and for that reason in making the findings the Arbitrator will:

10.1.1.1 determine for the time covered by the claim, the period or periods for which Telecom Australia is not strictly liable or has no obligation to pay and the period or periods for which Telecom Australia is liable and has an obligation to pay;

10.1.1.2 determine in respect of each such period the amount of loss, if any, incurred by the Claimant;

10.1.1.3 recommend whether, notwithstanding that in respect of a period or periods that Telecom Australia is

Steve Blair

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not strictly liable or has no obligation to pay, due to a statutory immunity covering that period or periods, Telecom Australia should, having regard to all the circumstances relevant to the Claimant's claim, pay an amount in respect of such a period or periods and, if so, what amount.

10.1.2 set off against any amounts found by the Arbitrator to be otherwise owing by Telecom Australia to the Claimants any amounts paid to, rebates granted to, or services carried out for the Claimant by Telecom Australia to date.

10.2 In relation to the Claimant's loss, the Arbitrator:

10.2.1 will take into account the Claim and Defence Documents, any Reply and supporting documents, written evidence and submissions made by the parties and, if applicable, any sworn or affirmed oral evidence presented to the Arbitrator by the parties to the arbitration together with any information obtained by the Resource Unit or any advice given to him by the Resource Unit.

10.2.2 will make a finding on reasonable grounds as to the causal link between the alleged service difficulties, problems and faults in the provision to the Claimant of telecommunication services and the losses claimed and, as appropriate, may make reasonable inferences based upon such evidence as is presented by the parties together with any information obtained by

Steve Blair
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Steve Blair

the Resource Unit or any advice given to him by the Resource Unit. Unless the Arbitrator is able to conclude that Telecom caused the loss claimed, there will exist no basis for a claim against Telecom.

11. The Arbitrator's reasons will be set out in full in writing and referred to in the Arbitrator's award.
12. If Telecom Australia appeals against the Arbitrator's award pursuant to Section 38 of the Act, Telecom Australia will provide funds from time to time to meet all reasonable legal costs incurred by the Claimant in relation to the appeal and the application for leave to appeal, which costs are to be assessed on a party/party basis (plus 10% of the party/party costs as assessed). Should any dispute arise between the Claimant and Telecom as to the timing of such funding, such dispute shall be determined by the Administrator who shall make his determination after hearing representations from the parties. Neither party shall seek an orders for costs in such appeal proceedings.
13. Telecom commits in advance to implementing any recommendation made by the arbitrator pursuant to sub-clause 10.1.1.3.
14. Subject to clause 17 and unless directed otherwise in the Arbitrator's award or the parties otherwise agree or a Court otherwise orders, within three weeks of dispatch to the parties of the Arbitrator's award, payment shall be made by Telecom of any monies directed by the award to be paid. Such payment shall be made directly to the Claimant or in such manner as the Claimant directs, and not through the Administrator. If the Arbitrator determines in respect of a Claimant's claim an amount less than that paid under an earlier settlement, Telecom agrees that the difference will not be recoverable.



15. The Arbitrator and Administrator shall conduct and progress the arbitration as quickly as justice to all the parties reasonably permits.

Confidentiality

16. For the purposes of this arbitration procedure, "Confidential Information" means information relevant to the arbitration, including the Claim and Defence Documents and any other documents provided in, or oral evidence given in, the arbitration by either party other than:
- 16.1 information which at the time of disclosure to a party to arbitration is in the public domain.
- 16.2 information which, after disclosure to a party to the arbitration, becomes part of the public domain otherwise than as a result of the wrongful act of the party to whom the information was disclosed.
- 16.3 information which was received from a third party, provided that it was not acquired directly or indirectly by that third party from a party to the arbitration.
17. This clause is to be read subject to any requirements of law or of any Court application relating to the Procedure. Upon making his award, the Arbitrator shall immediately forward two copies of it to the Administrator and the Administrator shall thereupon send a copy to each party. The Arbitrator's award, the subject matter of the arbitration proceedings, the conduct of the procedure and the Confidential Information shall at all times be kept strictly confidential by the Administrator, the Arbitrator and all of the parties to the arbitration. Telecom Australia has submitted to the arbitration in consideration of the subject matter and the conduct of the arbitration Procedure, the Confidential Information and the Arbitrator's award being kept strictly confidential by the Claimant. If there is any disclosure of any part of the

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Steve Black

subject matter or the conduct of the Procedure, the Confidential Information or the Arbitrator's award by either party, then the Arbitrator may take such steps as he thinks appropriate including the dismissal of the claim in the event of a disclosure by the claimant.

18. Notwithstanding clause 17 a party may disclose Confidential Information to any of the other Claimants whose names appear in Schedule D or to the party's legal or other consultants provided that the party ensures that every such individual Claimant and consultant signs a confidentiality undertaking in the form set out in Schedule E and sends that confidentiality undertaking to the Administrator prior to receiving any Confidential Information.
19. Clause 17 does not limit the right of any party to seek injunctive relief or make a claim for any damages suffered as a result of any disclosure.

Costs

20. The Arbitrator's fees and expenses shall be paid by the Administrator and are part of the administrative costs of the Procedure.
21. The administrative costs of the Procedure are subject to a separate agreement between the Administrator and Telecom Australia.
22. Subject to clause 21, each party shall bear its own costs of the arbitration.

Notices

23. All documents letters or notices to be sent to Telecom Australia in relation to this Procedure shall be sent to:

Mr Paul Rumble
 National Manager-Customer Response Unit
 Telecom Australia
 Level 8
 242 Exhibition Street
 Melbourne Victoria 3000

by being delivered by hand or sent by prepaid mail.

Liability of Administrator and Arbitrator

24. Neither the Administrator, the Arbitrator, the Special Counsel, a partner or employee of the legal firm of which the Special Counsel is a partner, a member of the Resources Unit, Ferrier Hodgson or a partner or employee of Ferrier Hodgson, DMR Group Australia Pty. Ltd. or a Director or employee of DMR Group Australia Pty. Ltd. shall be liable to any party for an act or omission in connection with any arbitration conducted under these Rules or involved in the preparation of these Rules save that the Arbitrator (but not the Administrator) shall be liable for any conscious or deliberate wrongdoing on the Arbitrator's own part.

Return of Documents after Arbitration

25. Within 6 weeks of publication of the Arbitrator's award, all documents received under this Procedure by the parties the Administrator, the Resource Unit and/or the Arbitrator and all copies thereof, shall be returned to the party who lodged such documents.

Conflict of Rules

26. In the event of any inconsistency between these rules and the provisions of the Act, these rules shall prevail to the extent of that inconsistency.

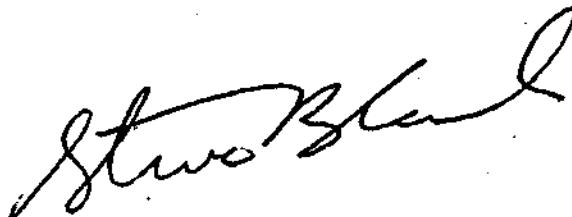
Paul Rumble
[Signature]

Steve Black

1. The liability of Telecom to the Claimant in respect of alleged service difficulties, problems and faults in the provision to the Claimant of telecommunication services (other than the matters covered by the earlier settlement between Graham Schorer's company and Telecom);
2. If Telecom Australia is found liable in accordance with 1 above, the quantum of compensation payable by Telecom Australia to the Claimant for the Claimant's proven loss (other than in relation to the matters covered by the earlier settlement between Graham Schorer's company and Telecom).



DELETE AS NECESSARY




Schedule A

("the Disputes")

* For Claimants (plus other related claimants, companies, etc) other than Graham Schorer:

1. The liability of Telecom Australia to the Claimant in respect of alleged service difficulties, problems and faults in the provision to the Claimant of telecommunication services;
2. The adequacy of the amounts paid by Telecom to the Claimant under earlier settlements in relation to alleged service difficulties, problems and faults in the provision to the Claimant of telecommunication services;
3. The liability of Telecom Australia to the Claimant in respect of alleged service difficulties, problems and faults in the provision to the Claimant of telecommunication services since the date of the settlement payment for the respective Claimant's earlier claims, up to the date of the Arbitrator's decision;
4. If Telecom Australia is found liable in accordance with 1 or 3 above, the quantum of compensation payable by Telecom Australia to the Claimant for the Claimant's proven loss.

O R

 For Graham Schorer (plus other related claimants, companies, etc):



Schedule B

("the Claimant")

Order
Name: ALAN SMITH

Address: RMB 4408, Cape Bridgewater, Portland in the State of
Victoria

(Plus other related claimants,
companies, etc)

Steve Blah

Schedule C

Request for Arbitration

ALAN SMITH of RMB 4408, Cape Bridgewater, Portland, in the State of Victoria, on 23 February 1994, hereby agrees to the Procedure annexed for the resolution of the Disputes between him and Telstra Corporation Limited in the manner described in the Procedure.

Alan Smith
Dated this 21st day of April 1994.

Alan Smith
Cape Bridgewater, Victoria
Cape Portland 3305

Telstra Corporation Limited hereby agrees to the Procedure annexed for the resolution of the Disputes between it and (insert name of Claimant and related claimants, companies etc) in the manner described in the Procedure.

Dated this 21st day of April 1994.

Steve Blundell

Schedule E

Confidentiality Undertaking

To: The Administrator - Fast Track Arbitration Procedure
Telecommunications Industry Ombudsman
Ground Floor, 321 Exhibition Street
Melbourne VIC 3000

I, ALAN SMITH (print full name)
of (PTE BRIDGEWATER - PERTH) 3305 (print address)

acknowledge that I may receive or become aware of confidential information relating to the "Fast Track" arbitration procedure (defined in clause 16 of the Fast Track Arbitration Procedure as the "Confidential Information") and therefore I hereby undertake and acknowledge to each of the Administrator, the Arbitrator, the Claimant and Telecom Australia (as defined in clauses 1 and 3 of the Fast Track Arbitration Procedure) at all times that:

1. I shall not divulge any Confidential Information to, or permit it (whether by act or omission) to come into the hands of or be or become available to, any person or persons other than in accordance with clause 2 hereof.
2. I shall not use any Confidential Information for any purpose other than as I am directed to use it by the Arbitrator, the Claimant, or Telecom Australia as the case may be, in the course of providing services to that party.
3. I shall take all reasonable steps as I may be advised to take by the Administrator and/or the Arbitrator, to cause and ensure that any Confidential Information is kept in the strictest confidence.
4. I shall return all documents containing Confidential Information which I receive, and all copies thereof, to the party who provided me with such documents, within 6 weeks of publication of the Arbitrator's award.
5. These undertakings shall have full force and effect and shall operate at all times hereafter notwithstanding that I may subsequently cease to provide services to the Arbitrator, the Claimant, or Telecom Australia as the case may be.

Dated the 21st day of April 1994.

Signed by the person whose name and address are inserted above, in the presence of:) [Signature]
Signature

[Signature]
Signature of Witness

BARRY O'SULLIVAN
Full name of Witness

Schedule D

[Handwritten signature]

Ann Garms
Maureen Anne Gillan
Graham Schorer

[Handwritten signature]

Exhibit 4(a)
Lane Draft
Technical Evaluation Report
dated 6th April 1995

**TELECOMMUNICATIONS INDUSTRY OMBUDSMAN
- FAST TRACK ARBITRATION**

**DRAFT FOR DISCUSSION
PURPOSES ONLY**

**RESOURCE UNIT TECHNICAL REPORT
- RE: MR ALAN SMITH OF
CAPE BRIDGEWATER HOLIDAY CAMP**

**NOTE: This is a Draft Report and is Subject to
Further Review Before Final Submission**

Issue: Draft of 6 April 1995
Prepared by: Mr David Read



**Lane
Telecommunications
Pty Ltd
ACN 008 092 082**

**181 Fullarton Road
Dulwich
South Australia 5065**

**Tel: 08 364 5225
Fax: 08 364 5335
Ref: HDNR0225**

**DRAFT FOR DISCUSSION
PURPOSES ONLY****Scope of Report**

The report covers incidents and events potentially affecting the telephone services provided to the Cape Bridgewater Holiday Camp during the period February 1988 to August 1994.

Source of Information

The information provided in this report has been derived and interpreted from the following documents:

- Smith - Letter of Claim (SM1)
- Smith - George Close Report dated 5/7/94 (SM8)
- Smith - George Close Report dated August 1994 (SM9)
- Smith - Telecom Defence Witness Statements
- Smith - Telecom Defence B004 Service History
- Smith - Telecom Defence B004 Appendix File 1
- Smith - Telecom Defence B004 Appendix File 2
- Smith - Telecom Defence B004 Appendix File 3
- Smith - Telecom Defence B004 Appendix File 4
- Smith - Telecom Defence B004 Appendix File 5
- Smith - Telecom Australia - Ref 1 Statutory Declaration of Ross Marshall. Ref 2 An Introduction to Telecommunications in Australia. Ref 3 Telecom Australia's Network Philosophy. Ref 4 Glossary of Terms
- Smith - FOI Material 19 December 1994 (SM44)
- Smith - George Close & Associates Report 20 January 1995 - Reply to Telecom's Defence (SM50)
- Smith - Samples of FOI Telecom Documents (SM49)
- Smith - Appendix C Additional evidence (SM48)
- Smith - Summary of TF200 Report (SM47)
- Smith - Bell Canada International Inc. Further information (SM46)
- Smith - Additional information (SM45)

A site visit was conducted on Wednesday 4th April 1995 covering:

- inspection of the Cape Bridgewater RCM exchange
- inspection of the CPE at the Cape Bridgewater Holiday Camp
- inspection of the exchange equipment at Portland (RCM, AXE 104, ARF)
- discussions with Mr Alan Smith, accompanied by Mr Peter Gamble of Telecom Australia.

2
1. Period - February 1988 To 21 August 1991

The significance of this period is that it covers the time from take-up of CBHC services with Exchange Configuration 'A' until this configuration was changed on 21 August 1991. Services provided from an RAX exchange connected to the Portland ARF exchange.

1.1 Potential Source of 'False Busy' during period February 1988 to 21 August 1991

(i) Congestion on the Inter Exchange Junctions

The following is an extract from the Telecom document produced by the Commercial and Consumer Office of Customer Affairs, 'General Information Document ref 1, An Introduction to Telecommunications in Australia, Issue 9 December 1994'.

"6.4 Network Dimensioning Principles

Dimensioning is the process of determining the quantity of equipment needed for a particular traffic volume. Dimensioning is a major activity in network design, and is required when an entirely new telecommunications facility is being planned or when an extension to existing equipment is required.

Dimensioning is carried out in accordance with the following principles

Time Horizon:

Network dimensioning is aimed at ensuring that the next network enhancement is able to handle traffic for the busiest season in the year following the year of installation.

Traffic Base:

As traffic is of a random nature it is necessary to obtain a standard specification for traffic value for use in network dimensioning. This is known as the traffic base. Two measures are used.

The first, the *Rubas*, is defined as the busiest 50 half-hour periods in a 7-day week.

The second is the *peak weekly reading* * (weekly busiest), or maximum traffic intensity observed within the week and is specified for key routes. Weekly Busiest excludes special events such as Christmas and days on which "spot specials" such as one-off STD and ISD price discounts, are offered.

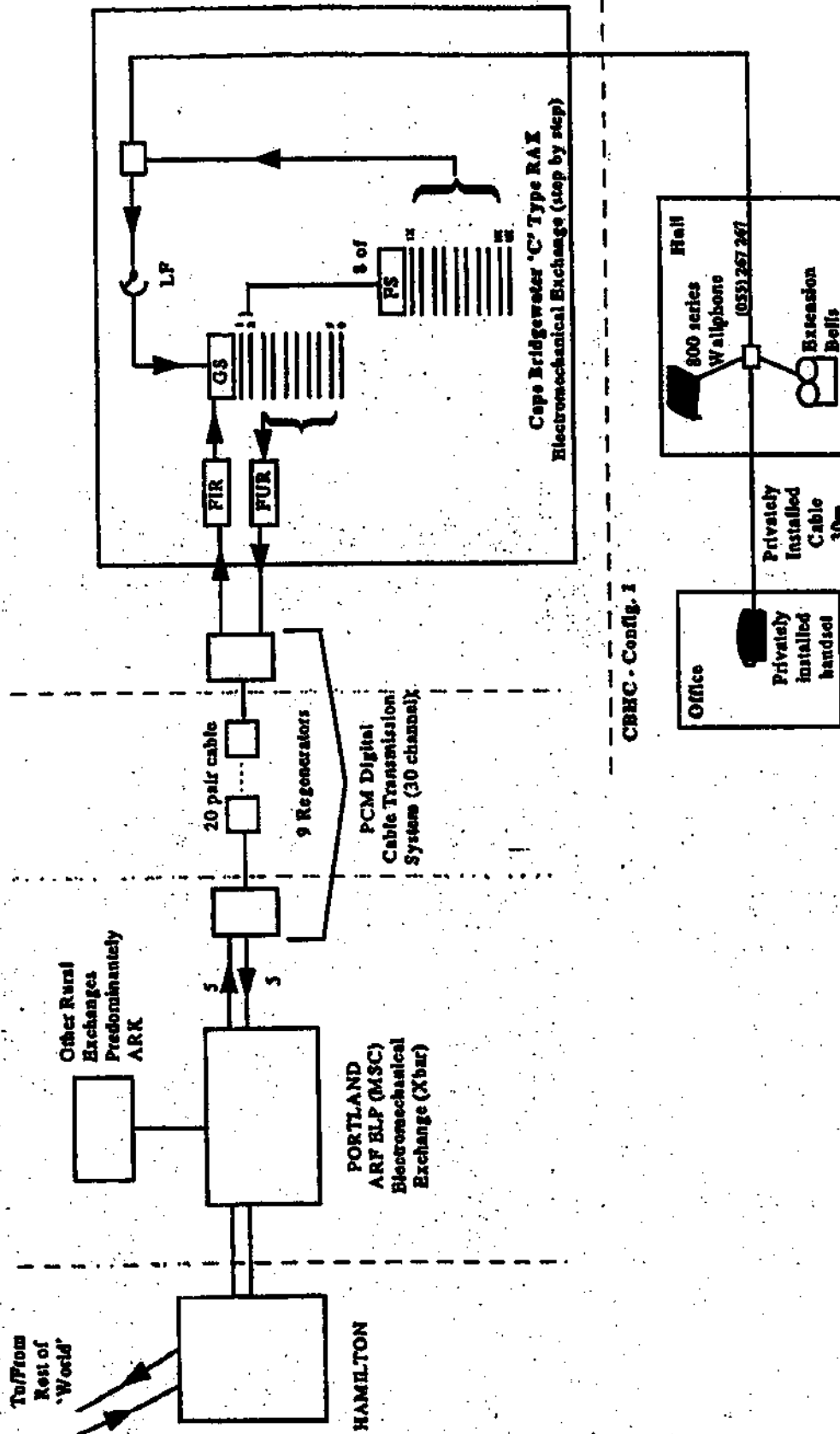
(* D Read - bold/italics)

6.5 Design Grade of Service

Telecommunications networks are designed and dimensioned in line with the principles described above to carry the forecast traffic at a prescribed Grade of Service.

