

**TELEPHONE CONVERSATION BETWEEN
WM. R. HUNT, GRAHAM SCHORER AND SENATOR BOSWELL
ON 13/4/99**

**(LATER, WITH MR. HONNER, O'SULLIVAN AND
BRUCE AKEHURST)**

- B:** Where are we on this? We could've reached a resolution, but I understand that Graham wants to (indistinct) see something different. Graham, we've put a hell of a lot of work into this. We're just about out of energy, mate. We've got a lot of other things on our plate.
- H:** Well, that's my problem, you see, is that I have been hearing different things from different people at different times and, somewhere along the line in the last fortnight or so, I appear to have been told, indirectly and directly, that Graham must accept this irrespective of what - - -
- B:** Graham's his own man. I can't make Graham accept anything.
- H:** No. But I'm not saying that you were telling me, sir. Perhaps it might be of some value if Graham gave you his view of where he stands. He's here now, you see.
- S:** Good day, Ron, how are you?
- B:** Good day, Graham, how are you?
- S:** Good, matey. Ron, in principle, what has been explained to me about what was being intended, I was given very little information, and I was asked to give my lowest figure, which I duly went away and was working on, and at the same time, I wanted to know — because Anthony Honner(?) had engaged me to work on this agreement which we were all trying to put into place — I wanted to know had anyone made an attempt to get in touch with Anthony Honner, which I did also.
- Now, one of the things which Anthony wanted to know and I wanted to

know was to how the process was going to work, because this was all going to affect the bottom line, or the lowest figure you could come up with, as to how you could maximize what would be finishing up in the hand. I think that's what everyone's been interested in.

B: Yes.

S: Unfortunately, I got very little information out of Ann or Barry, and what started to upset me, I was getting more information from Plowman and Bova(?) and, up until now, I've always had no secrets from anyone and anything that I've done I've done in such a way where it's been transparent. Barry has been a very good advocate for Ann, but in being an advocate for Ann — and I've never questioned his ability to be a good advocate for Ann — there's other matters where he has made decisions and convinced others and, in his own words, I was right and he was wrong. What I didn't want to do, in this particular case, was to have, five years from now, everyone telling me again I was right, because I was interested in putting this to bed today. We did have an agreement in that we would come up with a proposal for a negotiated agreement and, while they were talking about doing this, I was still trying to charge ahead and finalize that agreement, for your looking at, and others seemed to look at, to see if it was a reasonable agreement, and I couldn't understand why everyone was throwing away the safety net when looking at this.

Now, I was not going to act as an arbiter on what Anthony Honner should accept.

B: Yes.

S: What I have been told in bits and pieces and putting the pieces together, it would appear that someone's acted as an arbiter on what Anthony Honner and I would accept. Now, it's common knowledge that I tried to broker, as

a litmus test agreement with Telstra last year, it's common knowledge that the figure I put up was \$3.846 million, and that was done after six weeks of work with my accountants, my solicitor and my internal accountant, and it wasn't my figure that was put up, it was the one that my solicitor said. In other words, I reduced my claim to under 32%.

B: Yes.

S: Now, since then — I've still got the entitlement. I've got \$150,000 outstanding for it six years ago for a court case, which is due to be taxed and Telstra have got to pay me for. I've got my FOI claim which, based upon Ann, she got \$430,000 last time, and I understood that we were entitled to claim for the expenses associated with the working party. Now, my expenses work out to about \$550,000. If I put that on to the 3.846, that takes my claim to just under 4.4. Now, I believe that's what I'm entitled to.

I don't know who put what figure to Telstra, but I find it offensive and disappointing that someone has represented me without giving me the opportunity or explaining to me what the process was, how it was going to work, so I could pass it on to Anthony Honner — who is a farmer, and they're difficult to catch during the day — and now I'm being told there's very little money in the bottom of the barrel. I understand everyone else is happy because whatever figure they gave and was put up was accepted.

All I'm saying is this is terrible. What makes me feel even sadder, Ron, is when I get told by other parties that you will wipe your hands of me once this is over and so forth — because you've always been a champion for righteousness, and I haven't bothered you with it and didn't want to bother you with it because I was hoping that common sense would prevail. It's prevailed in the area of the other parties and it should prevail here.

Now, what upset me even further is I then rang to speak to Akehurst because

I couldn't get any answers or proper detail from Barry or Ann, and I get John Armstrong ringing me back, and John Armstrong says to me I must put all propositions through Barry O'Sullivan. Now, since when do I, acting as spokesperson and soldiered along with Ann in the interests of all, since when does Barry have the entitlement to come in and represent me and, at the same time, not explain to me what's going down?

Now, I feel as though I and Anthony Honner, in a sense, we're trying to be intimidated and blackmailed, and it's making me very upset and very sad that, after this long battle, this is where we've got to.

