DRAFT

Commercial & Consumer

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15 December 1993

VIA FACSIMILE

Mr R. Davey
Chairman
AUSTEL
Jetset House, 5 Queens Road
MELBOURNE, Vic. 3004

Dear Mr Davey,

I refer to the following events involving AUSTEL officers in recent days regarding the Bell Canada International (BCI) report.

- A letter of 9 December 1993 from Mr Mathieson to me.
- Comments attributed to Mr MacMahon on 10 December 1993 in the "Australian Financial Review".

  Advice to Telecom is that the comments attributed to Mr MacMahon are, in substance, accurate.
- A letter reported in the same article from Mr MacMahon to the CoT spokesperson, Mr Schorer.

The conclusion to be reasonably made from these events is that AUSTEL publicly judges the BCI report "fails to live up to expectations raised by the terms of reference", has inadequacies, and raises concerns. Further, AUSTEL publicly agrees with CoT views along these lines.

Reasonable inferences might be drawn about deficiencies in the competence, professional standing and integrity of BCI, and the competence and integrity of Telecom and myself in the conduct of the study and representation of the findings.

We can argue about matters of detail, but in substance these events are of concern and disappointing to Telecom.

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PERSPECTIVE

Before stating Telecom's position, I point out the considerable efforts Telecom has made to assist AUSTEL in its investigation of CoT cases. Telecom has gone well beyond the usual responses to AUSTEL's directions, to actively support AUSTEL in an attempt to achieve as thorough and objective an assessment as possible of the issues in the limited time available, in some cases at considerable risk to its own position.

It would be difficult to conceive of any significant, practical additional action Telecom could have taken to support AUSTEL, given resources were already stretched, to respond to AUSTEL's directions.

In Telecom's view, AUSTEL may criticise Telecom at times for shortcomings in competence or judgement, but in no way can AUSTEL claim lack of co-operation, obstruction or bad faith during the investigation in what has been a difficult period for both parties.

Indeed, Telecom hopes AUSTEL's view is the reverse.

TELECOM'S POSITION.

Telecom's position regarding the recent events concerning the BCI report are as follows:

1. ***The BCI study was conducted professionally by BCI and Telecom, and in the limited time available, achieved the objectives discussed and agreed with AUSTEL.***

   The findings are reassuring to Telecom and ought to be reassuring and welcomed by AUSTEL and telephone users around Australia - at least for the test period there appears no evidence that there is a fundamental problem in the interexchange and local exchange network and that the network performed within specification.

   You will recall the study arose following (unsubstantiated) allegations that a fundamental problem in Telecom's network may be preventing a large number of calls being delivered by the network to the terminal exchanges to which those customers were connected.

   The basic aim of the BCI study was, in the short time available, to test the network and assess related operating procedures for fault detection and restoration.

   Alleged failures in the letter of 9 December, such as exclusion of the CAN and exclusion of "end-to-end" testing, were not necessary to be included to achieve the aim of the study, were specifically excluded (with the agreement of your officers),

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were not included and were never purported to be included either in the findings or subsequent presentations of the findings.

The terms of reference and conduct of the BCI study were discussed on a number of occasions with your officers, and they raised no concerns of substance. Indeed, on several occasions, they apparently considered the basis of the study sufficiently sound to suggest a number of additions to the testing programme (e.g. Portland and Devlin's Bridge), and these were accepted.

My understanding is that AUSTEL further requested testing in customers' premises, but then decided that this was a duplication of the service monitoring programme directed by AUSTEL, would serve little purpose, and risked disruption of the customers' services.

You will recall in the presentation of the report to you I particularly pointed out the limitations of the study, and this was done in presentations to the Minister's office, Senators Boswell, Alston and Bourne, the media, and CoT members present at a videoconference.

In summary, the BCI study proceeded as discussed with AUSTEL, reported as directed, and the findings ought to be regarded as reassuring and welcome.

Briefly, an acceptable conclusion would have been along the lines of the previous sentence, but with a qualification that to obtain a complete assessment of the performance of a particular customer's service, "end-to-end" testing would need to be done which included the customer access network.