The Design Grade of Service for individual routes needs to be chosen in order to make decisions about the amount of equipment required to carry the offered traffic. In choosing a particular numerical value for the design Grade of Service for Different situations, a number of factors are taken into account. The main ones are:

CONFIGURATION AT FEBRUARY 1988 - 'A'

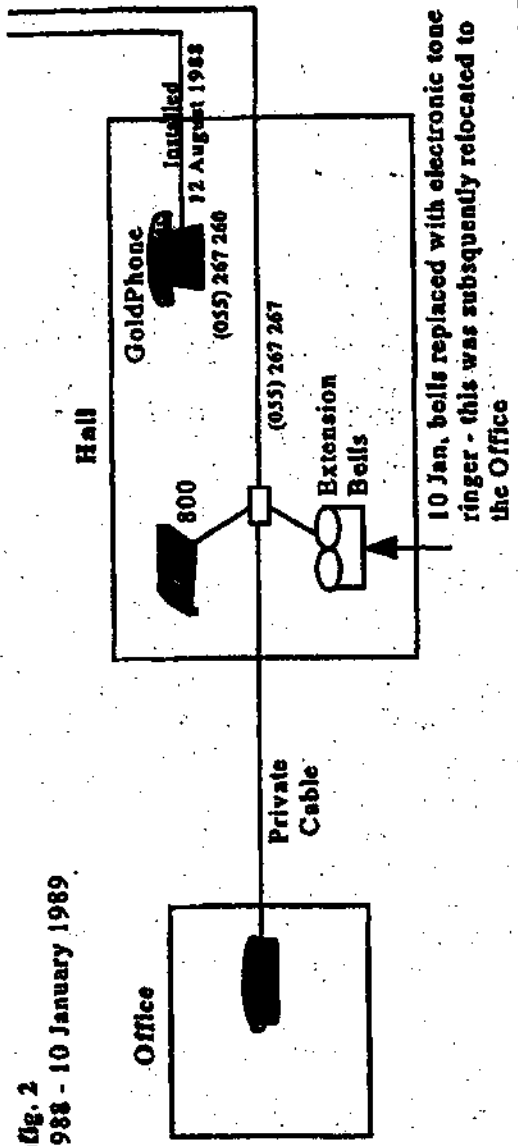


dw0219

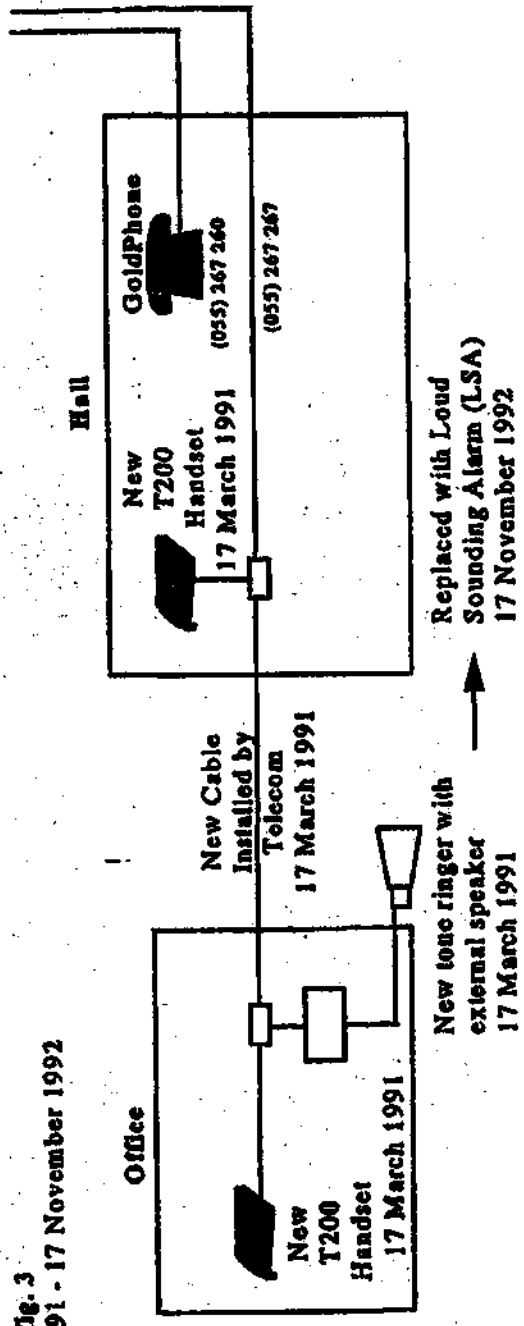
DRAFT FOR DISCUSSION PURPOSES ONLY

CHANGES TO CPE CONFIGURATION AT CBHC SITE

CBHC Config. 2
12 August 1988 - 10 January 1989



CBHC Config. 3
17 March 1991 - 17 November 1992



4-00221

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PURPOSES ONLY

- customer service,
- safety margins necessary to cover errors in traffic estimates
- unforeseen overloads
- equipment costs,

The Design Grade of Service chosen in any particular situation represents a compromise between these several competing requirements and will generally be better than the prescribed Grade of Service."

There were reported and acknowledged (by Telecom) periods of congestion on calls into the Cape Bridgewater RAX: Telecom Minute of 12/5/92, ref. Telecom Australia B004 Appendix file 5/1, "Congestion between Cape Bridgewater and Portland had been prevalent as only five junctions available. This situation was to be upgraded with the cutover of Cape Bridgewater RAX to an RCM parented back to Portland AXE 104." and,

Reference to the traffic profiles (graphs - see following page) provided (B004 Appendix 5/6), the weekly busiest hour traffic would indicate that there were many instances measured in the period 7/11/88 to 10/9/90 where traffic Portland to CB exceeded 3.0E, i.e. the probability of congestion was the order of 12% with an average of 2.4E, i.e. probability of congestion is 6% (reasonable level would be 1% to 2%). These graphs also show similar congestion in the CB to Portland direction.

The busy hour generally occurred during early evening (7 - 8.30pm). Maintenance Testing (TRT - Traffic Route Testing) from remote locations did not detect this condition (ref: TRT test results B004 Appendix 5/8 test period March 1988 to July 1991) as the tests were conducted during the time 1200 - 1800 which is outside the busiest period.

Conversely, traffic outside the busiest hour (order of 1.0E or less) would receive a satisfactory grade of service on these routes (probability of congestion less than 1% on the junctions between CB and Portland).

(ii) Potential Congestion within the CB Exchange

The Cape Bridgewater RAX exchange was very old technology, designed for very low calling rate areas, for example (based on the unit having 8 Final Selectors) the following are the maximum calls that could be handled irrespective of the number of services connected (of which there were 66 in 1991) or junctions provided;

- a total of 8 locally terminated calls from any source at the one time
- if there were say 4 local to local calls in progress, then only 4 calls to local numbers could be handled from outside the area at the same time.

These situations (i) and (ii) could well explain many of the 'False Busies' occurring right through the 3½ years of this configuration, in particular during the July/early August period 1991.

1.2 During the period March 91 to August 91

On the 4th of March Mr Smith reported Not Receiving Ring - Telecom survey, 3 out of 9 customers indicated that they were experiencing similar problems, but 'inspection did not identify any problems'. NFF was therefore reported.

Up to 28 June; several complaints of Wrong Nos, Busy, No Progress, No Ring Received problems by Cape Bridgewater services. On June 28th, one of the eight final selectors was found to be faulty. This would effect on average:

- 12.5% of all local to local traffic;
- 12.5% of all incoming to Cape Bridgewater traffic.

The duration is not clear, but believed to be (Telecom) of the order of only 2 to 3 days; however the fault could have occurred intermittently for some weeks prior, before becoming a hard fault (and therefore explain earlier difficulties reported over the preceding months).

1.3 CAN Testing

During this period it is suggested when complaints were made, Mr Smith's CAN and CPE were tested and/or changed (including replacement of private cable) with NFF (no fault found) being generally reported, whereas it would appear as detailed above, the problems were predominantly in the network (exchange, IEN). Testing was not highlighting these conditions as it was generally conducted out of the busy periods. However reading of the exchange congestion metres (which was regularly performed) should (and did) highlight the situation. During this period 12 fault calls were logged on the Telecom fault report system, although there appear to be several not logged (e.g. 5th, 14th August 1991 - refer B004/5 sections 23, 24).

2. Period Post 21 August 1991

The significance of 21 August is the exchange configuration was changed (to configuration 'B'), that is 'individual derived services via an RCM unit to the Portland new AXE exchange'.

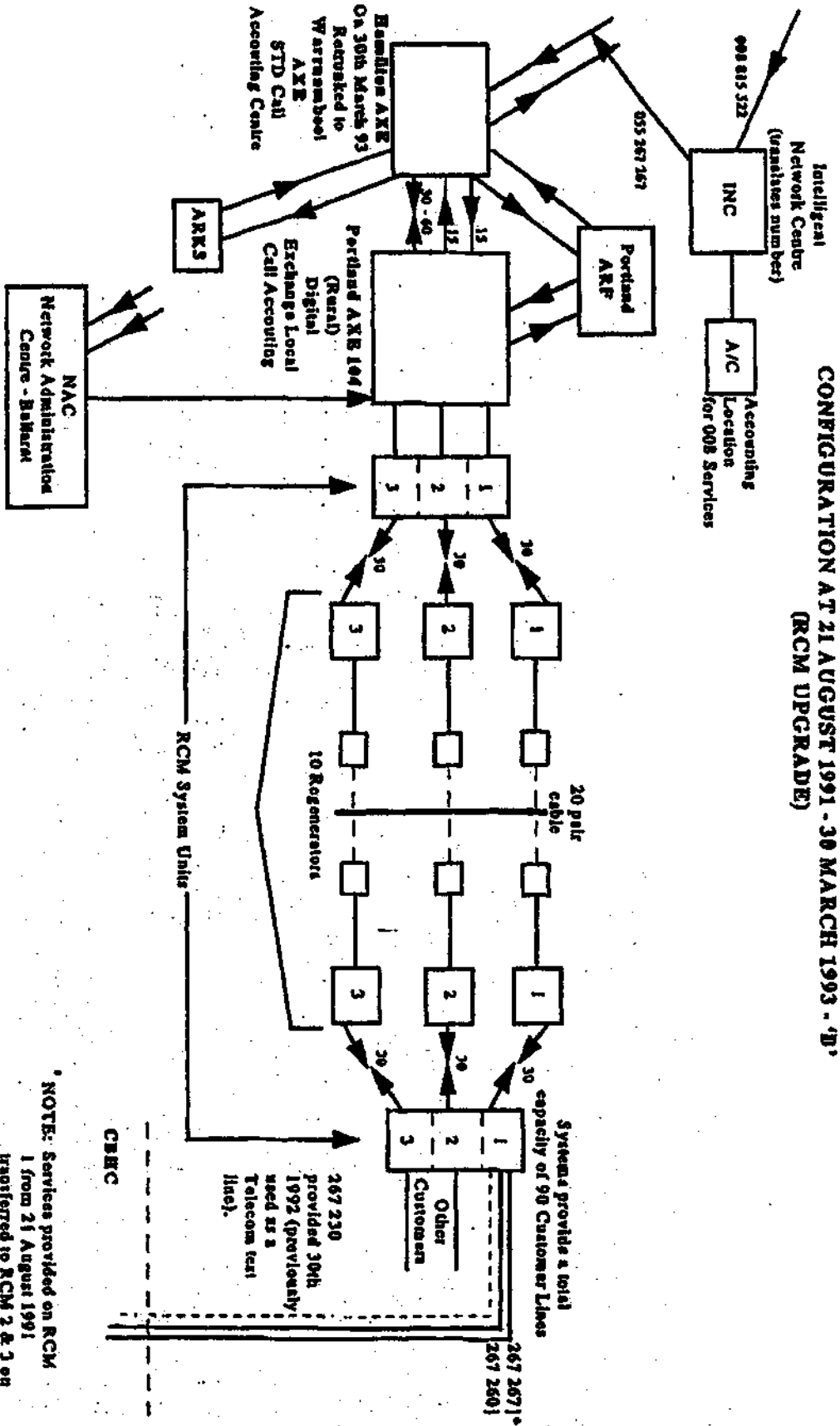
2.1 This should (and did) relieve the link congestion problem Portland to CB. However, subsequently congestion may have occurred in other links (refer to 2.17).

2.2 Consistent problems with the RCM system; Mr Smith's services were carried on RCM No 1 until 24 February 1994. Without going into extensive detail, this system had a track record of problems individually, and the RCM system components were the subject of several design corrections (Work Specifications). These issues were likely to cause a range of problems (as reported) over the period August 1991 to February 1993 (a period of 18 months) when Mr Smith's services were transferred off RCM 1 and service improved. Specific problems caused are covered in later paragraphs (ref: 2.8, 2.9, 2.21).

2.3 Calls directed to RVA, March 1992

In response to complaints from Mr Smith and others from CB, Telecom checking indicated that due to data entry error on the Melbourne Windsor Trunk exchange (MELU) all calls through this exchange to CB (at least 33% of Melbourne and interstate traffic) were directed to RVA for at least 16 days and possibly longer.

CONFIGURATION AT 21 AUGUST 1991 - 30 MARCH 1993 - 'D'
(RCM UPGRADE)



NOTE: Services provided on RCM
1 from 21 August 1991
transferred to RCM 2 & 3 on
24 February 1993 (Goldphase
left on RCM 1)

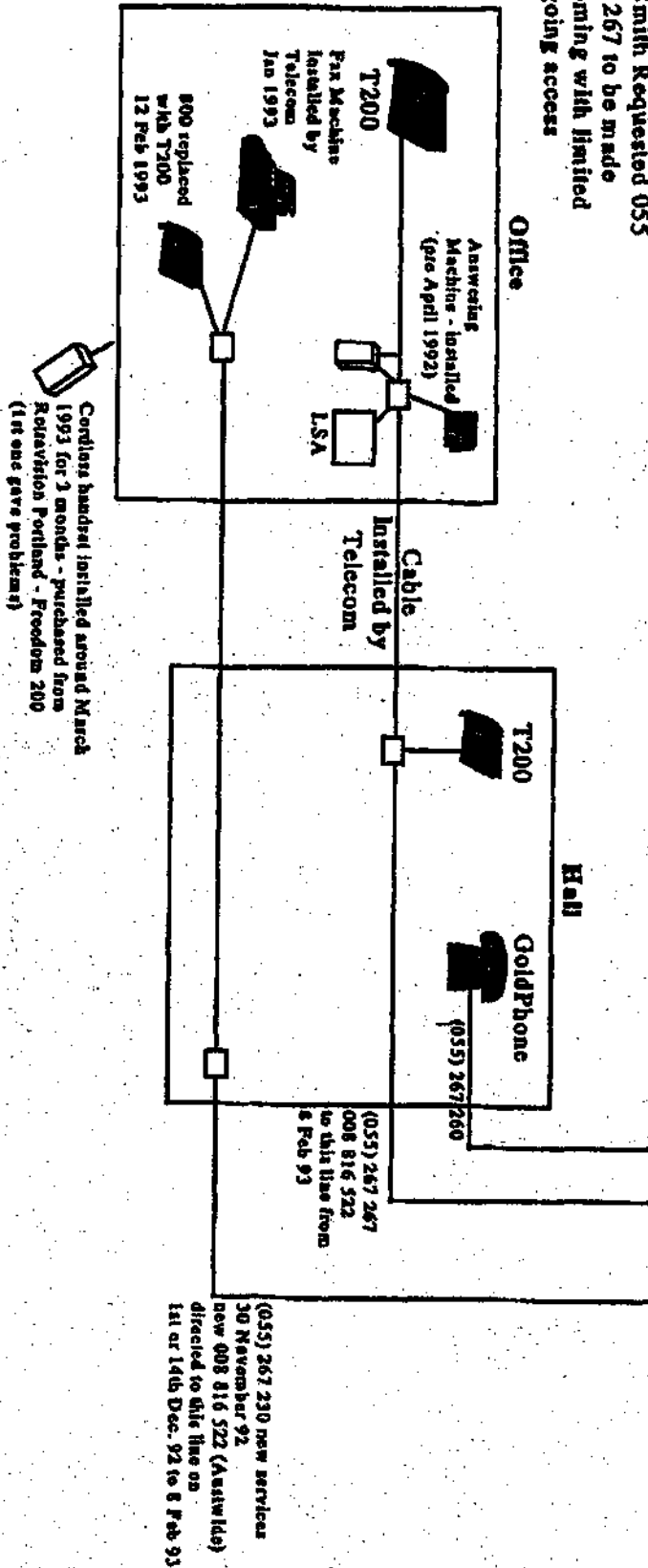
4m0129

CHANGES TO CPE CONFIGURATION AT CBHC SITE

CBHC Config. 4

30 November 1992 - 1 December 1992 - 8 February 1993 - 12 February 1993

At 3 June 1993
A. Smith Requested 055
267 267 to be made
incoming with limited
outgoing access



dx02216

There are some conflicting statements to this situation:

Ref: Mr D Lucas, Area Manager - Special Products letter to Mr A Smith 23 November 1992.