And there's another thing I need to clarify with you, Ron. Alan Smith was left out of the working party because it was told he and the others would impede the flow to Telstra. Alan Smith, as far as I'm concerned, has a genuine cause of grief and dispute that his arbitration was not properly concluded. Alan accepted that on the basis that the recommendation of the finding of the Senate working party would encompass him. I wanted to know where Alan Smith fitted into all this because, now that we've got the recommendation, I'm told Alan's out of it. I'm also told that once us five are settled, you would take up the battle for Alan Smith. Now, in what I'm hearing of recent days — and I've never heard that from your lips; that's from others — because Honner and I are out of it, but once Garms, Bova and Plowman are settled, that's it. Well, someone's forgotten to tell Alan Smith and, as an ethical person, I mean, he's been told by myself, Garms and others that yes, he's still in there, and he's got Sue Owens representing him, his solicitor, and even she's arguing that I shouldn't even have the audacity to raise the fact that — where does Alan Smith fit into this matter.

B: Well, mate, all I'm saying is that I'd like to get the thing settled. I'm not telling you whether to take it or not or go out and (indistinct) whatever

deed(?) you do, that's nothing to do with me. I've given you all the support that I can. But I'm just saying that we've put bloody months and months — I mean, I think Ann's probably got about \$200,000 worth of work out (of us?). We've just got to get on with other things.

S: Ron, I don't disagree. But if you have a look at what I've put into it, I mean, the expense side. Now, Ann's \$200,000 includes her own time. My expenses of nearly \$600,000 doesn't include my time, doesn't include my time at all. That's just raw cost, raw cost.

B: You've got to make your own mind up, and there's no pressure from me what you do. I just want to say I'd like to get out of it.

S: And Ron, so would I, so would I, and I think any sane person would. However, if the other parties have put up a figure which has been accepted — and I have worked my figures over and Mr Hunt can either — we often agree or disagree; he can confirm or deny what I'm saying — is I have put up a most reasonable figure - - -

B: What do you want, bottom line?

S: I want 3.486 million and I had put on that my base cost which took me up to about \$4,392,000. I'll give you the exact figures. I'll just look up the paperwork.

B: Fair enough. No, that's all I need to know.

H: Senator, it's Hunt speaking now. Senator, the position seems to be that any time, in recent times anyway, that a figure is expressed by Graham Schorer, the answer coming to us second-hand is that there's not enough money left in the kitty at Telstra and Telstra couldn't possibly come up to what, at all times, has been his lowest possible sum, which they've always known about since the middle of last year or thereabouts. Do you believe that three or four thousand dollars is going to make the difference between the CEO of Telstra

accepting Schorer's offer or — do you believe they're that tight on the money?

B: Three or four thousand?

H: Three or four hundred thousand, I mean.

B: I don't know. I have had nothing — I've never spoken to Telstra on this. I've had nothing to do with it.

H: I follow, yes. You see, I don't know what - - -

B: I have not spoken to Telstra or negotiated any settlements, or had anything to do with any — all I'm saying is, we want to get on with it — to put an end to the terms. We have given four or five people about a third of our time and our office facilities for the last three months. We represent about a million people.

H: I appreciate that.

B: And we've got to get on with other things. We got this market enquiry that's bent(?). We've got all sorts of things out there, and I just would like to finish it. You've got to make your own minds up, and I'm not putting any pressure on you at all.

S: Ron, I would like to finish it too, but the sort of figures that they're throwing back at me now is an insult. I mean, I've discounted my claim, and my claim has been done by three different auditors. I haven't made any allowance for my time in all of this, and I've discounted my claim to 32% of what I believe I would most like achieve under commercial assessment.

Now, I don't think that's an unreasonable figure. Yet - - -

B: I wouldn't comment. I've never seen your claim. I don't understand it, I don't particularly want to, so I wouldn't know whether it's good, bad or indifferent. I just wanted to point that out to you. We've got to get on with the job.

S: I agree with you, Ron. I really, really do. That's exactly what I want to do. But, however, for what they're now coming back with, I mean, I find it

difficult to accept that other people can put in their lowest figure and it's accepted, and I don't know whether their offer to settle is 32% of their total claim. From what I've been told, it's not. What I've been told, they've been getting very close to their total claim when you add their costs in.

B: But where do you go, Graham, after this? I mean, do you go for (indistinct) assessment? Or where do you go?

S: Well, the proposal we were putting up, which I think is a reasonable one, I'm prepared to enter into a mediation with Telstra and see if that will bring about a result and, if that doesn't bring about a result, I'm quite happy to have my claim commercially assessed. That's always the bottom line, to have an independent person, like was recommended at the Senate, as Mr Wynack(?) administer the process. If Telstra and I can't - - -

B: Wynack(?) won't be able to administer the process. It'll have to be someone else. I don't know who you'd get, but that — an independent assessor.