2. Telecom is concerned about several other aspects of these events. For example:

(a) AUSTEL reached a conclusion about Telecom without giving Telecom the opportunity to comment.

In this case, the position was advised to others and made public before Telecom was advised.

In an investigation of Telecom, it would seem reasonable that Telecom be given such an opportunity.

(b) AUSTEL allows (an unfair) position to be made public which appears to support other parties in a civil suit against Telecom.

In Telecom's view, the task of a regulator in investigations of this nature is to form conclusions and decide related recommendations and intended actions on an issue and, after due discussion with the parties, publish these in its report.

B

We believe AUSTEL risks its reputation if, during an investigation, it appears to take sides in civil proceedings between parties - in this case, arbitration, but court proceedings in the future on matters under investigation are possible.

3. Considering the above circumstances, Telecom cannot agree to attach a copy of AUSTEL's letter of 9 December to the BCI report if the latter is made available to the assessor(s) nominated for the CoT cases.

Accordingly, Telecom requests AUSTEL to confirm Telecom's view of the BCI report, and to consider how our concerns might be addressed.

I am available to discuss the above matters at your convenience.

Yours sincerely,

Ian Campbell

States there is a multitude of inaccuracies.

This is a s'ment to c'mon of Austel that we (T) did not provide assessor with all the relevant facts

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COT

[redacted] (A)

Holmes, Jim

From: Pinel, Don
To: Hambleton, Dennis V
Cc: Holmes, Jim; Campbell, Ian
Subject: Tariff filing
Date: Monday, 20 December, 1993 1:02PM

A00354

Dennis,

I understand there is a new tariff filing to be lodged today with new performance parameters one of which commits to 98% call completion at the individual customer level.

Given my experience with customer disputes and teh recent BCI study, this is cause for concern. We will not meet this figure in many exchanges around Australia particularly in country areas.

I assume that it is too late to stop the filing (and we may not want to even if there is a downside) but this has potential to cause us major pain in the CoT area.

Don

Golden Messenger - Mr G Schorer
Network Changes

1. INTRODUCTION

1. This section describes the telephone services that were provided to Golden Messenger - Mr Schorer at North Melbourne in Victoria. The business telephone services were initially provided from the North Melbourne ARE Telephone Exchange. However, these telephone services were transferred to the North Melbourne System 12 Telephone Exchange when the North Melbourne ARE Telephone Exchange was replaced with System 12 equipment.

2. Four network configuration diagrams have been provided in Appendix 1 to illustrate the development of the network routing to the North Melbourne Telephone Exchange from 1985 to 1996. These diagrams clearly demonstrate the major network changes that have occurred at the North Melbourne Telephone Exchange during this period.

3. All routing examples are for calls from the Blackburn Telephone Exchange as this was one of the Telephone Exchanges included within the area shown on Mr Schorer's coverage map.

1.1 NETWORK CONFIGURATION AT 1985 - (APPENDIX 1, FIGURE 1)

1. Figure 1 shows the routing options for calls to the North Melbourne ARE Telephone Exchange from the Blackburn ARE Telephone Exchange.

2. Calls that were unable to use the direct route from the Blackburn ARE Telephone Exchange automatically selected the second or third alternate routes.

3. The only common parts of the route were the North Melbourne ARE Telephone Exchange and the Blackburn ARE Telephone Exchange.

1.2 NETWORK CONFIGURATION AT 1992 - (APPENDIX 1, FIGURE 2)

1. Figure 2 shows that the Blackburn Telephone Exchange was extended by additional AXE equipment in the form of a Remote Switching Stage (RSS) which was parented off the Box Hill AXE Telephone Exchange.

2. Calls to the North Melbourne ARE Telephone Exchange were now routed different ways depending on which part of the Blackburn Telephone Exchange was used.

3. The only significant common point for calls from both parts of the Blackburn Telephone Exchange was the North Melbourne ARE Telephone Exchange.