"This fault affected incoming STD calls from Melbourne to CB for a period of up to 3 weeks prior to fault being fixed. The maximum impact on your incoming STD calls from Melbourne would have been up to 50%"

Ref: Telecom Australia B004 Alan Smith - CBHC Services History

"Whilst it was initially thought that the problem may have existed for a 6 week period, subsequent investigation confirmed its existence for a total of 16 days (refer witness statement of Hew MacIntosh and David Stockdale)."

and

"However, it is estimated that the MELU problem would have resulted in 33% of callers from Melbourne (or passing through Melbourne e.g. from South Australia) to all customers in the 055 267 XXX number range receiving RVA."

The Telecom report further suggests "callers could have reached CBHC by adopting one of the following methods,"

- a) 'redialling' with no comment that probability of failure was again at least 33%
- b) "contacting an operator" - i.e. STD has been ineffective.

Mr Smith's estimate of call distribution is that 60% originates from the affected areas; all of which had a 33% probability of failure. This in effect failed at least 20% of CBHC business traffic with direction to RVA for the period of the fault.

2.4 Sundry Reports, April - July 1992 (Summary Only)

- a) 16th April, callers from Melbourne Greyhound Bus Terminal in Melbourne receiving RVA - NFF.
- b) April, Mr Smith 'missing calls' - found that if the answering machine was 'plugged in but not in answering mode' the telephone would ring only for 30 seconds and then receive a burst of tone from the answering machine (rather than ring out to 90 seconds). It is likely that this situation was causing a level of the call-in difficulties during this period. i.e. incorrect operation of the answering machine could have caused caller difficulties during this period.
- c) July, caller reported receiving RVA on calling Smith from Station Pier. NFF after considerable network testing, and no attributable source subsequently detected.

2.5 Telecom Testing locks up Circuits - 2 August 1992

Telecom NNI section testing locked up all circuits Hamilton to Portland for approximately 1 day (Sunday). This would have provided congestion/busy to 90% of callers to CBHC.

10
2.6 Software Fault Portland AXE - Blocks all Circuits, Hamilton to Portland - 28 September 1992

All calls to and from CB were blocked (congestion/busy) for the order of 1.5 hours. Callers to CBHC received No Progress: 2 complaints relating to CBHC were reported during this period.

2.7 Register fault and Congestion Portland Exchange, 7 October 1992

One of the forty registers in the Portland ARF Minor Switching Centre was faulty for five days (2 - 7 October). The effects were:

- (i) 1 in 40 (2.5%) of calls originating from the ARF and ARK exchanges on Portland would fail (wrong number, RVA, etc). Therefore a small percentage (2.5 of Portland area traffic) to CBHC was affected.
- (ii) In an endeavour to locate the fault (and the 'MELU' fault in 2.3 above), in letter of 23 November 1992 from Mr D Lucas, Area Manager - Special Products;

"Congestion could have been experienced by callers due to a combination of the two faults indicated above and the volume of test calls being generated by Telecom to locate faults. I understand that some of your customers expressed this condition as 'getting busy tone' when you were not using the telephones."

2.8 RCM 1 Failure due to Lightning Strike - 21 November 1992

A lightning strike on 21 November damaged the Cape Bridgewater RCM equipment: Telecom received 22 customer complaints from CB customers for No dial tone, No ring receive, noisy. No complaint was identified from CBHC, however RCM 1 was affected, and this was the unit CBHC services were on. The condition affected services for 4 days, before restorative action was taken, which may have been less than successful, refer 2.9.

2.9 Network 'Reception' Breaks During STD Calls - 6 January 1993 (reported - fault occurring 2-3 weeks prior to this)

Believed to be network problems (ref B004 1/4), and occurring in RCM 1 - RCM 1 was reporting a large number of degraded minutes (ref B004 1/4 internal letter of 12 July 1993 reporting on this matter).

Problems have been occurring for some time (clicking, breaks in transmission, callers not getting through). Mr Smith's services (with the exception of the Goldphone) were transferred finally to RCM systems 2 and 3 on 24 February 1993. Smith's services were affected for at least 50 days (probably 70 days) whilst the RCM problems were tracked down. Telecom initially investigated CAN with NFF - but again was a 'network' problem. (Subsequent investigations 'revealed 4 problems with the CB RCM' - refer to the copies of correspondence dated 12 July 1993, and further system difficulties occurring early in 1994 - 2.21.).

Telecom Pair Gains Support expert group (E-mail of 5/3/93 from RM) found on RCM 1

"Major problem, faulty termination of registers on bearer block protection" - this is believed to be protection against lightning strikes, and the problem could have been in place since the repair due to the strike of 21 November, and "another (problem) caused by non modification to channel cards" - that is modification to correct design faults (as detailed in Work Specifications) had not been carried out.

In the letter of 12 July 1993 to Stockdale and Morris, reference is made to (DM) degraded minutes (minutes in which error ratio is worse than 1 in 10^6), ('ES') error seconds (seconds in which errors were detected in the Cyclic Redundancy Check character sent with each frame). The systems, particularly RCM 1 was registering high levels of ES and DM. A test on the 2 March 1993, run overnight on RCM 1 resulted in; Portland to CB 43,500 ES - i.e. for a 12 hour test period, essentially every second was errored and also 405 degraded minutes were recorded. CB to Portland direction, 246 ES, no DM.

Suggestions are made, for example:

'In my opinion ES only cause problems when digital data is transmitted, and have no effect on voice services, and DM have only a minimal effect on voice services and may cause an occasional audible click', ref Witness statement of Mr Leonard Banks, para 8, dated 12 December 1994.

The signalling system which sets-up the call and supervises calls including answer received, call clearing, is (it is understood) transmitted in the channel associated with the service, and is transmitted as a data signal: therefore as indicated above, high levels of ES or DMs could markedly effect the call set up, answer and clearing sequence.

2.10 Three Numbers in Ballarat Received NOP when Calling CBHC - 2 February 1993

Fault was subsequently found in the callers PABX equipment at Ballarat (not CBHC).

2.11 Problems attributed to CPE operation, February and March 1993 - Cordless Handset

To enable reception of calls whilst Mr Smith was moving around the camp site, a cordless handset system was installed on line 055 267 267: during the period it was connected there were situations where the operation of this unit cause difficulties, for example:

- 19 February 1993 - reported 'problems with Telecom (sic) cordless phone - the switch was not operating correctly preventing the phone from ringing' (the unit was obtained from a Retravision outlet).
- The unit as installed (by Mr Smith) did not provide full coverage of the site (these units intrinsically have coverage limitations). Consequently if calls were taken on the cordless unit and the handset was moved out of range of the base system, the call may not be correctly cleared down, leaving the service in an apparent 'of hook' situation.

The units (it is believed 2 types were used) were trialed for some 3 months and then removed.



To: Manager
Warrnambool COG
[Redacted]

From: [Redacted]
Pair Gains Support

File: XS13/2

Subject: Portland to Cape
Bridgewater RCM System.

Date: 12th July 1993.

National Switching Support
(Nss)

9th Floor
35 Collins St
Melbourne 3000
Australia

[Redacted]
[Redacted]

C.C. Manager Network Investigations Aiz. D. Stockdale
Manager Commercial Network Support Aiz. R. Morris.

**PORTLAND - CAPE BRIDGEWATER
RCM SYSTEM.**

At the request of [Redacted] Manager, Warrnambool COG. (CPE), NSS-Melbourne, Pair Gain Support Section, visited Portland exchange on 2nd March '93, to investigate problems reported on the Portland - Cape Bridgewater RCM system.

Initial reports where of a vocal customer at Cape Bridgewater complaining of VF cut-offs in one direction. The customer had been transferred off system 1, onto systems 2 and 3 on the 24th February '93, and had experienced no further problems. Investigations revealed that system 1 was running a large number of degraded minutes (DM) and errored seconds (ES) in the Portland to Cape Bridgewater direction, these errors could have caused the VF cut-off problem.

Initial error counter readings:-

Portland to Cape Bridgewater direction:-

	System 1	System 2	System 3
SES	0	0	0
DM	45993	3342	2
ES	65535	65535	87

Cape Bridgewater to Portland direction:-

	System 1	System 2	System 3
SES	0	0	0
DM	1	1	0
ES	246	751	23

5

At this stage we had no idea over what period of time these errors had accumulated.

Attempts to test the inground repeaters using the "trios" system where unsuccessful as the strapping records could not be located.

Other faults identified with the Cape Bridgewater installation where:-

- the presence of 500Hz. noise on all customer lines at -58 dBm causing minor noise problems.

- cable ducts into both the cross connect cabinet and the concrete hut were sealed allowing the ingress of moisture, which could affect the error counts detailed above.
- the alarm system on all three RCM systems had not been programmed. This would have prevented any local alarms being extended back to Portland.

The bearer performance was monitored overnight and revealed that system 1, in the Portland to Cape Bridgewater direction, accumulated approximately 450 DM's and 43500ES's while systems 2 and 3 recorded no errors in either direction.

A problem with the installation of the enhanced lightning protection modules in the IDS block at Cape Bridgewater was discovered. After this problem was rectified and the bearer monitored overnight, no DM's or ES's were recorded.

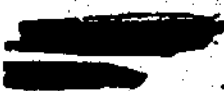
All the SE boards used in the Portland - Cape Bridgewater RCM system have now been modified to eliminate the 500Hz. noise problem. SE boards installed in the Portland - Alcoa RCM system were also modified to eliminate a 500Hz. noise problem on cut over.

The problem of sealing the cable ducts has since been rectified by the local lines staff.

NSS-Melbourne has continued to monitor the Portland - Cape Bridgewater bearers since the 3rd March '93. In the period from the 3rd March '93, to the 17th March '93, the errors on all three bearers have been minimal.

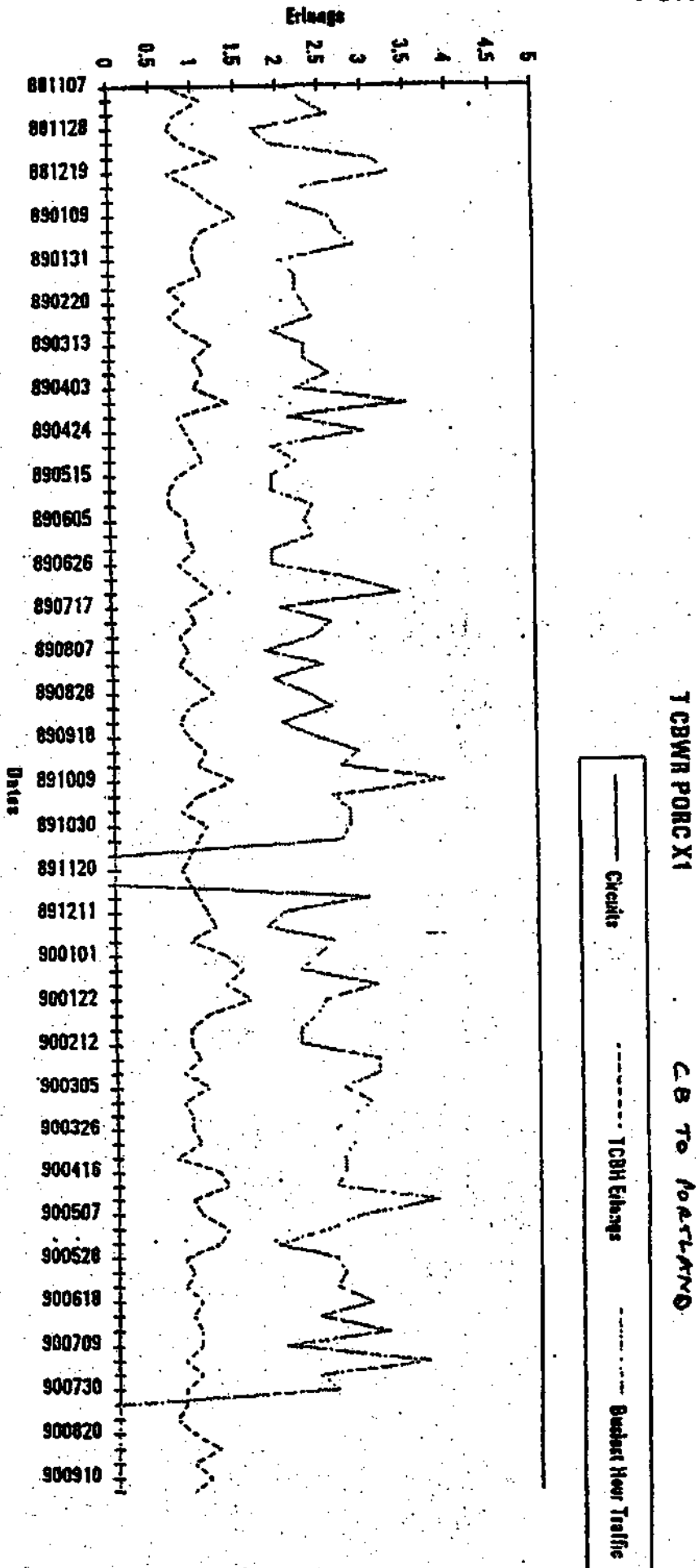
- ie:- Portland to Cape Bridgewater direction:-
- system 1, 4 ES
 - system 2, 3 ES
 - system 3, 0 ES

- Cape Bridgewater to Portland direction:-
- system 1, 1 ES
 - system 2, 1 ES
 - system 3, 3 ES



for Supervising Engineer, National Switching Support - Melbourne.

6



T CWR PORCX1

CB TO PORTLAND

Busiest Hour Traffic - The traffic in the busiest single hour for that week.

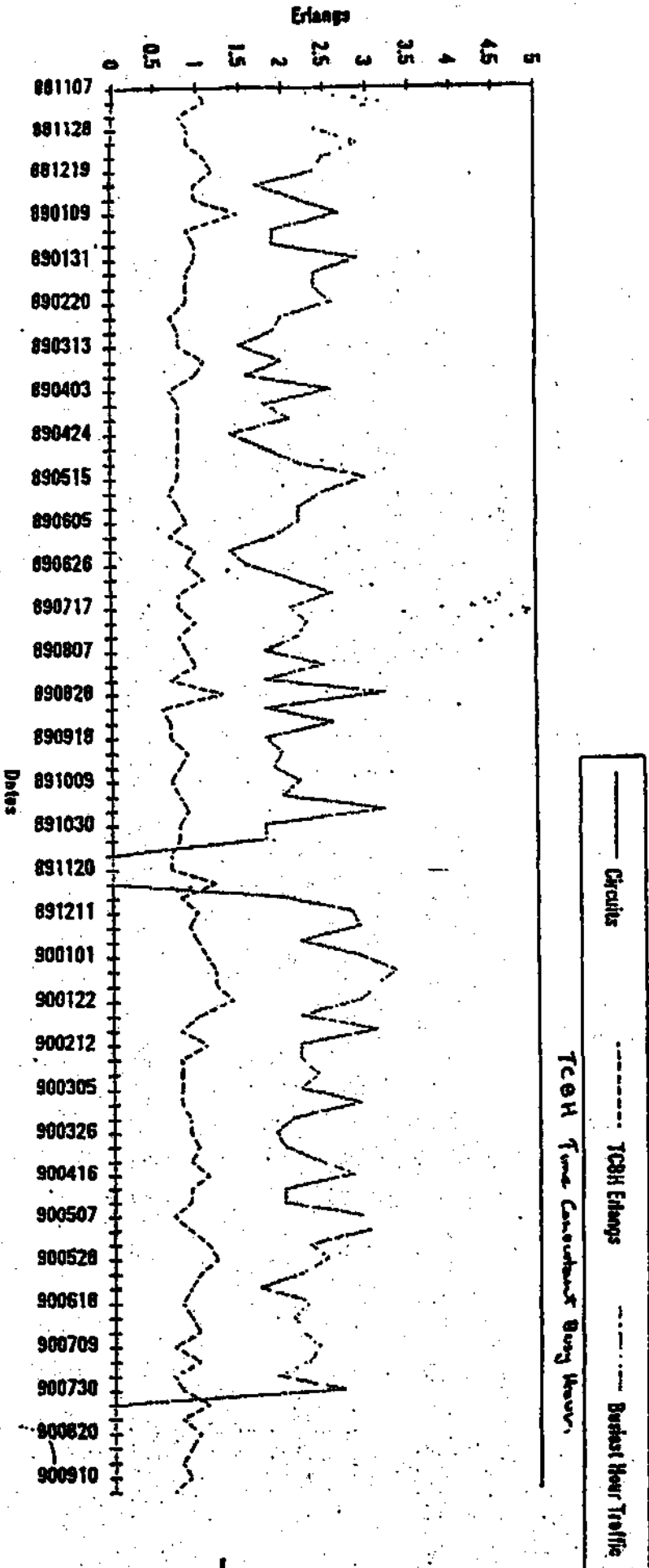
14 ↑

Legal Professional Privilege - TELECOM CONFIDENTIAL

Key New 08:00:5

T PORC CBWR Y1

Portland to CB.