S: No, administer the process, and then get an assessor just to assess the claim. That's not my preferred option. That's the option if common sense won't prevail. My preferred option, Ron, is for Telstra to agree to pay me my lowest figure and I want to walk away like everybody else.

B: Yes.

H: Senator, have you got any reason to believe that it is in Schorer's interest to try and get Mr. O'Sullivan to represent him in putting up submissions to the Telstra people, or would he be better doing it himself, do you think?

B: That's up to him. I'd just like to get — that's up to himself. But I'd just would like to get the thing over. I mean, I can't make recommendations to who represents him and who doesn't. But I would just like to get it over and get it out of the way and say, "We've done that and now let's get on to the other jobs". But, I mean, Barry O'Sullivan, I think, has tried to get a figure,

but obviously is unhappy with the figures.

H: It's not the figure that O'Sullivan has mentioned; it's the figure that Telstra is saying. Telstra appears to be saying that, having given so much to the first two, three or four people who have been dealt with during the last fortnight or so, that now, for all practical purposes, there's nothing left. "Take it or bloody well leave it."

B: Well, I don't know. I mean, I have not negotiated, so I don't know that that's the case, but I don't think they had a pool of money and — look, I'm not going to get involved in the discussions because I didn't take part in the discussions. All I wanted to say to Graham today, or to you, is we'd just like to get on with the game. Personally, I would've liked to see it tied up, but if you're not happy there's nothing that I can do. You've got to go out and establish your claim and get all the information and I suppose you've got to get all the — you know, go through that bloody process of screwing documents out of Telstra and getting all that, and establishing why the bloody phones break down, and all that sort of stuff. I suppose that's what you've got to do.

S: Under commercial assessment, Ron, if we had the terms of reference — and this is what we're suggesting; the terms of reference would reflect the now known fact — what the assessment would be to assess the validity of my claim, but the onus of proof regards the other areas where we don't have Telstra documents, well, that's what commercial assessment takes care of. Look, how can I put it? All I'm saying is everyone else put up a minimum figure, and I'm quite satisfied their minimum figure wasn't 32% of their claim, and it was accepted, that's where I was coming from. But, Ron, thank you very much for talking to me. I don't know where Alan Smith fits into this because other people are saying — at the present moment, I'm dealing

with myself and Anthony Honner because I don't know what happens with Alan Smith. I don't know what your intention about Alan Smith is. I haven't heard from your lips what your situation is with Alan Smith.

B: Well, I don't know what, where Alan Smith (indistinct). But that's not in this discussion, Graham. It's only with you. I'm talking to you.

S: Okay.

B: Anyway, I'm just saying that it's very hard to put more work on this office.

S: Yes, fair enough. Fair enough, Ron. Well, I'll tell you what, we've had a bloody good ally in you, Ron. We really have.

B: Yes, well, we've put an inordinate amount of time into it. I was sort of hoping that everyone would walk away happy. But I suppose that's a dream that very rarely ever gets achieved; everyone happy at one time.

S: Well, I suppose if they'd put up a figure that represented what my minimum offer is and it was accepted, I'd walk away happy too, like everyone else.

B: Yes. All right, mate, okay.

S: Thank you very much, Ron.

H: Thank you, Senator. (To Schorer):

(SENATOR HANGS UP.) So it's true, what - - -

S: He was very careful saying he wouldn't walk away, though; did you hear that?

H: I think he's not going to do much if you're left out in the cold after this weekend, myself. Now, the girl has said — what's his name, Ziggy, as you call him. That's not his name, of course, is it?

S: No.

H: It's Zigigilatus, or something.

S: Yes, Sigmund (indistinct).

H: Well, I think that was instructive. He has run his course, I would say.

S: And I think (indistinct). I suppose I'd better ring Anthony now and tell him.

H: Three point eight was what you put up to the Delaware people originally?

S: Yes, that's what I put up there

(RINGS ANTHONY HONNER.)

Anthony?

HON: Yes, Graham.

S: I've got a loud speaker in Mr. Hunt's office, with Mr. Hunt. We've just got off the phone to Senator Boswell, and he's very careful in what he says. He's not in far to the negotiations.

HON: He's not?

S: He hasn't been part of the negotiations; has not spoken to Telstra. But what he is saying is that he would like to put an end to it; his office has put so much time and effort into this in the last three months; he's got other major projects to go on with. He did not say he would leave us in the lurch, but what he did say, he's got other things to do.

HON: Sure.