1.3 NETWORK CONFIGURATION AT 1993 - (APPENDIX 1, FIGURE 3)

1. Figure 3 shows that the Blackburn Telephone Exchange was extended by additional System 12 (S12) equipment which was parented off the Northcote Telephone Exchange S12 Host. Also at this time the Blackburn ARE equipment was connected directly to the Box Hill AXE Telephone Exchange.

2. Similarly the North Melbourne ARE Telephone Exchange was now connected only to the North Melbourne AXE Telephone Exchange.

3. Calls to the North Melbourne ARE Telephone Exchange were routed different ways depending on which part of the Blackburn Telephone Exchange was used.

4. The only significant common points for calls from all parts of the Blackburn Telephone Exchange were the North Melbourne AXE and ARE Telephone Exchanges.

1.4 NETWORK CONFIGURATION AT 1996 - (APPENDIX 1, FIGURE 4)

1. Figure 4 shows that the Blackburn ARE exchange equipment had been removed leaving only AXE and System 12 equipment. Similarly the North Melbourne ARE exchange equipment had been replaced with System 12 equipment.

2. Calls to the North Melbourne System 12 Telephone Exchange were still routed different ways depending on which part of the Blackburn Telephone Exchange was used.

3. The only significant common points for calls from both parts of the Blackburn Telephone Exchange was the North Melbourne System 12 Telephone Exchange.