Busiest Hour Traffic: The traffic in the single busiest hour for that week

Legal Professional Privilege • TELECOM CONFIDENTIAL

by New York - 6

15

2.12 February 1993, Callers received 'noise' on 008 service

On 1 December 1992, Telecom provide CBHC with a 008 service, in theory to be directed to the main business number 055 267 267; in fact the 008 service was directed to the 055 267 230 line. During January (the actual dates are not clear) a facsimile machine was installed on 055 267 230. There were then complaints received on the 008 service (ref: G Close Report, Section 18, Telecom e-mail of 8/2/93 "caller tried several times from Werribee on the 008 number and got electrical noise"). It is believed the 'noise' was the facsimile machine answering the call and trying to establish fax to fax connection, as would be expected. It would appear that the 008 service was incorrectly directed to 055 267 230, and was redirected to 055 269 267 by Telecom some time after the facsimile was installed and test calls after this were successful. (ref: G Close Report, Section 18, e-mail of 8/2/93 - 'I have arranged to have digit translation on 008 816 522 changed from 055 267 230 to 055 267 267 to avoid I/C calls on the 008 line going to the fax machine'.

2.13 Incoming Calls ring once, on pick up receive dial tone - 25 March 1993.
(Several reports over February and March)

For some time Warrnambool AXE was under provided with call supervision devices ('CL-blocks'), causing during high traffic periods through this exchange, calls to drop out after one burst of ring - effected calls sourced from this area, which is estimated to be order of 10% of CBHC traffic. This was a 'known' problem, had been occurring for some time ('not known when condition commenced'). Telecom indicates (ref B004 1/41),

"The fault was due to insufficient software blocks (CLs) at WBOX which was corrected by 30 March 1993". WBOX is the Warrnambool exchange.

2.14 CB Exchange - Off Air for Short Duration on 29 March 1993

All CB services off the air for 9 minutes due to software fault in Portland AXE exchange.

2.15 Period 3rd April - 18 June 1993 - Network Faults Causing a Range of Problems

- 3 April - CBHC has difficulties calling Heywood, fault found in Warrnambool - Heywood exchanges affecting all callers to Heywood ('line signalling failures on circuits between the Warrnambool AXE and Heywood ARK exchange - ref B004 Service History P58).
- 5 June - Callers from Sebastopol having difficulty calling CBHC - fault in Sebastopol exchange, "which would have resulted in customers, calling STD destinations from Sebastopol intermittently experiencing "no progress" 'ref - B004 Services History, P59'.
- 18 June - Goldphone 267 260 cannot ring 008 numbers - fault discovered affecting all Portland area such that no payphones in the area can ring 008 numbers, fault corrected 8 August.

17
2.16 Problems due to Malicious Call Trace (MCT) Facility placed on 267 267 and
267 230 - 26 May 93

The MCT provides a Calling Line Identification (CLI) facility for calls originating from modern exchanges and a 'last party release' facility for calls from older exchanges; in the latter case it (MCT) effectively removes the protection of an incorrect hang-up. The effects are covered in the witness statement of Mr David Stockdale of 8 December 1994.

(i) Telephone 'dead' for a period of 1.5 minutes after hang up.

"17. During NNT's second investigation of Mr Smith's service, we inadvertently caused a fault ourselves as part of implemented testing procedures. This fault arose from the use of the "malicious call trace" facility ("MCT"), that was placed on Mr Smith's service at the Portland Exchange in an attempt to ensure more detailed data relating to Mr Smith's incoming calls. The additional information (specifically Calling Party number information) was required so that we could more accurately match possible problem calls against his fault reports. Mr Smith knew this form of testing was being undertaken, as we had discussed it with him.* During the period that malicious call tracing was in place, when Mr Smith received calls from exchanges that can only provide limited detail regarding the A party number and hung up his telephone, there was a 90 second period after he hung up that the Exchange controlling the call believed that his call was not over. (Limited call details can occur for exchange technologies such as step by step. This is known as Partial Calling Line Identification, Partial CLI). As a result, if parties attempted to call Mr Smith within this 90 second period, they would not be able to do so. Likewise, if Mr Smith attempted to make calls during this 90 second period, his phone would appear to be "dead" with no dial tone.

18. This fault is likely to have had only a marginal effect on Mr Smith's telephone service and was possible only between late May 1993 and early August 1993. The customer whose complaint alerted us to the problem was calling from Horsham."

* It should be noted that Mr Smith disagrees that any such discussion took place, and denies that he had any knowledge of the MCT facility being implemented or its potential effects. (Statement made at visit to CBHC on 4 April 1995).

(ii) If the Telephone (at CBHC) is incorrectly hung up, the call 'continues'.

On 9 August, a 008 call is recorded as 132 minutes duration (and so charged?) whilst the actual conversation appeared to be for only 15 minutes - that is the caller cleared after 15 minutes - this, as stated below was probably because the handset at CBHC was not replaced properly - normally calls are under 'A' (calling party control) and on 'A' hang up the call would have cleared (charging stopped). However the MCT facility overrode this normal situation; again, Mr Stockdale:

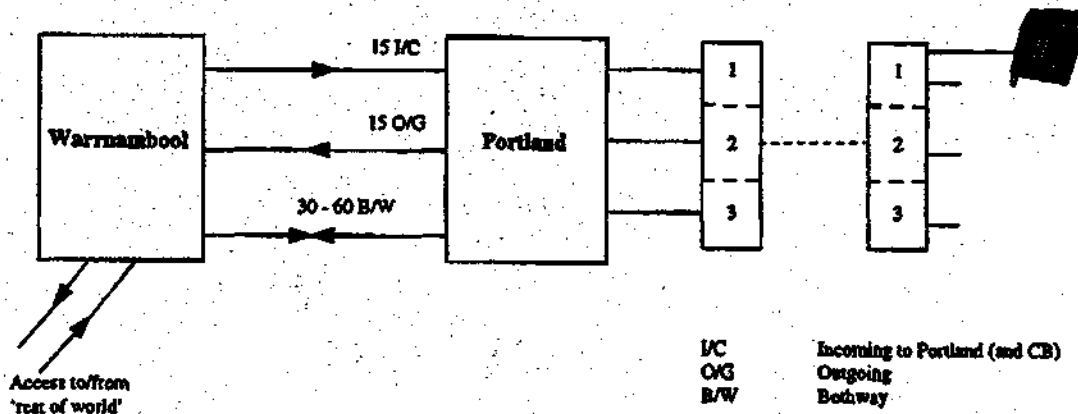
"19. The party calling from Horsham who alerted us to the MCT problem reported that they had a telephone discussion with Mr Smith which lasted for about fifteen minutes. However, the SMART 10 line event monitoring records suggested that the call in question lasted for two hours. Mr Smith believes this is evidence that the network has serious problems. My belief is that Mr Smith did not hang up his phone after the call was completed and therefore the SMART 10 equipment did not record his call as ending until the phone was later hung up. I base this belief on the testing conducted as a result of the discovery of the side effect of using MCT, as well as analysis of CCS7 data for the period that the MCT facility was in use."

2.17 Congestion Warrnambool to Portland Exchange - potential cause of 'false busy' - March 30 1993 to April 1994

On 30 March 1993, Portland was retrunked/connected to the Warrnambool exchange rather than Hamilton. This meant all STD calls to CB came via Warrnambool to Portland. It would appear the route Warrnambool to Portland was under dimensioned (ref B004 History pages 60, 61).

It was confirmed that callers to Smith from Melbourne were receiving 'false busy', - callers were receiving congestion. Telecom's Network Operations group confirmed that there had been regular occurrences of network congestion during peak periods on Wednesdays and Sunday evenings. Corrected 6 April 1994 by 'increasing the route capacity by 30%' (the Z route was increased from 30 to 60 ccts - ref G Close report, Section 18, copy of e-mail of April 6). Potentially this route was under dimensioned for some 12 months - investigation indicated the route change was as follows:

At 30 March 1993



The I/C and O/G routes 'overflow' to the B/W route: that is if all 15 circuits in the given route are busy, then a free circuit is sought in the B/W route.

On 6 April 1994 the B/W route was increased by 30 circuits to a total of 60. This would indicate a 50% increase rather than 30% (based on the assumption the 50% of the B/W circuits are available for overflow).

2.18 CBHC Goldphone Cutting out on calls to 008 numbers 18 June - 8 August

Fault reported from CBHC on 18 June - subsequently 'discovered that calls from coin operated pay phones connected to the Portland AXE 104 would drop out on answer when calling 008 number. Incorrect charging analysis data at Portland AXE 104 (PORX) was discovered to be responsible for this condition' (ref B004 Service History p59). Duration of condition is not known, but corrected on 8 August 1993. Only affected calls to CBHC 008 number from payphones in Portland area (order of 20 payphones) and calls from the Goldphones to 008 numbers.

19
2.19 Period June 93 to March 94 - Fault Reports

Many fault reports were submitted detailing BSY, RVA received, one burst of ring occurrences and recordings of short duration calls - testing was performed, NFF. There are instances of BSY being reported and call data indicating that in fact that was the case - the line was genuinely busy.

2.20 Caller Receiving 'Dead' Line, 17 August 1993

A caller from Daylesford received a 'dead line' on 5 different occasions on calling CBHC and was finally connected by the Telecom 1100 operator. Call data indicated each of the 5 calls had a 'conversation time' of less than 20 seconds with the 'calling party hanging up'. Subsequent testing did not identify any problems.

2.21 Further difficulties with the RCM Systems - Potentially Caused by a Further Lightning Strike on 8 March 1994

Difficulties had been experienced by the local Telecom staff in detection of intermittent faults of the RCM systems, notably system 1, although issues subsequently discovered potentially affected the alarming of all systems. The issues are covered in the following reference, letter of 24 March 1994 from David Polson, Technical Manager (pages following). The only service adversely affected with regard to CBHC was the Goldphone - this was removed from RCM 1 on the 19th of March "as a precaution because ongoing investigation had not yet discovered the intermittent no dial tone fault" (ref: Mr Ross Anderson's Witness Statement, para 28).

2.22 Cape Bridgewater Exchange (RCM) Off the Air - 25 May 1994

Some 13 complaints related to callers to Cape Bridgewater receiving RVA or NOP (ref B004, History p61). "An investigation into the complaints discovered that the code required to transmit calls to 055 267 XXX (i.e. CB) number was inadvertently deleted during data changes at Portland AXE 104. The data change in question occurred at 4.30pm on 25 May 1994 and was remedial on the same day at 7.35pm."

In effect all Cape Bridgewater was Off the Air for some 3 hours.

2.23 008 Service - Conflict re: Charged Calls and Answered Calls

Throughout the period of operation of the 008 816 522 service (December 92 to present) there have been continued reportings from CBHC (or callers to CBHC) of:

- calls not received (answered) but charged
- caller receiving RVA
- 'call but line dead'

It is difficult to attribute these conditions over the period of occurrences to specific events or faults. In considering these complaints, an explanation of the operation of 008 services may assist: (ref: to Configuration 'B').

When a 008 XXX XXX number is called from anywhere in Australia, the call is essentially directed to an Intelligent Network Centre (INC) which is dedicated to processing "Intelligent Network Services" such as 008, 1800, 13 type services. In the case of 008 services, the INC:

- analyses the 008 code and translates this to the required destination code - i.e. CBHC, to 055 267 267
- sets up the call to the required service from the INC
- supervises the call, and cost accounts the call for billing.

**DRAFT FOR DISCUSSION
PURPOSES ONLY**

3. Other Sources of Problems

It should be noted that during the period December 1992 to October 1994 the order of 200 fault reports were made concerning the CBHC services. Notwithstanding the above documented faults and problems, there were problems quite evidently caused by mis-operation or understanding of the CPE.

Issues relate to:

- the answering machine answering calls automatically with tone after 30 seconds of ring (around mid April 1992);
- handsets occasionally being left off-hook for extended periods (Mr Smith has stated this only occurred on one or two occasions);
- interaction of the cordless handset (period of 3 months, early 1993) causing a range of problems as detailed;
- a range of callers making 'test calls' on behalf of CBHC considerably confusing the real operational picture during the later parts of 1994 (Mr Smith believes this is not the case).

4 Summary

CBHC telephone services have suffered considerable technical difficulties during the period in question. Telecom, certainly initially fully concentrated on the CAN/CPE elements, and if they were 'intact', faults would be treated as NFF (No Fault Found). As can be seen from the above, faults did exist that affected the CBHC services, and almost without exception these faults or problems were faults in network elements.

ACRONYMS, DEFINITION USED IN THIS REPORT

CB	Cape Bridgewater
CBHC	Cape Bridgewater Holiday Camp
RAX	Rural Automatic eXchange - an electro mechanical exchange of the step by step (S x S) type which utilises successive stages of selection on a rotary hunt based on the dialled digits
RCM	Remote Customer Multiplexer - a system that enables customer telephone services to be carried over derived circuits - for example over a cable carrier system. An RCM of the type used at CB has a 30 customer capacity per system, each with a dedicated line over the cable carrier systems to the parent exchange
AXE	Programmed controlled telephone exchange (generally digital) supplied by Ericsson
CAN	Customer Access Network - covers the reticulation from the exchange to the customer's premises first socket point
CPE	Customer Premises Equipment - covers the telephone cabling, and equipments (telephones, answering machines, facsimile) connected within the customer premises. May be provided by Telecom or purchased and connected by others so long as the equipment carries an AUSTEL permit to connect to PSTN.
PSTN	Public Switched Telephone Network - consists of Exchanges and IEN
IEN	Interlinking Exchange Network
MCT	Malicious Call Trace
NFF	No Fault Found - Telecom report code if a fault was reported but testing did not indicate a hard or specific fault
NNI	National Network Investigation - 'NNI is the final point of referral in Telecom for the investigation of suspected network problems'
NOP	No (call) Progress - caller receives dial tone, dials number but does not receive any other tones and the call fails
E	Erlang - measure of telephone traffic: for example if at a given instant a traffic route of 10 circuits has 5 calls in progress, it is carrying at that instant '5E'.
TCBH	Time Consistent Busy Hour (of telephone traffic)
ARF, ARK	Electromechanical exchanges with pooled central control (registers) of 'crossbar type' provided by Ericsson.

To [Redacted]

Consumer CAN Design and Construction Tas/Vic
CAN Technologies

From David Polson
Technical Manager

K00942

PO Box 115 Ballarat Vic 3353
122 Armstrong St Sth Ballarat 33

Subject Cape Bridgewater RCM's

Australia

Date 24 March 1994

Telephone 053 334499

International 61 53 3344

Facsimile 053 332539

File

Mobile 018 503 892

Attention [Redacted]

Pager 016 530 726

**DRAFT FOR DISCUSSION
PURPOSES ONLY**

Following a request from Service Delivery for assistance at Cape Bridgewater late on 19-3-94 I arrived at Portland early Sunday morning on the 20-3-94. There was a problem with RCM system no 1 between Portland and Cape Bridgewater the previous day. Ongoing problems were experienced by customers since 8-3-94 on RCM number 1. The problems were normally of a very short duration and had often cleared by the time staff arrived on site.

It appeared that the line system was intermittently failing for short periods of time (15 seconds or so) and then coming back up. The systems are all on copper bearers with 10 regenerators on them. The RCM's are fitted with auto power feed restart cards, and the alarms are inputted to AMS. Occasionally on a failure the channel cards would loose their programming and flash. No alarm indication is given for this. The SCU fail light at Cape Bridgewater and AIS at Portland would also be up, although this was not constant for a long period of time. The SCU and all common cards had previously been changed by local staff.

We were able to duplicate the SCU fail light coming up with a short bearer break on a test model, and was assumed we were experiencing intermittent line system failure on the system. The original installation was for 2 RCM's with 9 regenerators and supervisory filters for each direction of transmission. When a third system was required, considerable difficulty was experienced in getting the third system working, to such an extent that an additional regen was installed between locations 8 & 9.

With a suspect line system we proceeded to do a trios test when all traffic was off, after having advised Network Management. We could not see any regens. Suspecting faulty supervisory pairs a regen was opened and pairs tested, only to find the regen housings were connected to pairs 5 & 6 and the terminal supervisory connected to pairs 11 & 12. This explained our failure to find any regenerators. With this changed at the terminals to pairs 5 & 6 we could see all regens except the extra one installed between 8 & 9. On investigating this cause the supervisory pairs at this location were on pairs 11 & 12. This was rectified enabling the testing of each regenerator. If the line system failed we should now be able to localise the fault. The original

Exhibit 4(b)
Alleged DMR & Lane Draft
Technical Evaluation Report
dated 30th April 1995

ARBITRATORS

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**TELECOMMUNICATIONS INDUSTRY OMBUDSMAN
- FAST TRACK ARBITRATION**

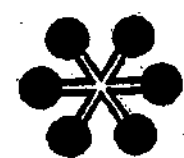
**RESOURCE UNIT TECHNICAL EVALUATION REPORT
- RE: MR ALAN SMITH OF
CAPE BRIDGEWATER HOLIDAY CAMP**

Issue: of 30 April 1995
Prepared by: Mr David Read and Mr Paul Howell



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DR GORDON HUGHES
TECH REPORT
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ATTACHMENTS

TWO PAGES MORE
THAN IN MY REPORT
NOT 27 NUMBERING
ON MOST PAGES.

RESOURCE UNIT TECHNICAL EVALUATION REPORT

Mr. Alan Smith of Cape Bridgewater Holiday Camp

30 April 1995

Introduction

This document is DMR Group Inc.'s (Montreal, Canada) and Lane Telecommunications Pty Ltd's (Dulwich, South Australia) Technical Report on the Cape Bridgewater Holiday Camp COT case.