APPENDIX 1

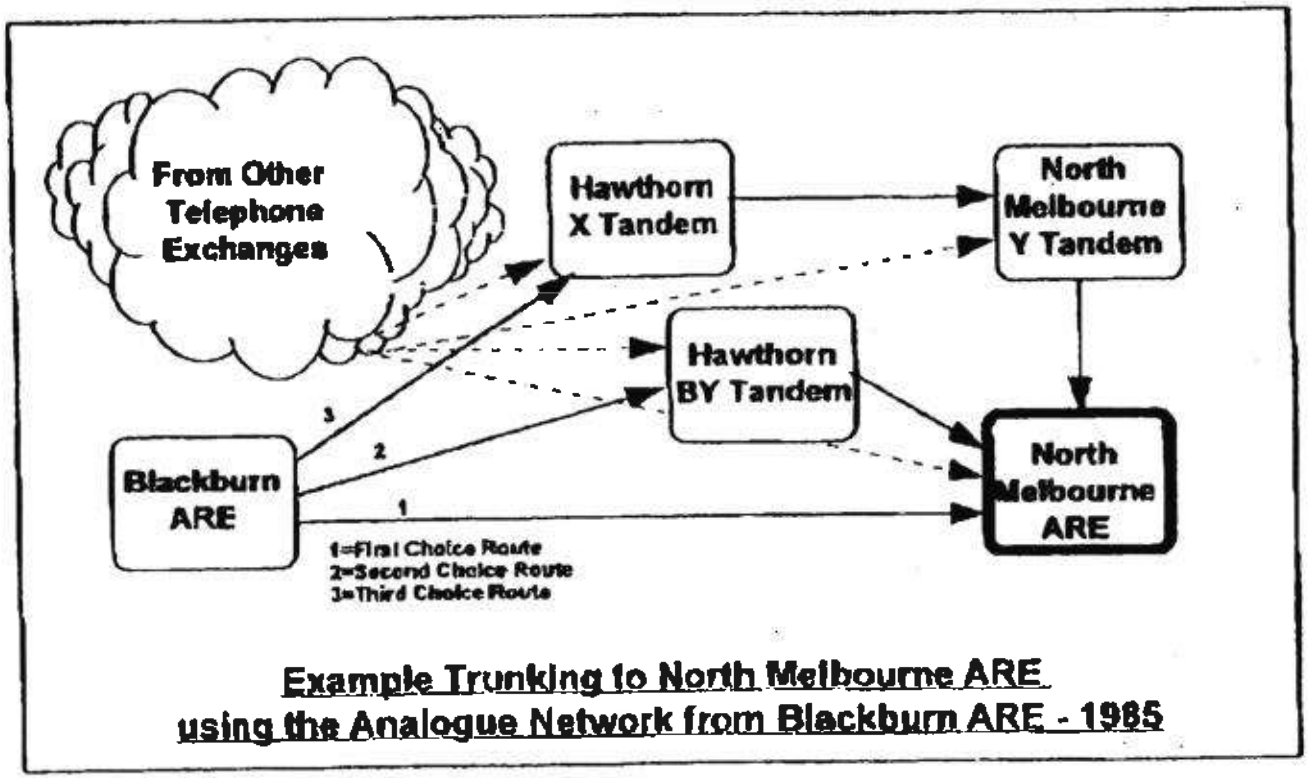

Figure 1