It is complete and final as it is. There is, however, an addendum which we may find it necessary to add during the next few weeks on billing, i.e. possible discrepancies in Smith's Telecom bills.

To establish the context for our technical evaluation, we preface it with our positions on three specific details in Telecom's Service History. This is followed by a statement about other documentation which has been provided by both parties. And we provide a characterisation of the level of service such a customer as Mr Smith could reasonably have expected.

Sections 1 and 2 itemise problems with Telecom's service to the Cape Bridgewater Holiday Camp in the period from February 1988 to October 1994. There were several different problems, sometimes more than one at a time, with several different causes. These are summarised in the Timeline at the end of the Introduction. They include:

- congestion
- low capacity
- exchange fault
- transmission equipment (RCM) faults
- calls wrongly directed to RVA (Recorded Voice Announcement)
- sundry reports with "no fault found" at the time
- Telecom testing
- programming error
- uncompleted 008 calls
- others.

Section 3 addresses the issue of problems with CPE (Customer Premises Equipment). It is not always clear to the customer where to draw the line between CPE and proper Telecom responsibilities, and Telecom did not succeed in making it clear to Mr Smith.

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Sections 4 and 5 are an impact assessment and summary. We have ascertained that there were times when the service provided by Telecom to Mr Smith, quite aside from problems with CPE, fell below a reasonable level. These times ranged in duration from years in some cases, to 18 months in one case, to an estimated 70 days in one case, to shorter times in other cases. These durations of poor service were, in our judgement, sufficiently severe to render Mr Smith's service from Telecom unreliable and deficient.

Cape Bridgewater Documentation

The "Fast Track" arbitration proceedings are "on documents and written submissions". More than 4,000 pages of documentation have been presented by both parties and examined by us. We have also visited the site. Not all of the documentation has real bearing on the question of whether or not there were faults with the service provided by Telecom. We reviewed but did not use Mr Smith's diaries (Telecom's examination of Mr Smith's diaries arrived in the week of 17 April 1995). Like Telecom, we separate the problems caused by Mr Smith's CPE from those in Telecom's service and concentrate only on the latter. A comprehensive log of Mr Smith's complaints does not appear to exist.

The Technical Report focuses only on the real faults which can now be determined with a sufficient degree of definiteness. We are not saying anything about other faults which may or may not have occurred but are not adequately documented. And unless pertinent documents have been withheld, it is our view that it will not be feasible for anyone to determine with certainty what other faults there might or might not have been.

One issue in the Cape Bridgewater case remains open, and we shall attempt to resolve it in the next few weeks, namely Mr Smith's complaints about billing problems.

Otherwise, the Technical Report on Cape Bridgewater is complete.

A key document is Telecom's Statutory Declaration of 12 December 1994. Without taking a position in regard to other parts of the document, we question three points raised in Telecom's Service History Statutory Declaration of 12 December 1994 [Ref B004].

"Bogus" Complaints

First, Telecom states that Mr Smith made "bogus" complaints [B004 p74, p78, Appendix 4, p10]. What they mean is his calls in June 1993 from Linton to test Telecom's fault recording. As others have indicated (see Coopers and Lybrand Review of Telecom Australia's Difficult Network Fault Policies and Procedures, November 1993, p6) "Telecom did not have established, national, documented complaint handling procedures [...] up to November 1992," and "documented complaint handling procedures were not fully implemented between November 1992 and October 1993." Furthermore, [p7] "fault handling procedures were deficient." Smith's June 1993 calls from Linton were, as he has stated, to test Telecom's fault reporting procedures, because people who had been unable to reach him told him that Telecom did not appear to be doing anything when they reported problems. We find Smith's tests in this instance to be unlikely to effect any useful results, but the term "bogus" does not apply.

There were occasions when Mr Smith mistook problems with his own CPE for Telecom faults, but this is a normal occurrence in the operation of any multi-vendor system, which the end-to-end telephone system increasingly is. Telecom takes pains to separate these CPE problems from the legitimate faults, which they acknowledge.

None of the faults covered in our Technical Report and attributed to Telecom is either "bogus" or CPE. We concur with Telecom that there were CPE faults, as discussed in Section 3 of the Technical report.

Professional Service

Second, Telecom asserts that its employees always provided "professional" service "in good faith." While we do not find deliberate malfeasance on the part of the Telecom employees who serviced the Cape Bridgewater facilities, we do find Telecom's approach to fault reporting novel but less than adequate. Before December 1992, Telecom says it "tailored" fault reporting [Ref B004, p33 "Telecom treated complaints from Smith professionally by responding with a reporting processes [sic] tailored to meet his complaints."] After December 1992, Telecom says (p78) that "Smith's complaint reporting arrangements were upgraded." Considering that it took Telecom too long to diagnose and correct certain network faults (as indicated in the technical report), we find that Telecom's performance was not always adequate.

A well-disciplined maintenance team would retain customer complaints until they were resolved and clearly distinguish them from all other discussions with the customer, and Telecom did not always do this. Because they found certain faults difficult to replicate or to find, Telecom cleared them as non-existent with "No Fault Found." Telecom's approach at Cape Bridgewater, though well-meaning, if sometimes also condescending, was often more casual than professional. Telecom's actions in Cape Bridgewater appear to be aimed at level of effort more than level of service.

Care In Service Provision

Third, Telecom does not cite any examples of Telecom carelessness, but we find this to be a matter of interpretation in the instances of Telecom wrongly directing calls to Recorded Voice Announcement (2.3), testing causing lost calls (2.5), software faults (2.6), programming errors (2.12), and possibly others.

Service Level

At issue is whether or not the level of service provided to Mr Smith of Cape Bridgewater Holiday Camp by Telstra (Telecom) was the level the customer could reasonably have expected.

To make that determination, we first pose the question: What should the level of service have been, i.e., what could a Telecom customer expect in such a country area during the period covered by Mr Smith's claim?

Our Technical Report covers time periods as follows:

1. February, 1988 to 21 August 1991
2. After 21 August 1991 (to October 1994).

The expected service level before about 1991 was not defined in unequivocal, measurable terms, but was described by customer and regulator alike as "reasonable." There are service level indicators in the tariffs (e.g. Telecom Standard Conditions and Charges and TELSTRA BCS (Basic Carriage Service) Tariff Manual).

After 1991, the Telecommunications Act 1991 (ref. AUSTEL 1992/1993 Annual Report p 161) will have been in effect. It includes among its objectives:

"ensuring that the carriers achieve the highest possible levels of accountability and responsiveness to customer and community needs," and

"promoting the development of other sectors of the Australian economy through the commercial supply of a full range of modern telecommunications services at the lowest possible prices."

The principle of universality (Ref AUSTEL's 1992/1993 Annual report), as an objective, was in effect in Australia before 1991 (called the "community service obligation") and remains in effect. (Some 93% of rural households had telephones, versus 95% overall.):

"It is the Parliament's intention that all people in Australia, wherever they reside or carry on business, will continue to have reasonable access, on an equitable basis, to standard telephone services and payphones."

Starting in 1990, AUSTEL set (and continues to set) the technical standards for eligible services, for networks operated by carriers and for customer equipment and customer cabling. AUSTEL is also to set network end-to-end performance standards, but during the periods covered, performance parameters for telephone network service were being identified, and work was proceeding to quantify performance levels against those parameters, according to AUSTEL's 1992/1993 annual report, so no easy-to-apply fine measurement of service level is at hand.

Telecom's own Network Management Philosophy (issued 9 December 1994 and addressing "Telecom's performance against the defined standards for key network performance [...] over the period 1982 to the present." [p 5]) gives several indications of what is meant by average network availability on a national basis, i.e. percent of calls completed except when the called party is truly on the phone. For example, national network loss from July 1991 to March 1993 did not exceed 2.5% (except on Christmas Day), and from April 1993 it almost never exceeded 1.5% [p 22]. Local call loss percentages are even lower.

How did the service level provided by Telecom to Mr Smith during the periods measure up?

Mr Smith's claim is based on his complaints made during the period that Telecom was, effectively, failing to fulfil its universal service obligations and was providing an inadequate quality of standard telephone service. His complaints have been made in terms like:

- phones do not ring when [holiday camp] customers call
- [holiday camp] customers receive a "busy" tone when phones are not engaged
- calls placed to the holiday camp "drop out"
- recorded voice announcements inform callers that phones are disconnected when they are not.

✓ Telecom recorded and responded to Mr. Smith's complaints in a variety of ways. But Mr Smith did not express his satisfaction--in fact, in his claim of June 1994, he refers [p 3] to "the continuing problems that I am experiencing" and states that "my phone service is still operating at a totally deficient level." The alleged faults were not rectified up to the time of the claim.

Telecom, as the sole universal service carrier for Australia (both before and after the Telecommunications Act), has no alternative but to "ensure that a standard telephone service is reasonably accessible to all people in Australia on an equitable basis." This spirit is confirmed by Telecom in the letter to Mr Smith of 1 September 1992: "Should this investigation identify any faults in the Telecom component of your service they will be rectified in accordance with normal practice." And again in Telecom's letter to Mr Smith of 18 September 1992: "We believe that the quality of your telephone service can be guaranteed and although it would be impossible to suggest that there would never be a service problem we could see no reason why this should be a factor in your business endeavours." And again in Telecom's letter to Mr Smith of 25 May 1993: "Telecom Australia endeavours to provide at all times the telecommunications services in respect of which a customer has made application..." (Copies of the letters are attached.)

We have reviewed the specific faults reported, based exclusively on the sources of information listed at the end of the Technical Report. Were they Telecom's faults? Whether they were Telecom's faults or not, what action did Telecom take to rectify them, (or refer them to others, if they were not Telecom's faults), and in what timeframes? Was there appropriate management of network operations, fault logging, and network monitoring? Was the customer appropriately handled, considering the intensity and long duration of his complaint?

Our investigations of the documentation and the site focused only on the technical issues which might have affected the level of service, which we take to include:

- design of the network--i.e., was the network correctly configured and was the design (and capacity planning) process sufficient to give a reasonable level of service?

- selection, installation and on-going maintenance of network equipment, or replacement of obsolete equipment
- operation and monitoring of the network and services, which typically includes informing subscribers in advance of outages, if any, due to equipment change-out or maintenance
- keeping track of usage of the network for billing purposes
- dealing with client fault reports--recording them, rectifying them, documenting diagnostic and corrective measures, verifying that the customer has not continued to experience the reported problems, and escalating them as appropriate, until they are resolved.

We conclude that the Cape Bridgewater Holiday Camp experienced genuine technical difficulties--i.e., service deficiencies--which were not promptly diagnosed correctly by Telecom. These are covered in the Technical Report.

Customers expect world class service from telephone companies, and Telecom takes this expectation into account, as pointed out in its Network Management Philosophy [p 4]. Telephone companies provide services which are reliable and consistent enough, even fail-safe, to be counted upon in emergencies. Customers' expectations of affordable telephones which always work are reasonable expectations.

Customers of public telephone services can also reasonably expect telephone companies to fix reported faults (or explain non-faults to the customer's satisfaction), not to clear them with a "NFF" (no fault found), as Telecom frequently did, even if they found the reported faults difficult to replicate and difficult to diagnose. The process of explanation to the customer (or the lack of it) is a crucial component of fault report management, and therefore of reasonable service as a whole. The fact that events have led to a protracted dispute suggests to us that this process may have been inadequate in the early period. Once an incomplete report-response pattern becomes entrenched, the criterion of "reasonable service level" becomes difficult to satisfy.

It is in neither the network operator's nor the customer's interest for the customer to engage in network diagnostics of his own. Circumstances which lead to customers diagnosing the network themselves, instead of relying on the telephone company or the regulator to do it, can be said to be symptoms of an inadequate level of service or a frustrated or possibly irrational customer. Customers do not generally have the financial resources or the technical expertise to diagnose networks, as Mr Smith has attempted to do.

A reasonable level of telephone service requires that the network operator fix reported (and unreported) faults promptly. This principle is factored in to the tariffs. If they are not faults in the telephone system, society's expectations of the network operator behave the operator to resolve them by passing them on, explicitly and officially, to the liable parties, which may include the customer in cases of the incorrect use of equipment or misinterpretation of circumstances (e.g., if a customer dialled a wrong number and reported that the phone at the number he intended to call did not ring).

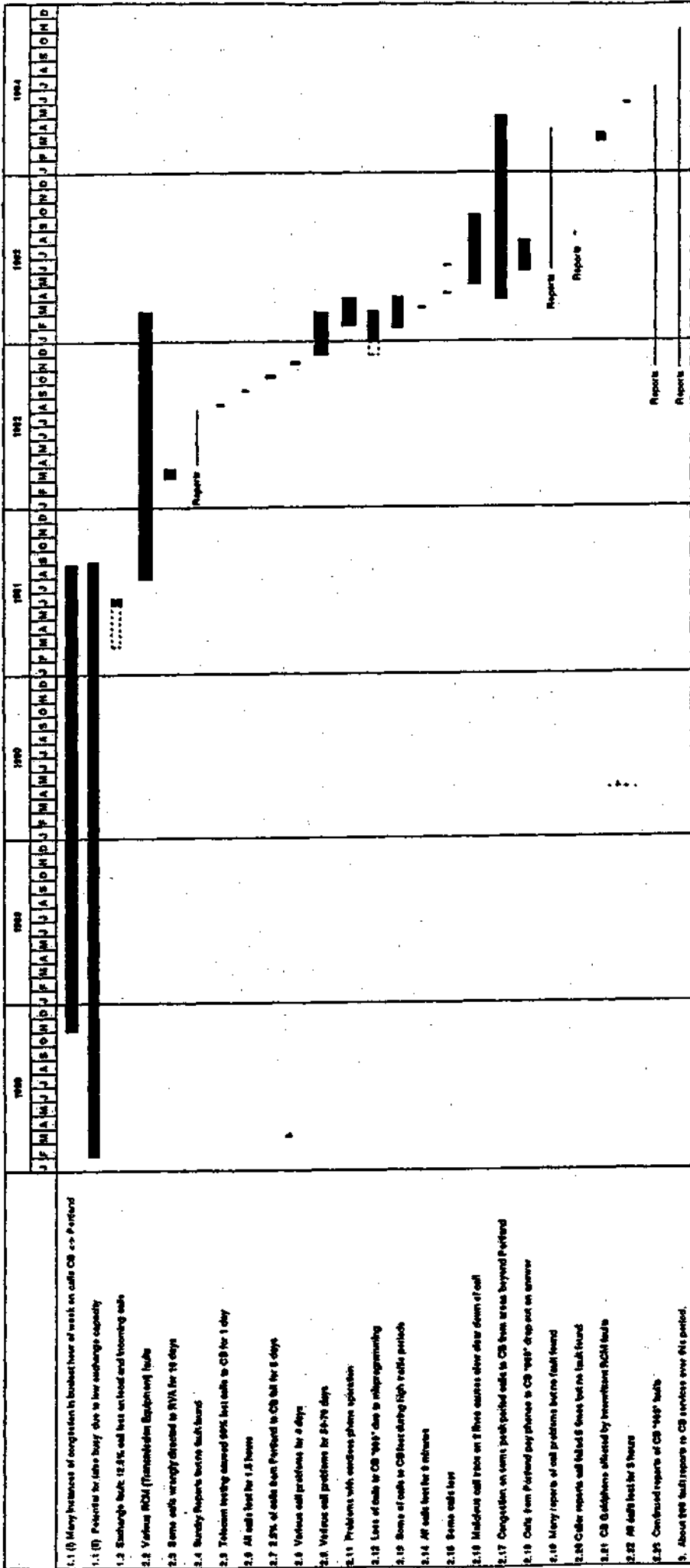
The types of faults reported do not easily fall into definite categories. In some cases more than one fault may have been involved. And the further back in history we look, the more we have to rely on phrases like "potential," or "could well explain," or "were likely to cause," etc.

As shown in the Technical Report, there were faults caused by congestion and under-dimensioning, equipment problems, software problems, incorrect data entered, faulty data change control, and lightning. Telecom diagnostics sometimes concluded that there were no faults (NFF) in cases when there were faults. Since the customer was generally not satisfied throughout a period of more than six years, it appears that it often took Telecom too long to resolve faults.

In summary, some hundreds of faults were reported by this customer. Some of these reports were made when the customer misunderstood or incorrectly used non-Telecom devices. But many were based on insufficient network facilities or network equipment which was not working.

MR ALAN SMITH
CAPE BRIDGEWATER HOLIDAY CAMP

TIMELINE OF PERIODS IN WHICH FAILS, IMPACTED AND REPORTS WERE MADE



LEGEND

- █ Period of Impact of Fault
- ▨ Reported Fault
- ⋯ Probable Period of Impact of Fault

NOTES TO TIMELINE

RE: MR ALAN SMITH

General Note: A block on the Timeline does not necessarily imply that the fault was continuous for the whole period.

- 1.1 (i) Many instances in the busiest hour of the week where probability of congestion exceeded 12% on calls between CB and other locations.
- 1.1 (ii) CB RAX exchange could only handle max 8 calls to customers connected to it at any one time. 66 customers were connected to it by 1991.
- 1.2 Switch fault found June 28: believed to have been a "hard" fault for 2-3 days but may have been intermittent from March 1991. 12.5% of all local and incoming calls lost during "hard" period.
- 2.2 Range of problems with RCM over this period.
- 2.3 At least 33% of all calls from Melbourne and interstate to CB directed to RVA for at least 16 days.
- 2.5 90% of callers to CBHC received busy or congestion tone.
- 2.6 Exchange software fault Portland AXE.
- 2.7 Exchange hardware fault Portland ARF.
- 2.8 Various calling problems for 4 days due to RCM equipment damage by lightning strike (November 1992).
- 2.9 Various calling problems due to RCM faults for 50-70 days (December 1992 - February 1993).
- 2.11 Some problems may have been due to intrinsic operational limitations of these units.
- 2.12 Calls misdirected by Telecom to fax machine during January and up to 8/2/93.
- 2.13 Not known when this condition commenced (several reports over February and March).
- 2.15 Faults in Warnambool, Heywood and Sebastopol exchanges.
- 2.16 Mr Smith denies being briefed on MCT or its effects on slow clear-down of calls, thus behaviour consistent with real faults was observed.
- 2.17 Regular congestion confirmed on peak periods on Wednesdays and Sunday evenings.
- 2.18 Confirmed 18/6 - 8/8/93. Could have begun earlier.
- 2.19 Reports included busy, RVA received, one burst of ring, short calls.
- 2.20 5 calls from Daylesford caller to CB received dead line.
- 2.21 Effect on Goldphone 8 March - 19 March 1994 (intermittent no dialtone).
- 2.22 All CB traffic lost due to programming error at Portland AXE.

ARBITRATORS

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PAGE 11

↓ Scope of Report

↓ This Technical Report covers incidents and events potentially affecting the telephone services provided to the Cape Bridgewater Holiday Camp during the period February 1988 to August 1994. It is based on a review and analysis of all the source information, itemised under "Sources of Information". It focuses on the real technical difficulties experienced by Cape Bridgewater Holiday Camp during the period in question, which we deem to be within the normal realm of Telephone Companies' responsibilities. It does not go into detail about the mis-operation or incorrect understanding of the customer premises equipment (CPE), where these would normally be considered the responsibility of the customer.

1. Period - February 1988 To 21 August 1991

The significance of this period is that it covers the time from take-up of CBHC services with Exchange Configuration 'A' until this configuration was changed on 21 August 1991. Services were provided from a Rural Automatic Exchange (RAX) connected to the Portland ARF exchange.

1.1 Potential Source of 'False Busy' during period February 1988 to 21 August 1991

- (i) Many instances of congestion in the busiest hour of the week on calls between Cape Bridgewater and Portland: congestion on the Inter Exchange Junctions

The following is an extract from the Telecom document produced by the Commercial and Consumer Office of Customer Affairs, 'General Information Document ref 1, An Introduction to Telecommunications in Australia, Issue 9 December 1994', which we find describes network dimensioning as it was performed during the period from 1987:

"6.4 Network Dimensioning Principles

"Dimensioning is the process of determining the quantity of equipment needed for a particular traffic volume. Dimensioning is a major activity in network design, and is required when an entirely new telecommunications facility is being planned or when an extension to existing equipment is required.

"Dimensioning is carried out in accordance with the following principles

"Time Horizon:

"Network dimensioning is aimed at ensuring that the next network enhancement is able to handle traffic for the busiest season in the year following the year of installation.

"Traffic Base:

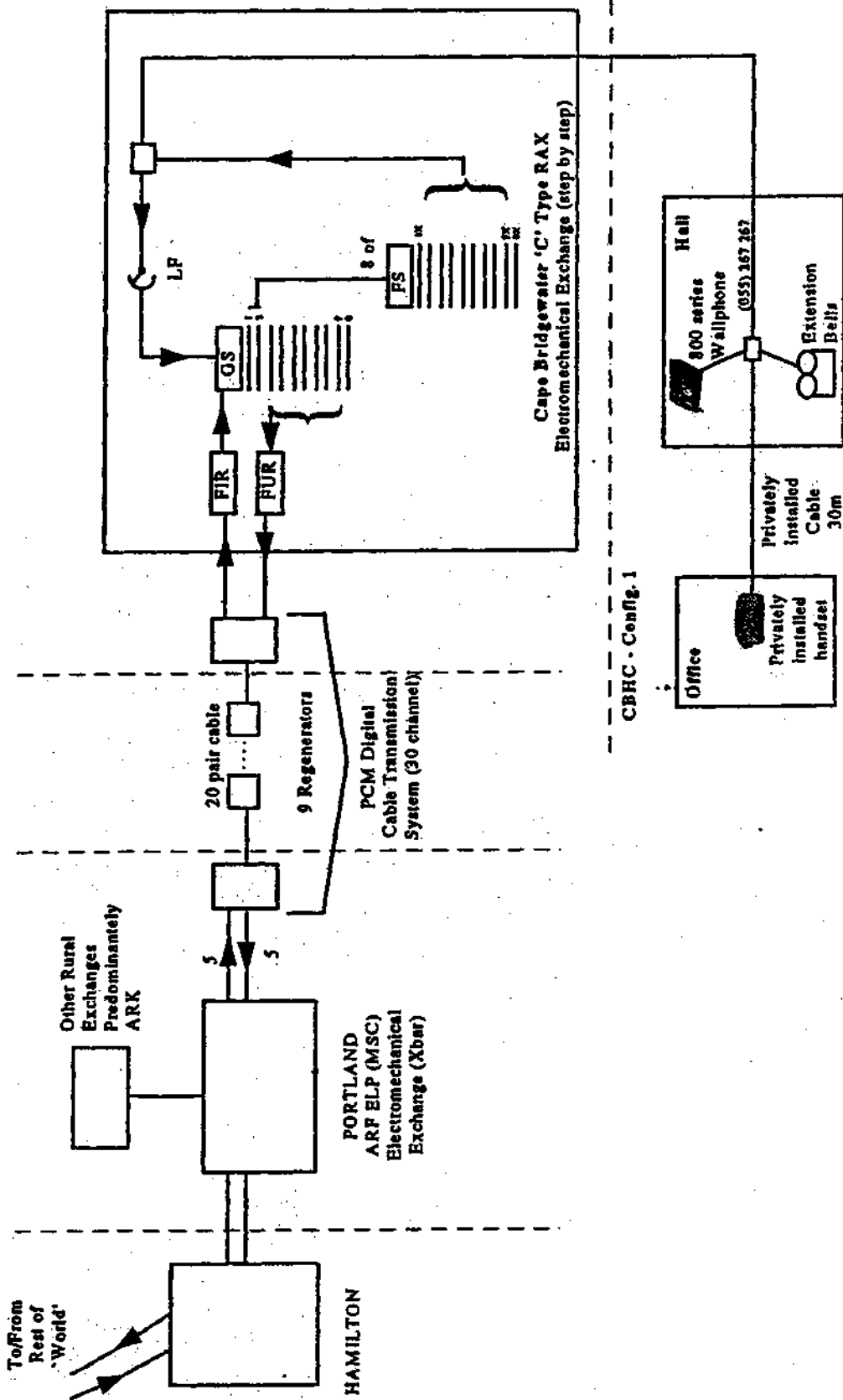
"As traffic is of a random nature it is necessary to obtain a standard specification for traffic value for use in network dimensioning. This is known as the traffic base. Two measures are used.

"The first, the Rubas, is defined as the busiest 50 half-hour periods in a 7-day week.

"The second is the *peak weekly reading* * (weekly busiest), or maximum traffic intensity observed within the week and is specified for key routes. Weekly Busiest excludes special events such as Christmas and days on which "spot specials" such as one-off STD and ISD price discounts, are offered."

(* D Read - bold/italics)

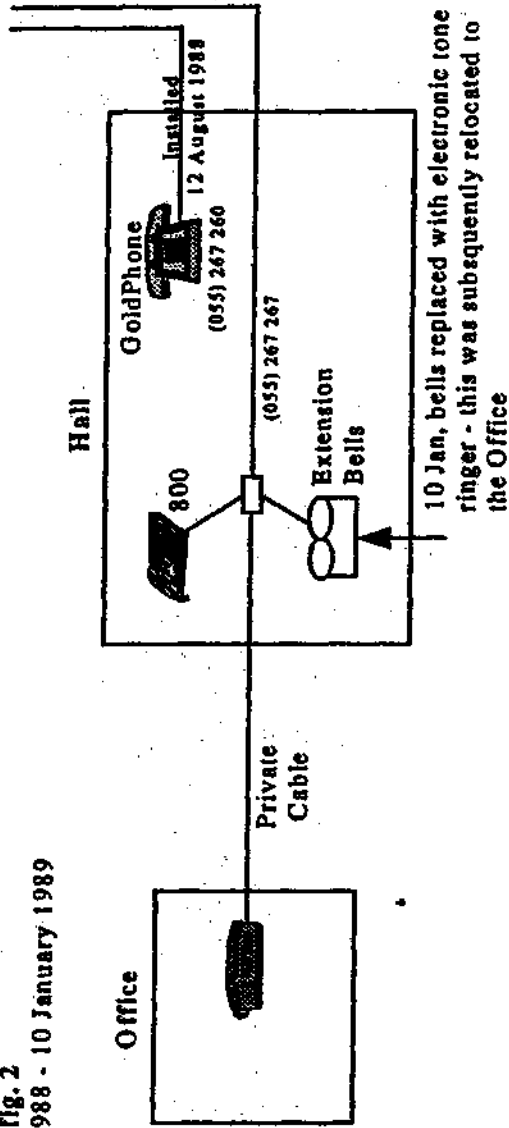
CONFIGURATION AT FEBRUARY 1988 - 'A'



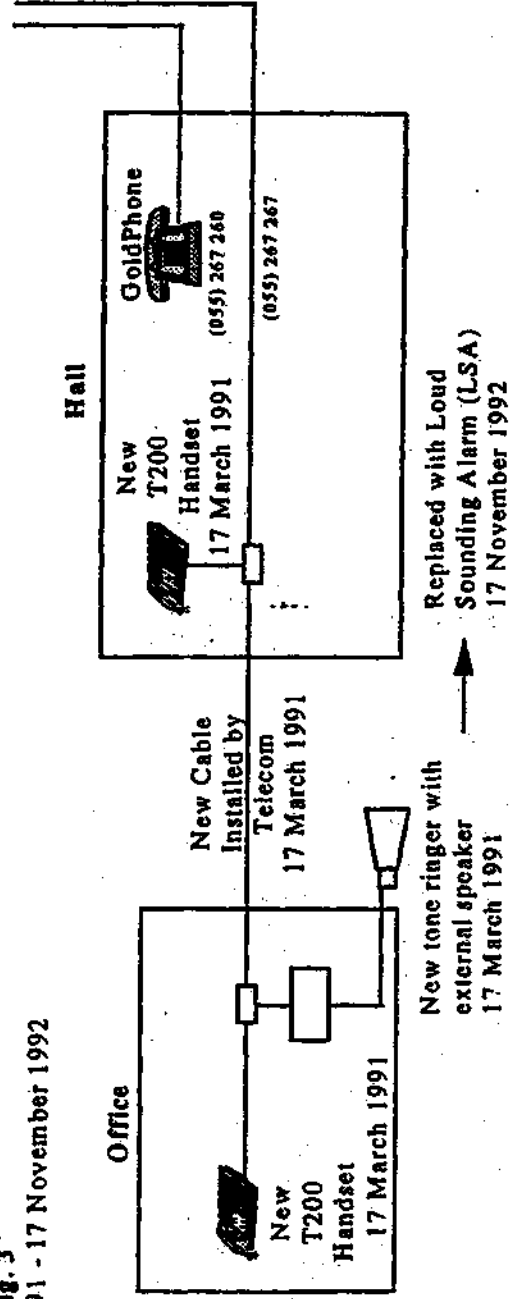
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CHANGES TO CPE CONFIGURATION AT CBHC SITE

CBHC Config. 2
12 August 1988 - 10 January 1989



CBHC Config. 3
17 March 1991 - 17 November 1992



dhr0221

"6.5 Design Grade of Service

"Telecommunications networks are designed and dimensioned in line with the principles described above to carry the forecast traffic at a prescribed Grade of Service.

"The Design Grade of Service for individual routes needs to be chosen in order to make decisions about the amount of equipment required to carry the offered traffic. In choosing a particular numerical value for the design Grade of Service for Different situations, a number of factors are taken into account. The main ones are:

- customer service,
- safety margins necessary to cover errors in traffic estimates
- unforeseen overloads
- equipment costs.

"The Design Grade of Service chosen in any particular situation represents a compromise between these several competing requirements and will generally be better than the prescribed Grade of Service."

There were reported periods of congestion on calls into the Cape Bridgewater RAX acknowledged by Telecom: Telecom Minute of 12/5/92, ref. Telecom Australia B004 Appendix file 5/1, "Congestion between Cape Bridgewater and Portland had been prevalent as only five junctions available. This situation was to be upgraded with the cutover of Cape Bridgewater RAX to an RCM [remote customer multiplexer] parented back to Portland AXE 104," and

Reference (B004 Appendix 5/6), to the traffic profiles (graphs - see page), pooling the weekly busiest hour traffic. These indicate that there were many instances measured in the period 7/11/88 to 10/9/90 where traffic Portland to CB exceeded 3.0E, i.e. the probability of congestion was the order of 12% with an average of 2.4E, i.e. probability of congestion is 6% (the reasonable level would be 1% to 2%). These graphs also show similar congestion in the CB to Portland direction.

Whilst the graphs only cover the period November 1988 to September 1990, the traffic profiles would indicate continuance of this situation right up until the exchange replacement (21 August 1991) and potentially a trend of higher congestion as the number of customer were increased from 50 to 66.

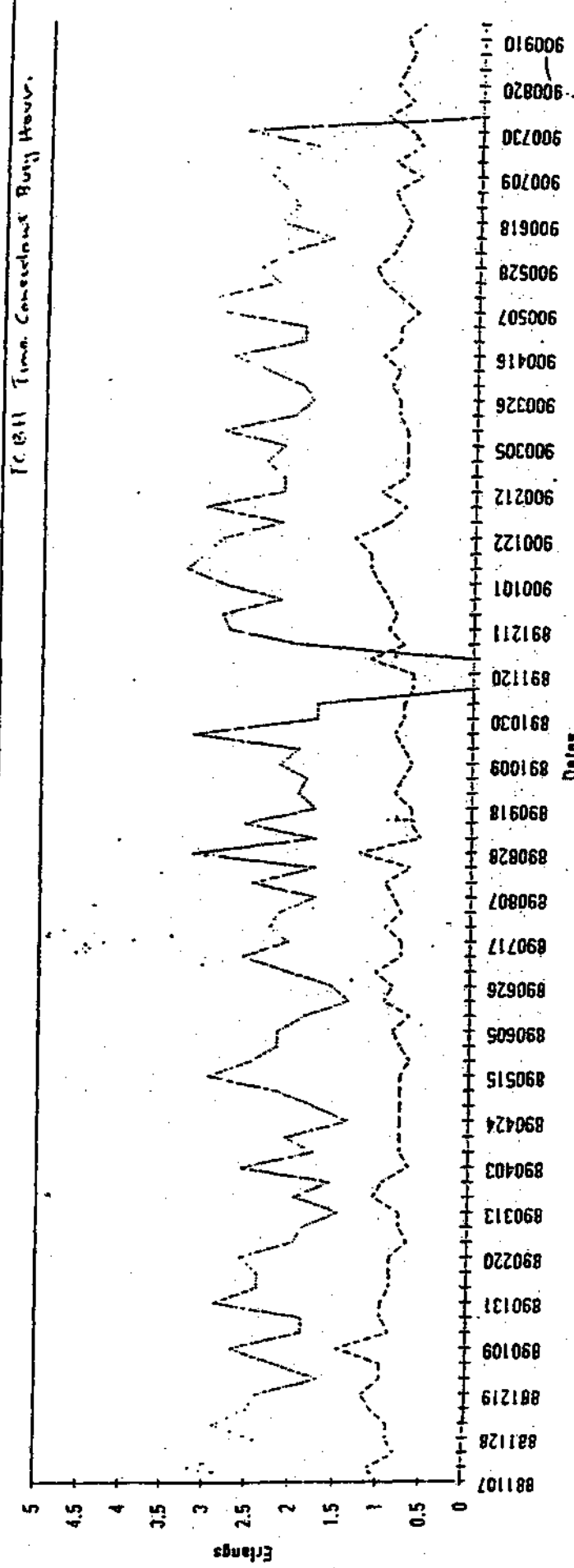
The busy hour generally occurred during early evening (7 - 8.30pm). Maintenance Testing (TRT - Traffic Route Testing) from remote locations did not detect this condition (ref: TRT test results B004 Appendix 5/8 test period March 1988 to July 1991) as the tests were conducted during the time 1200 - 1800 which is outside the busiest period.

Conversely, traffic outside the busiest hour (order of 1.0E or less) would receive a satisfactory grade of service on these routes (probability of congestion less than 1% on the junctions between CB and Portland).

OLDPORC.XLS Chart 2

TPORC CBWR Y1 PORTLAND TO CB.

— Circuits
- - - - - TCBH Erlangs
- - - - - Busiest Hour Traffic
TCBH Time Consecrated Busy Hour.