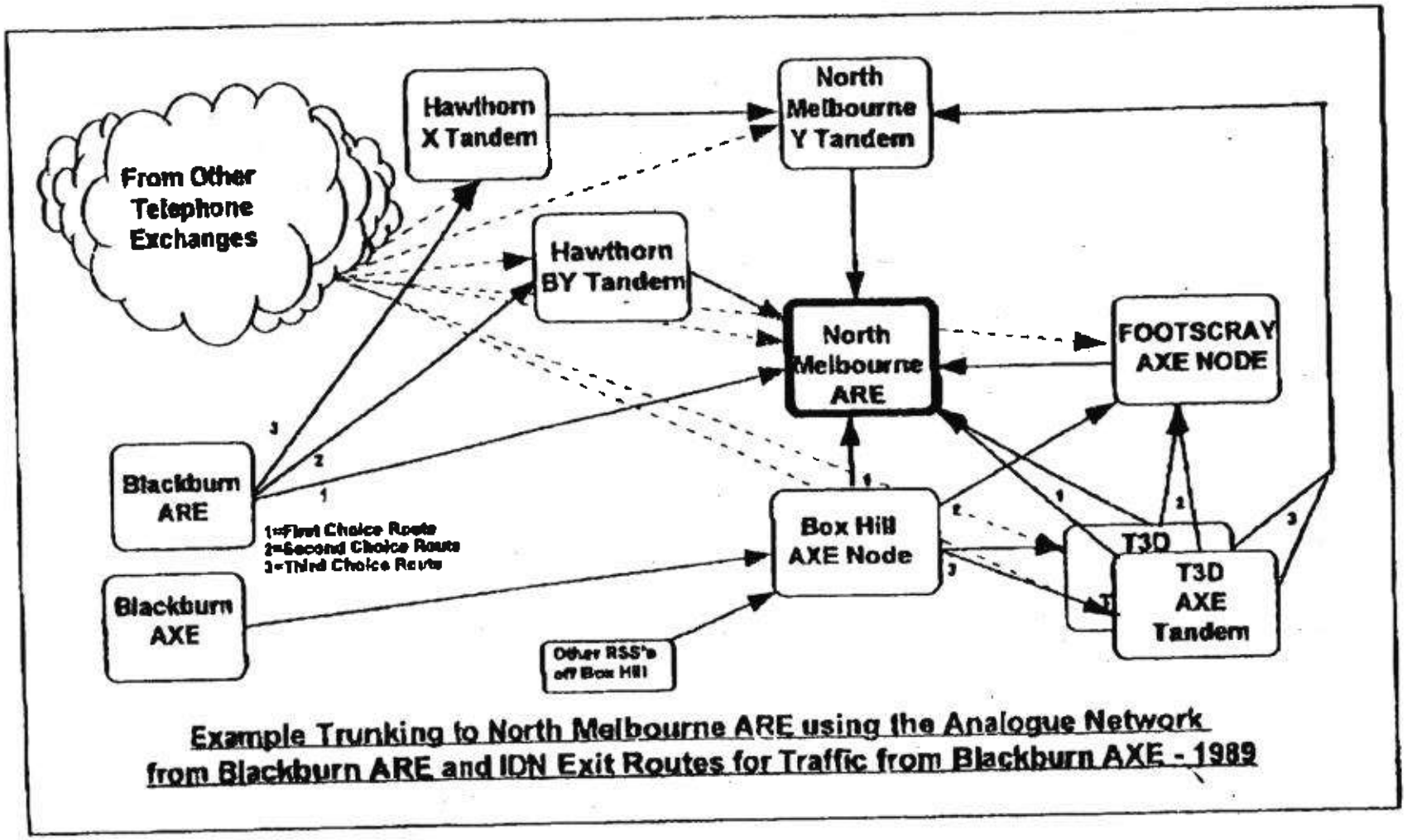

Figure 2

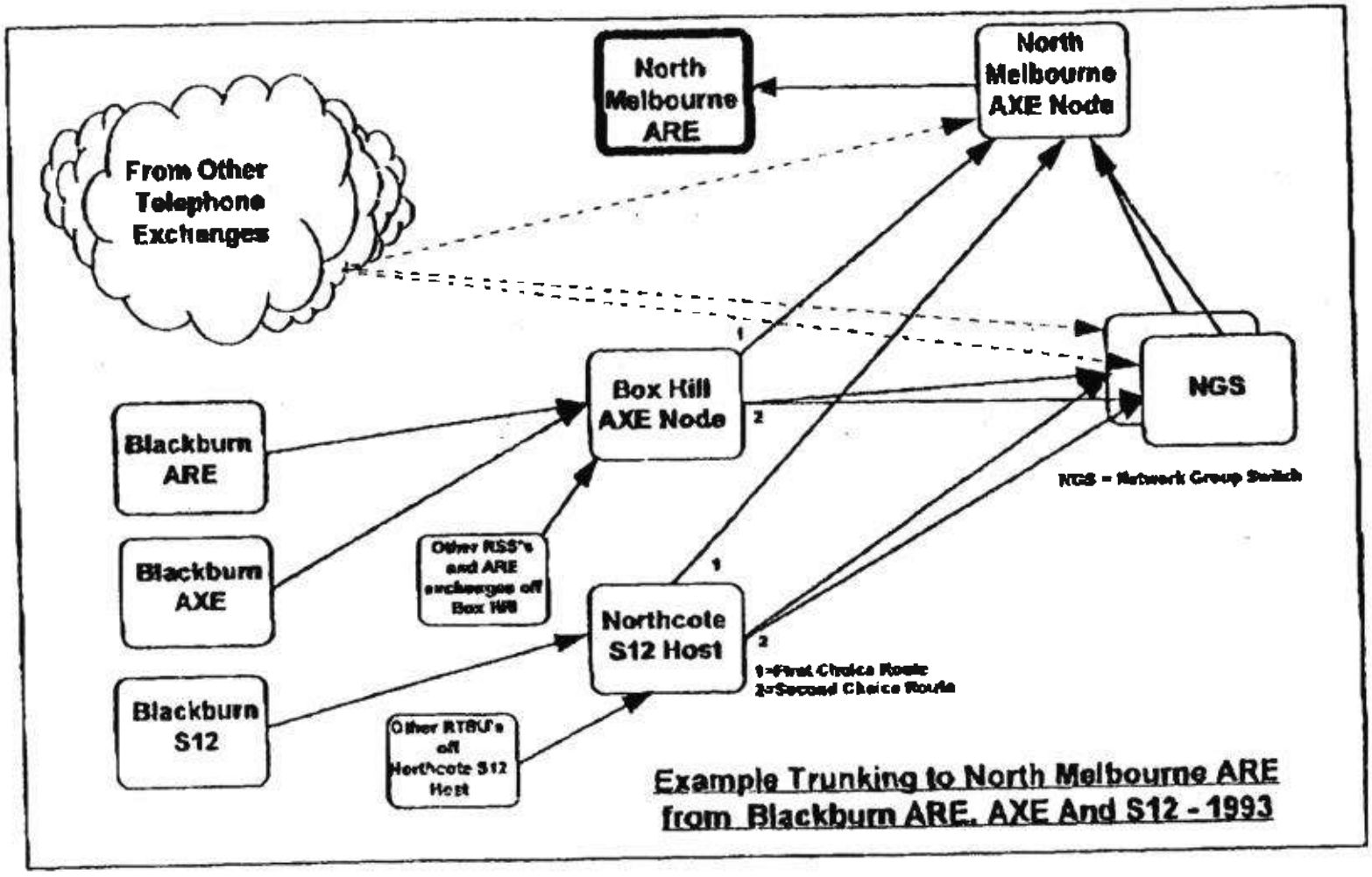

Figure 3

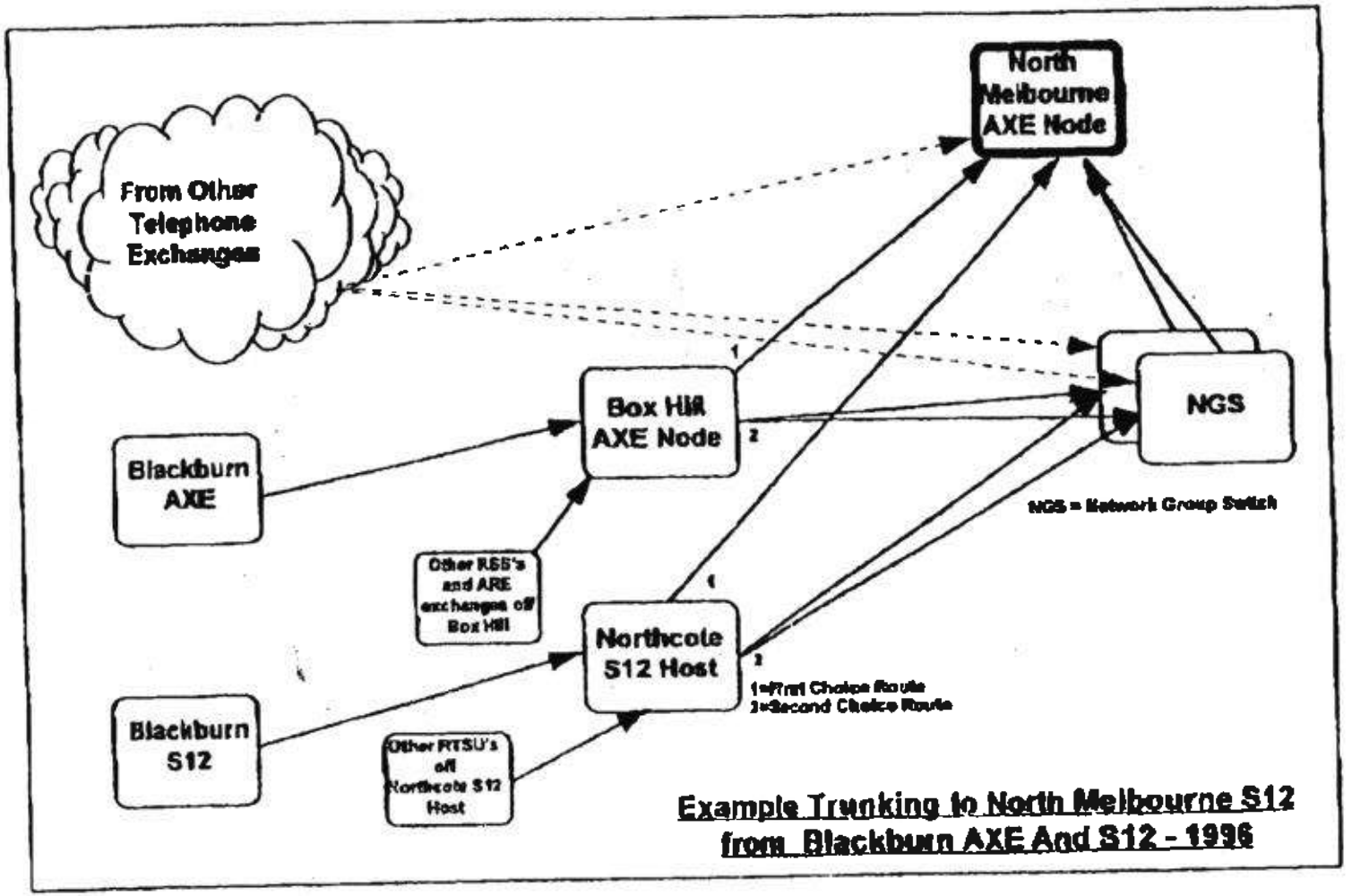