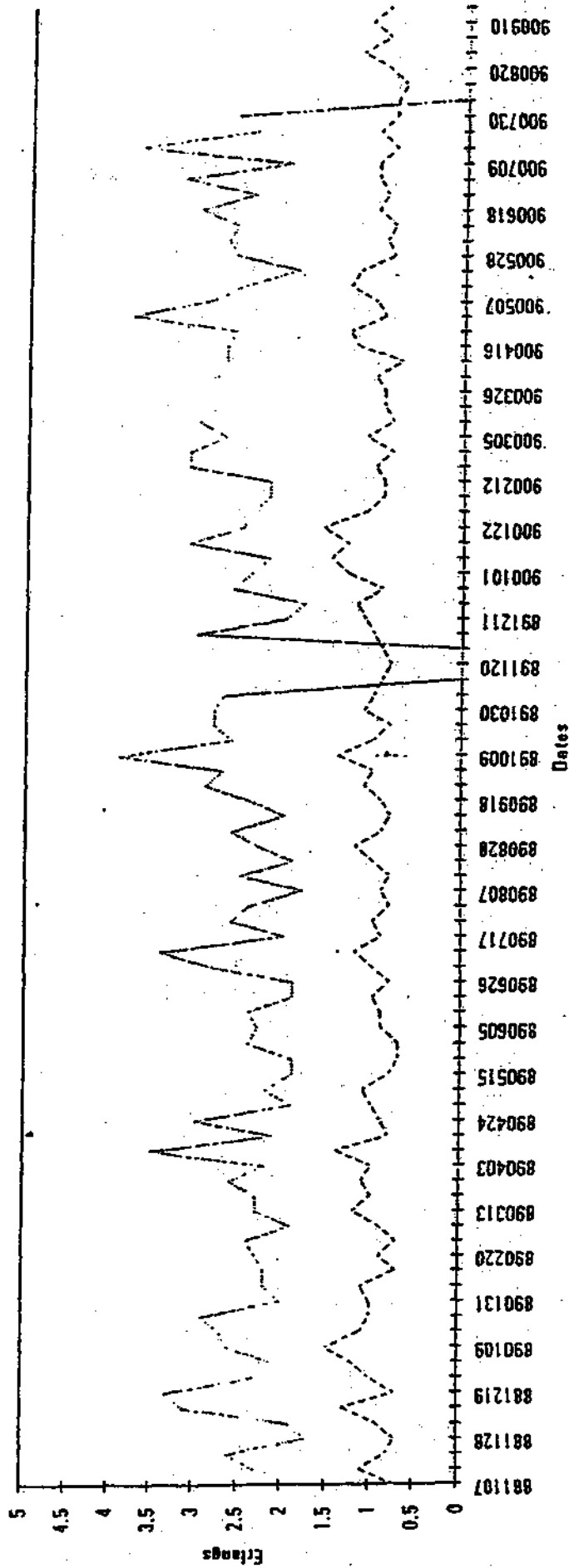
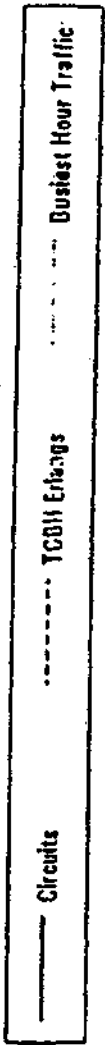


Busiest Hour Traffic: The traffic in the single busiest hour for that week

OLDPORC.XLS Chart 1

T CBWR PORC X1

C.B TO PORTLAND



Busiest Hour Traffic - The traffic in the busiest single hour for that week.

1.3 Customer Access Network (CAN) Testing

During this period, when complaints were made, Mr Smith's CAN and CPE were tested and/or changed (including replacement of private cable), with NFF (no fault found) being generally reported with "no subsequent action being required," though we observe that in Telecom's Network Management Philosophy of 9 December 1994 "effective network management relies on the detection of patterns of incidents which identify a probable network abnormality. It may take time for information about a number of incidents to accumulate to allow a problem to be traced and corrected." And Telecom's briefing paper B004, 12/12/94, page 80 in reference to Mr Smith states of Non-standard faults (NSF) "details held in service plus records/scratch pad records." In any case, it would appear, as detailed above, that the problems were predominantly in the network (exchange, IEN). Testing was not highlighting these conditions, as it was generally conducted out of the busy periods. However, reading of the exchange congestion meters (which was regularly performed) should (and did) highlight the situation. During this period 12 fault calls were logged on the Telecom fault report system, although there appear to be several not logged (e.g. 5th, 14th August 1991 - refer B004/5 sections 23, 24).

2. Period Post 21 August 1991

The significance of 21 August 1991 is that the exchange configuration was changed (to configuration 'B'), that is, 'individual derived services via an RCM unit to the Portland new AXE exchange'.

2.1 This should (and did) relieve the link congestion problem Portland to CB. However, subsequently, congestion may have occurred in other links (refer to 2.17).

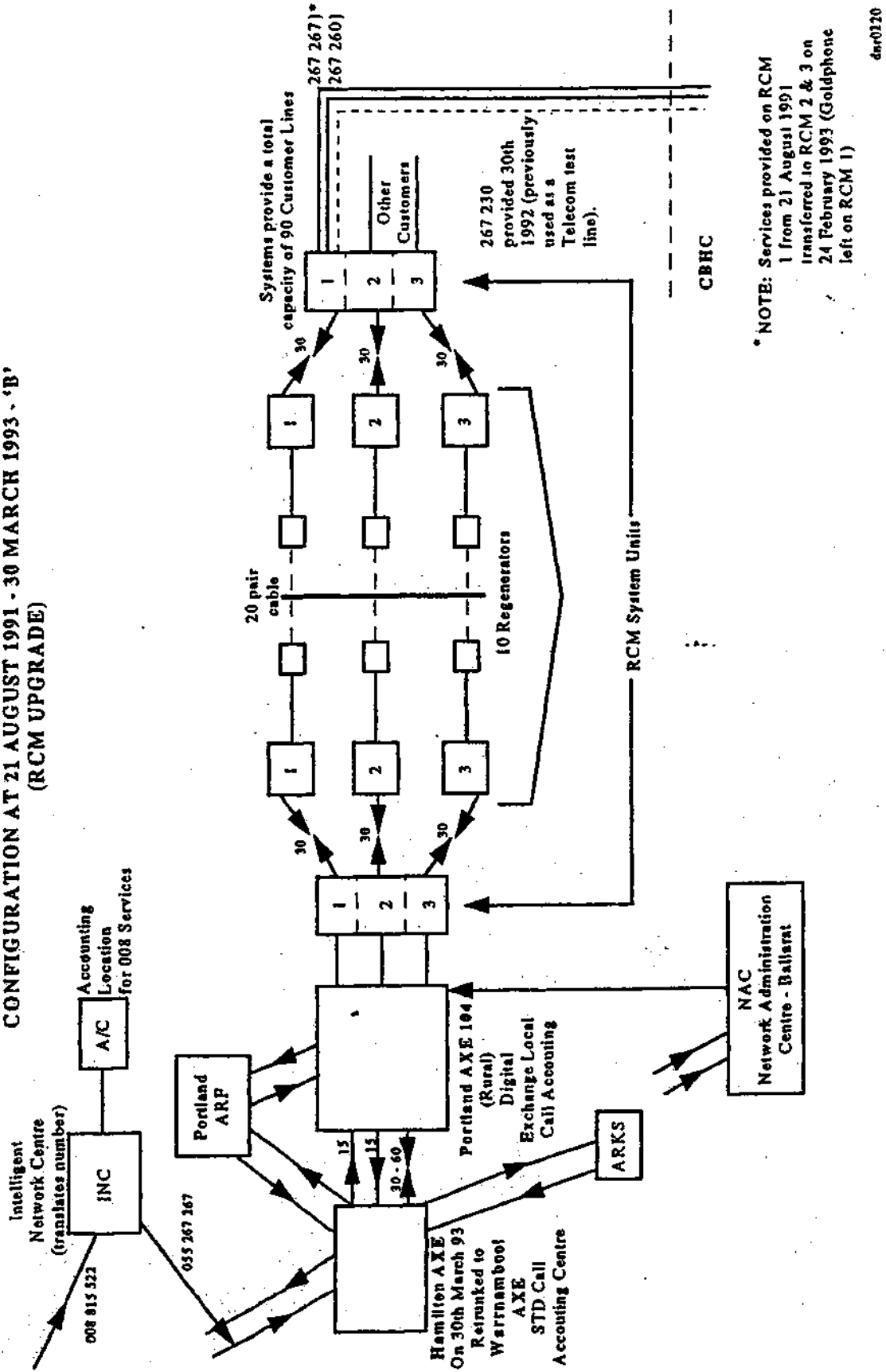
2.2 Various RCM (Transmission Equipment) Faults

There were consistent problems with the RCM system. Mr Smith's services were carried on RCM No 1 until 24 February 1994. This system had a track record of problems, and the RCM system components were the subject of several design corrections (Work Specifications). These issues were likely to cause a range of problems (as reported) over the period August 1991 to February 1993 (a period of 18 months) when Mr Smith's services were transferred off RCM 1 and service improved. Specific problems caused are covered in later paragraphs (ref: 2.8, 2.9, 2.21).

2.3 Some Calls Wrongly Directed to Recorded Voice Announcement (RVA) for 16 Days, March 1992

In response to complaints from Mr Smith and others from CB, Telecom checking indicated that due to a data entry error on the Melbourne Windsor Trunk exchange (MELU) all calls through this exchange to CB (at least 33% of Melbourne and interstate traffic) were directed to RVA for at least 16 days and possibly longer.

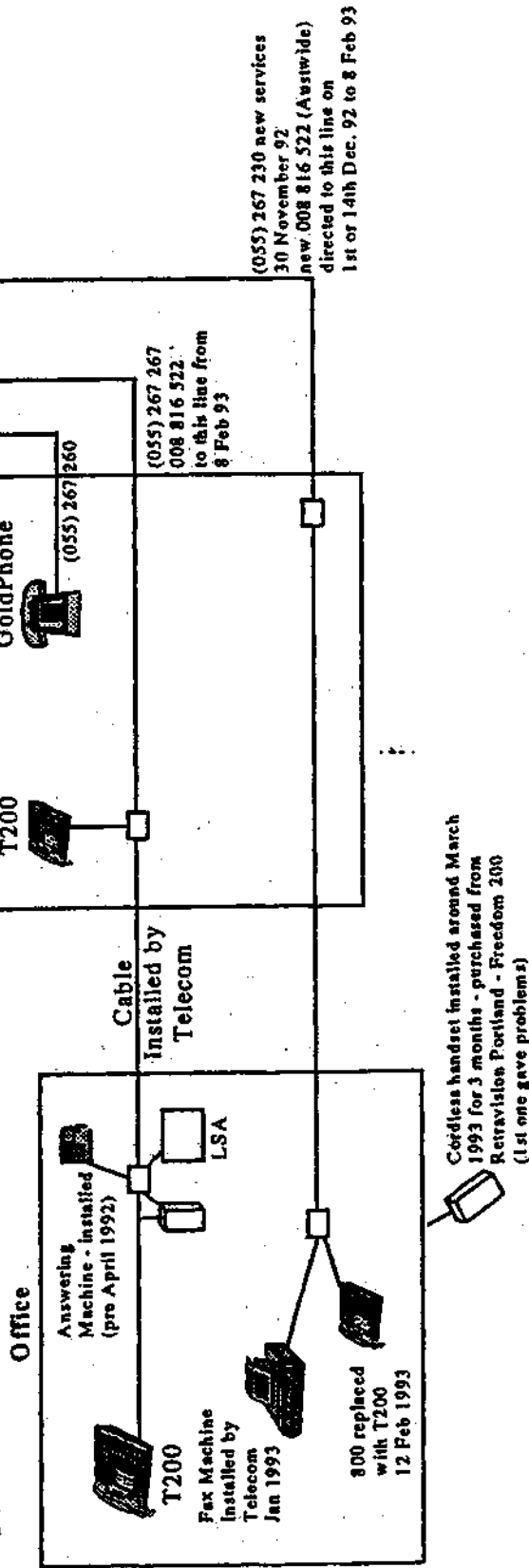
**CONFIGURATION AT 21 AUGUST 1991 - 30 MARCH 1993 - 'B'
(RCM UPGRADE)**



CHANGES TO CPE CONFIGURATION AT CBHC SITE

CBHC Config. 4
30 November 1992 - 1 December 1992 - 8 February - 12 February 1993

At 3 June 1993
A. Smith Requested 055
267 267 to be made
incoming with limited
outgoing access



dmr0221e

- c) July 1992, caller reported receiving RVA on calling Smith from Station Pier. NFF after considerable network testing, and no attributable source subsequently detected.

2.5 Telecom Testing Caused 90% Lost Calls to Cape Bridgewater for One Day - 2 August 1992

Telecom National Network Investigation (NNI) section testing locked up all circuits from Hamilton to Portland for approximately one day (Sunday). This would have provided congestion/busy to 90% of callers to CBHC.

2.6 All Calls Lost for 1.5 Hours Due to Software Fault in Portland AXE - Blocked all Circuits, Hamilton to Portland - 28 September 1992

All calls to and from CB were blocked (congestion/busy) for the order of 1.5 hours. Callers to CBHC received No Progress: 2 complaints relating to CBHC were reported during this period.

2.7 2.5% of Calls from Portland to Cape Bridgewater Failed for Five Days due to a Register Fault and Congestion on the Portland Exchange; 7 October 1992

One of the 40 registers in the Portland ARF Minor Switching Centre was faulty for five days (2 - 7 October). The effects were:

- (i) 1 in 40 (2.5%) of calls originating from the ARF and ARK exchanges on Portland would fail (incorrect wrong number, RVA, etc). Therefore 2.5% of Portland area traffic to CBHC was affected.
- (ii) In an endeavour to locate the fault (and the 'MELU' fault in 2.3 above), in a letter of 23 November 1992 from Mr D Lucas, Area Manager - Special Products:

"Congestion could have been experienced by callers due to a combination of the two faults indicated above and the volume of test calls being generated by Telecom to locate faults. I understand that some of your customers expressed this condition as 'getting busy tone' when you were not using the telephones."

2.8 RCM 1 Failure due to Lightning Strike 21 November 1992 Affected Service for Four Days

A lightning strike on 21 November damaged the Cape Bridgewater RCM equipment: Telecom received 22 customer complaints from CB customers for No dial tone, No ring received, noisy. No complaint was identified from CBHC, however RCM 1 was affected, and this was the unit CBHC services were on. The condition affected services for 4 days, before restorative action was taken, which may have been less than successful, refer 2.9.

2.9 Various Call Problems for 50-70 Days

Network 'reception' breaks during STD calls - (reported 6 January 1993 - fault occurred two-to-three weeks prior to this).

Believed to be network problems (ref B004 1/4), and occurring in RCM 1 - RCM 1 was reporting a large number of degraded minutes--i.e., minutes in which error ratio is worse than 1 in 10^{-6} (ref B004 1/4 internal letter of 12 July 1993 reporting on this matter).

Problems had been occurring for some time (such as, clicking, breaks in transmission, and callers not getting through). Mr Smith's services (with the exception of the Goldphone) were transferred to RCM systems 2 and 3 on 24 February 1993. Mr Smith's services were affected for at least 50 days (probably 70 days) whilst the RCM problems were tracked down. Telecom initially investigated CAN with NFF, but subsequent investigations 'revealed 4 problems with the CB RCM' - i.e., it was a network problem (refer to the copies of correspondence dated 12 July 1993, and further system difficulties occurring early in 1994 - 2.21.).

Telecom Pair Gains Support expert group (E-mail of 5/3/93 from RM) found on RCM 1:

"Major problem, faulty termination of resistors on bearer block protection" - this is believed to be protection against lightning strikes, and the problem could have been in place since the repair due to the strike of 21 November, and "another (problem) caused by non modification to channel cards" - that is, modification to correct design faults (as detailed in Work Specifications) had not been carried out.

It is understood Telecom issued "mandatory" Work Specifications in 1991 to correct design fault conditions relating to:

- false answering of calls - False Ring Trip
- loss of speech during calls - VF drop out

In the letter of 12 July 1993 to Stockdale and Morris, reference is made to (DM) degraded minutes (minutes in which error ratio is worse than 1 in 10^6), ('ES') error seconds (seconds in which errors were detected in the Cyclic Redundancy Check character sent with each frame). The system, particularly RCM 1, was registering high levels of ES and DM. A test on the 2 March 1993, run overnight on RCM 1, resulted in: Portland to CB 43,500 ES - i.e. for a 12 hour test period, essentially every second was errored and also 405 degraded minutes were recorded. CB to Portland direction, 246 ES, no DM.

Suggestions are made by Telecom employees, for example:

"In my opinion ES only cause problems when digital data is transmitted, and have no effect on voice services, and DM have only a minimal effect on voice services and may cause an occasional audible click", ref Witness statement of Mr Leonard Banks, para 8, dated 12 December 1994.

The signalling system which sets-up the call and supervises calls, including answer received and call clearing, is (as explained to us by Telecom personnel) transmitted in the channel associated with the service, and is transmitted as a data signal: therefore as indicated above, high levels of ES or DMs could markedly effect the call set up, answer and clearing sequence.

2.10 Three Numbers in Ballarat Received No Call Progress (NOP) when Calling CBHC - 2 February 1993

Fault was subsequently found in the callers PABX equipment at Ballarat (not CBHC).

2.11 Problems With Cordless Phone Operation, February and March 1993

To enable reception of calls whilst Mr Smith was moving around the camp site, a cordless handset system was installed on line 055 267 267: during the period it was connected there were situations where the operation of this unit caused difficulties, for example:

- 19 February 1993 - reported 'problems with Telecom (sic) cordless phone - the switch was not operating correctly preventing the phone from ringing' (the unit was obtained from a Retravision outlet, not from Telecom).
- The unit as installed (by Mr Smith) did not provide full coverage of the site (these units intrinsically have coverage limitations). Consequently, if calls were taken on the cordless unit and the handset was moved out of range of the base system, the call may not be correctly cleared down, leaving the service in an apparent 'off hook' situation.

The units (it is believed 2 types were used) were trialed for some 3 months and then removed.



To Manager
Warrnambool COG
[REDACTED]

From [REDACTED]
Pair Gains Support

File XS132

Subject Portland to Cape
Bridgewater RCM System.

Date 12th July 1993.

National Switching Support
(Melb)

5th Floor
25 Collins St
Melbourne 3000
Australia

[REDACTED]
[REDACTED]
[REDACTED]

C.C. Manager Network Investigations Att. D. Stockdale
Manager Commercial Network Support Att. R. Morris.

PORTLAND - CAPE BRIDGEWATER RCM SYSTEM

At the request of [REDACTED], Manager, Warrnambool COG. (CPE), NSS-Melbourne, Pair Gain Support Section, visited Portland exchange on 2nd March '93, to investigate problems reported on the Portland - Cape Bridgewater RCM system.

Initial reports were of a vocal customer at Cape Bridgewater complaining of VF cut-offs in one direction. The customer had been transferred off system 1, onto systems 2 and 3 on the 24th February '93, and had experienced no further problems. Investigations revealed that system 1 was running a large number of degraded minutes (DM) and errored seconds (ES) in the Portland to Cape Bridgewater direction, these errors could have caused the VF cut-off problem.

Initial error counter readings:-

Portland to Cape Bridgewater direction:-			
	System 1	System 2	System 3
SES	0	0	0
DM	45993	3342	2
ES	65535	65535	87
Cape Bridgewater to Portland direction:-			
	System 1	System 2	System 3
SES	0	0	0
DM	1	1	0
ES	246	751	23

At this stage we had no idea over what period of time these errors had accumulated.

Attempts to test the inground repeaters using the "trios" system were unsuccessful as the strapping records could not be located.

Other faults identified with the Cape Bridgewater installation were:-

- the presence of 500Hz. noise on all customer lines at -58 dBm causing minor noise problems.

- 0,01
- cable ducts into both the cross connect cabinet and the concrete hut were sealed allowing the ingress of moisture, which could affect the error counters detailed above.
 - the alarm system on all three RCM systems had not been programmed. This would have prevented any local alarms being extended back to Portland.

The bearer performance was monitored overnight and revealed that system 1, in the Portland to Cape Bridgewater direction, accumulated approximately 450 DM's and 43500ES's while systems 2 and 3 recorded no errors in either direction.

A problem with the installation of the enhanced lightning protection modules in the IDS block at Cape Bridgewater was discovered. After this problem was rectified and the bearer monitored overnight, no DM's or ES's were recorded. II

All the SE boards used in the Portland - Cape Bridgewater RCM system have now been modified to eliminate the 500Hz. noise problem. SE boards installed in the Portland - Alcoa RCM system were also modified to eliminate a 500Hz. noise problem on cut over.

The problem of sealing the cable ducts has since been rectified by the local lines staff.

NSS-Melbourne has continued to monitor the Portland - Cape Bridgewater bearers since the 3rd March '93. In the period from the 3rd March '93, to the 17th March '93, the errors on all three bearers have been minimal.

ic:- Portland to Cape Bridgewater direction:- system 1, 4 ES
- system 2, 3 ES
- system 3, 0 ES

Cape Bridgewater to Portland direction:- system 1, 1 ES
- system 2, 1 ES
- system 3, 3 ES

[REDACTED]
[REDACTED]
for Supervising Engineer, National Switching Support - Melbourne.

6

2.23 Continued Reports of Cape Bridgewater 008 Faults - Conflict re: Charged Calls and Answered Calls

Throughout the period of operation of the 008 816 522 service (December 92 to present) there have been continued reportings from CBHC (or callers to CBHC) of:

- calls not received (answered) but charged
- caller receiving RVA
- 'call but line dead'

It is difficult to attribute these conditions over the period of occurrences to specific events or faults. In considering these complaints, an explanation of the operation of 008 services may assist: (ref: to Configuration 'B').

When a 008 XXX XXX number is called from anywhere in Australia, the call is directed to an Intelligent Network Centre (INC) which is dedicated to processing "Intelligent Network Services" such as 008, 1800, 13 type services. In the case of 008 services, the INC:

- analyses the 008 code and translates it to the required destination code - i.e. CBHC, to 055 267 267
- sets up the call to the required service from the INC
- supervises the call, and cost accounts the call for billing.

3. Other Sources of Problems

It should be noted that during the period December 1992 to October 1994 the order of 225 fault reports were made concerning the CBHC services, as recorded by Telecom. Notwithstanding the above documented faults and problems, there were problems quite evidently caused by mis-operation or understanding of the CPE.

Issues relate to:

- the answering machine answering calls automatically with tone after 30 seconds of ring (around mid April 1992);
- handsets occasionally being left off-hook for extended periods (Mr Smith has stated this only occurred on one or two occasions);
- interaction of the cordless handset (period of 3 months, early 1993) causing a range of problems, as detailed;

- a range of callers making 'test calls' on behalf of CBHC confusing the real operational picture during the later parts of 1994 (Mr Smith believes these tests would not have caused confusion).

4. Impact Assessment

An assessment of the impact of faults on the CBHC telephone service is made here, based on the criterion of whether the particular fault did or did not cause the level of service to drop below a reasonable level.

1.1 (i) Over the order of three years, the probability of congestion due to network dimensioning during the busiest hour of the week was around 12% in many instances, and around 6% on average during that busiest hour. 1-2% would be normal.

ASSESSMENT - Service was less than reasonable.

1.1(ii) Capacity of 8 locally terminated calls for up to 66 customer services may have been reasonable network dimensioning for the area at the time, although the limited capacity may well have contributed to the congestion (false busies) reported. In the absence of other explanations for the false busies, a reasonable expectation would have been that the capacity should have been increased within a shorter period than 3½ years.

ASSESSMENT - Service was less than reasonable.

1.2 A hardware fault affecting an average 12.5% of all local to local and incoming traffic was detected, and persisted for at least 2 - 3 days. While such a fault can be expected to happen, reasonable service relates to the time taken to return the service to normal. For this degree of service loss, a reasonable expectation would be repair within less than 2 days.

ASSESSMENT - Service was less than reasonable.

2.2 Problems with RCM 1.

These problems continued with RCM 1 for 18 months. For a range of problems (ultimately attributable specifically to one of three parallel systems, each servicing different customers) to persist for 18 months is deemed unreasonable.

ASSESSMENT - Service was less than reasonable.

2.3 A reasonable expectation of service would be that errors of this type (data entry) would be quickly detected through confirmation testing or checking at or immediately after the data entry, with traffic impact of much less than 16 days.

ASSESSMENT - Service was less than reasonable.

2.4 Reports related to a small number of calls incorrectly receiving RVA. Since considerable network testing was done on at least one of these calls, with NFF and no subsequent similar pattern of reports, reasonable service may have been achieved if appropriate advice was given to the customers, and the fault remained 'open' and not cleared.

ASSESSMENT - Indeterminate

2.5 Testing by the group within Telecom who were responsible for the investigation of the most complex network faults (NNI) caused severe lockup of circuits and therefore congestion for 1 day.

The lockups were accidental and avoidable.

A reasonable expectation would be that if and when testing is necessary, it does not cause major detriment to general service provision, and, test teams (eg. NNI) understand and monitor the impact of their testing.

ASSESSMENT - Service was less than reasonable.

2.6 Software fault for about 1½ hours. As all service was lost for this period:

ASSESSMENT - Service was less than reasonable.

2.7 2.5% of the traffic from the Portland area to CB failed for 5 days, due to 1 of 40 shared devices in the Portland exchange failing. Based on Mr. Smith's estimate on another matter, less than 40% of CBHC incoming traffic originates from this area. Therefore on average, less than 1% of total traffic to CBHC was affected.

ASSESSMENT - Service was on the margin between reasonable and less than reasonable.

2.8 RCM 1 failure due to lightning damage. Lightning damage to communications equipment would be expected from time to time in this area. Reasonable service relates to the time taken to return the service to normal. A reasonable expectation would be repair within less than the 4 days actually taken.

ASSESSMENT - Service was less than reasonable.

2.9 Evidence of problems with services on RCM 1 had been sufficient to cause Telecom to move the CBHC services away from RCM 1 to RCM 2 and 3. Later when the RCM equipment was examined by Melbourne staff, evidence of severe error levels had accumulated on the counters in the transmission equipment (particularly RCM 1). After corrective action, these severe error levels were no longer accumulating.

2.22 All services for CBHC were lost for 3 hours due to an exchange data programming error. Such major impact due to an operational error is deemed a less than reasonable level of service.

ASSESSMENT - Service was less than reasonable.

2.23 Continued reports of 008 faults up to the present. As the level of disruption to overall CBHC service is not clear, and fault causes have not been diagnosed, a reasonable expectation is that these faults would remain "open".

ASSESSMENT - Indeterminate.

3. About 200 fault reports were made over December 1992 to October 1994. Specific assessment of these reports other than where covered above, has not been attempted.

5 Summary

CBHC telephone services have suffered considerable technical difficulties during the period in question. Telecom, certainly initially fully concentrated on the CAN/CPE elements, and if they were 'intact', faults would be treated as NFF (No Fault Found). As can be seen from the above, faults did exist that affected the CBHC services, causing service to fall below a reasonable level and apart from CPE problems, most of these faults or problems were in the Inter Exchange Network.

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ATTACHMENT ONE

THREE LETTERS FROM TELECOM

TO MR ALAN SMITH

A 3
25 May, 1993

Mr Alan Smith
Cape Bridgewater Holiday Camp
RMB 4408
CAPE BRIDGEWATER VIC 3306

Dear Alan

Telecom Australia endeavours to provide at all times the telecommunications services in respect of which a customer has made application, however, Telecom does not guarantee continuous provision of, or fault free, telecommunications services. Faults do occur in the network from time to time and we work to correct any faults as soon as possible after they are reported.

On the basis of tests carried out to date, and current measures of network performance, indications are that the performance of the Cape Bridgewater RCM (to which Cape Bridgewater Holiday Camp telephone service is connected) is up to network standards. Given the recent experiences described by yourself, further investigations including rigorous testing will be carried out.

A further statement will be made upon completion of these investigations.

Yours sincerely

Rosanne Pittard
Rosanne Pittard
General Manager
Commercial Vic/Tas



Telecom Australia

Telecom Commercial
540 Springvale Rd
Glen Waverley 3150

Postal Address
PO Box 356
Glen Waverley 3150

Tel: (03) 550 7330
Fax: (03) 562 1926

18 September 1992

Mr Alan Smith
Cape Bridgewater Holiday Camp
RMB 4408
CAPE BRIDGEWATER 3304

Dear Mr Smith

Thank you for your letter of 10 September 1992 regarding the quality of your telephone service at Cape Bridgewater.

May we assure you that Telecom is committed to providing a quality service for all our customers and this commitment is supported by a technical organisation capable of responding quickly and efficiently to a service difficulty should there be a need.

↘ We believe that the quality of your telephone service can be guaranteed and although it ↙
would be impossible to suggest that there would never be a service problem we could see no reason why this should be a factor in your business endeavours.

Should you still be concerned about the ability of Telecom to provide a reliable service may we offer the services of our Area Manager, Mr Mark Ross (telephone: (053) 370 211) of myself (telephone: (03) 550 7330) as a contact should you wish to discuss any current or future issues.

Yours sincerely

Bob Beard
Service Manager
Telecom Commercial Vic/Tas

ID: BB180901



Australia's Telecom
proudly supporting Australia's
Olympic team 1992

Australian and Overseas
Telecommunications Corporation
Limited

A.C.N. 051 775 556

Postal Address
PO Box 356
Glen Waverley 3150

1 September 1992

Mr Alan Smith
Cape Bridgewater Holiday Camp
RMB 4408
CAPE BRIDGEWATER 3306

Dear Alan

We have not had the pleasure of meeting. However I have been briefed on the matters relating to the standard of your telephone service and recent communications between Telecom and yourself. Let me first assure you that we in Telecom are committed to ensure that the service provided to all customers is of the highest possible standard.

I understand that since our recent tests on your service were completed you or your representative met with senior Telecom managers from our National and Corporate offices. I also understand that at that meeting you expressed concerns that your service was not operating at required levels of performance and sought an undertaking that action would be taken to rectify this situation.

Whilst our recent tests indicate that your service is now performing to normal network standards, I am initiating a further detailed study of all the elements of your service and the tests which have been conducted. The aim of this study is to confirm the standard of service you currently receive and to check that there are in fact no ongoing problems. This testing could also involve an additional check of the communications equipment at your premises, if you agree. I anticipate that this study will be completed by early October and I will be happy to discuss the results with you then, should you so desire. Should this investigation identify any faults in the Telecom component of your service they will be rectified in accordance with normal practice.

Let me close by assuring you that I am personally committed to resolving this matter and I am available at any time to discuss your concerns and explore opportunities to resolve our differences. I can be contacted on (03) 550 7500, should you wish to raise any further matters with me.

Rosanne Pittard
Rosanne Pittard
General Manager
Telecom Commercial Vic/Tas

ID: RP010902

To

[Redacted]

Consumer CAN Design and
Construction Tas/Vic
CAN Technology

From David Polson
Technical Manager

K00942

PO Box 115 Ballarat Vic 3353
122 Armstrong St 6th Ballarat 3300

Subject Cape Bridgewater RCM's

Australia

Date 24 March 1994

Telephone 053 334499
International 61 53 33449

File

Facsimile 053 332539

Mobile 018 503 892

Attention

[Redacted]

Pager 016 530 726

Following a request from Service Delivery for assistance at Cape Bridgewater late on 19-3-94 I arrived at Portland early Sunday morning on the 20-3-94. There was a problem with RCM system no 1 between Portland and Cape Bridgewater the previous day. Ongoing problems were experienced by customers since 8-3-94 on RCM number 1. The problems were normally of a very short duration and had often cleared by the time staff arrived on site.

It appeared that the line system was intermittently failing for short periods of time (15 seconds or so) and then coming back up. The systems are all on copper bearers with 10 regenerators on them. The RCM's are fitted with auto power feed restart cards, and the alarms are inputted to AMS. Occasionally on a failure the channel cards would loose their programming and flash. No alarm indication is given for this. The SCU fail light at Cape Bridgewater and AIS at Portland would also be up, although this was not consistent for a long period of time. The SCU and all common cards had previously been changed by local staff.

We were able to duplicate the SCU fail light coming up with a short bearer break on a test model, and was assumed we were experiencing intermittent line system failure on the system. The original installation was for 2 RCM's with 9 regenerators and supervisory filters for each direction of transmission. When a third system was required, considerable difficulty was experienced in getting the third system working, to such an extent that an additional regen was installed between locations 8 & 9.

With a suspect line system we proceeded to do a trios test when all traffic was off, after having advised Network Management. We could not see any regens. Suspecting faulty supervisory pairs a regen was opened and pairs tested, only to find the regen housings were connected to pairs 5 & 6 and the terminal supervisory connected to pairs 11 & 12. This explained our failure to find any regenerators. With this changed at the terminals to pairs 5 & 6 we could see all regens except the extra one installed between 8 & 9. On investigating this cause the supervisory pairs at this location were on pairs 11 & 12. This was rectified enabling the testing of each regenerator. If the line system failed we should now be able to localise the fault. The original

acceptance test results show filter testing at Portland (location 00) and Cape Bridgewater (location 10). In our testing no reading was obtained at 00 and the reading for location 10 was the regenerator and not the Cape Bridgewater terminal as shown on the test sheets. RCM terminal regenerators do not have the TX and Rx monitor points extended for supervisory filter purposes. All of this added to the difficulties in identifying the fault with the supervisory system.

It must be noted that the faulty supervisory system does NOT effect the bearer performance but is used as a maintenance tool if the line system is faulty.

During the Sunday and Monday that I was in attendance the system did not fail, although it was out of service for short periods (approx 1-2 minutes) for trials testing.

With further investigation it appeared one of our problems may be more temperature related, as when the remote end was not opened for some time, that appeared to be when we had the failures. This would also explain why no failures occurred when I was there with the door open for a large proportion of the time on Sunday and Monday. Another SCU was obtained and installed in system 1 on 23-3-94. The unit replaced has obviously been repaired and may indeed be suspect. Further testing will be done on this unit, especially with elevated temperatures.

Additional testing has confirmed that the replaced SCU was indeed faulty. No other problems have been experienced since the SCU was replaced on the 23-3 94

David Polson- CAN Technology - Ballarat

Ross Anderson - Service Delivery - Portland

I, Alan Smith

of Cape Bridgewater Holiday Camp
Portland

in the State of Victoria

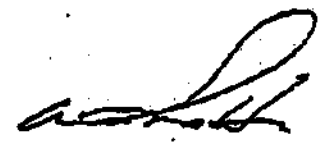
do solemnly and

sincerely declare

THAT Approximately 5-7 days prior to June 3 1993, I had a phone call from Telecom Network Investigation Unit. This call was to establish an appointment/time for two investigating officers, from this department, to meet me at Cape Bridgewater Holiday Camp. June 3 1993 was the nominated day, mid afternoon. It was mentioned by one of these officers, because of the continued phone complaints by myself and others, Telecom was connecting a monitoring device, to establish why these complaints were in abundance. "AT NO TIME" was it explained by this officer, that the testing machine would be a device where by those operating this machine could listen to my phone conversations. Had I been informed of such, I would have warned my Single Club members, people ringing my business, that for a period of time while my phone service was being viewed, our conversations could very well be listened to. My own personal conversations, would then have been carried out from the Gold Phone, 267 260. I have presented this information here, Statutory Declaration, as I was asked by David Read Lane Telecommunications Pty Ltd on the 5 April 1995, was I aware of this MCT equipment on my line.

AND I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of an Act of the Parliament of Victoria rendering persons making a false declaration punishable for wilful and corrupt perjury.

DECLARED at Portland in the
State of Victoria this 17th
day of April One thousand
nine hundred Ninety Five.



Before me
C. K. ...
Alan Smith