Figure 4

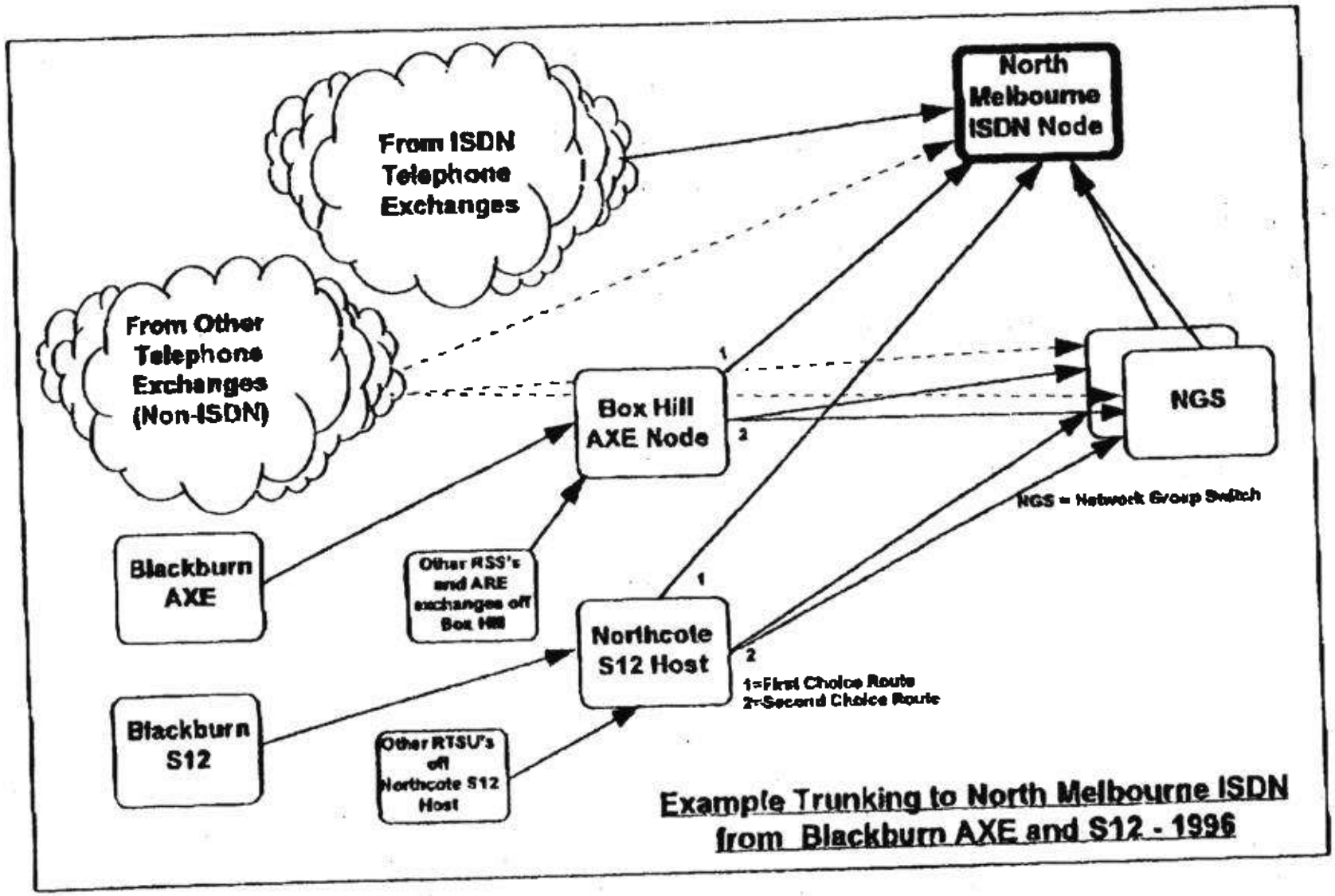

Figure 5