S: I actually put it to him that other people were saying he's wiping his hands of us if we didn't accept. I made it quite clear that I, too, like the other parties — and you would probably be the same, if our minimum figure was accepted — would walk away happy. But I had a concern that someone was acting in an arbitrary manner, and what minimum figure you should accept you were not being told — what was going down — neither was I; I could not get the answers out of Garms or O'Sullivan, and I learnt more about what was happening, or what was supposed to be happening, from other members other than Garms and O'Sullivan and I thought that was pretty bloody poor considering I'd been the spokesperson for the group, kept everybody together etc.

HON: Yes.

S: And, as far as I'm concerned, an arbitrary figure had been put up on behalf of us all; everyone else was happy. I mean, if common sense was to extend to us, so would we; we'd walk away.

HON: Yes, yes.

S: And I also wanted to know what was happening with Alan Smith, because everyone's saying that, when this is over — I said to Ron, "I haven't heard it from your lips" — but everyone's saying that "You're going to take up the fight on Alan Smith's behalf", and I said, "I haven't heard it from your lips, but that's what Alan Smith's been told by Garms and others, he's represented by Sue Owens, and yet the same people are saying forget about him when we're discussing this negotiated agreement as a result of the Senate recommendation".

HON: And what was Ron's answer to that?

S: Went very quiet, and he said, "I don't want to talk about Alan Smith. I'm not talking to him on this matter. I'm talking to you about your matter."

HON: That probably answered the question anyway, I guess, didn't it?

S: Yes, yes. So, having said all that, I have got a call out to Ziggy. I don't know what we're going to do at the moment. I think, subject to talking to Mr. Hunt, maybe I should talk to Barry O'Sullivan; I don't know at this stage. But, quite simply, I have every reason to be upset, and so do you.

HON: Yes. I guess that we — in fairness, though, what did he do on our behalf?

S: Well, that's the question because, quite simply, we are not being told. I am convinced that there are so many discrepancies we're not being told the truth.

HON: Yes. Well, it's nice perhaps to be in a position to say 'hello' to Mr. Hunt, anyway. He's certainly been a tower of strength in the whole issue.

H: How do you do, sir. What's the minimum figure that you would take if it

could be fixed up by 5 o'clock tonight?

HON: Well, I guess the thing that Graham and I have discussed, which has been that very awkward part about A. O'Sullivan, is we've got a lot of work to sort of put a (indistinct) together, and he says "Trust me" and, in fact, we did do that, and we've given him what's called a global figure and we're not sure whether that was for everybody or just, in the end, for Graham and I, and he virtually hasn't called at all. So probably my worst fears have come to fruition, and that is that my figure was 1.9 and when I left, my last discussion with O'Sullivan was 1.9 was my low figure. Now, I talked with Graham after that, and if it sort of meant that Graham and I (indistinct) just go out together, I left it with Graham that if he wanted to sort of — if the two of us out together, I can go down to 1.1, and that wasn't something I wanted to disclose to Telstra because as soon as it's known what my bottom line figure is and it's not resolved, then that becomes the starting point to go down from there in(?) mediation commercial assessment, or not commercial assessment, but mediation or further negotiation. So I guess I've got about three figures: that is that if I went to mediation I would be going on a strong case for 1.9, I guess 1.5 if it was just me negotiating (indistinct) out; if it's Graham and I, it's 1.1. So, 1.1 I'd have to say I'm not happy with.

I think the other thing we've got to be careful of with the Senate and so forth is if we're seen to be unreasonable, then we won't have much sympathy. And the other thing that's a little bit awkward from my point of view, and I (indistinct) hear this down the track, is it seems that 1.5 was slotted in for me early in the discussions with this fellow (indistinct) Garms, but that figure was never put to me. So it's very hard to (indistinct) in the process when that wasn't the figure put to me.

H: I follow.

HON: And I think Graham was in a worse situation in that I don't think they really talked to Graham until (indistinct) it was all over. Would that be right, Graham?

S: They asked me for my bottom line figure, and I held back because I did not know what the process was, and it was very important to understand what was going to be paid and how it was going to be paid before you gave the bottom line, because what is important in all of these negotiations is to know how it was going to be done so you could work out what you finished up at the end of the day in your hand, and that's what I wanted to establish. And until that was established, I couldn't give my best bottom figure.

H: For what it's worth, it's my belief, having listened to the unresponsive reactions of Senator Boswell and having had my ear drummed for more than an hour today with Barry O'Sullivan, if you are not in by this afternoon with a figure you will be out, left to your own devices, and having heard Boswell today, I would believe that Boswell will be unable and/or unwilling to take up the cudgels any further.

HON: Yes. I think that would sound the way I'd expect it to. On the other hand, Telstra offered mediation to me and that was their way of resolving it, and then this Barry O'Sullivan situation came along, and I must (indistinct) find it a very strange way to do business, but I guess if Telstra has somebody do all their work for them to get a bottom line figure and it sounds pretty attractive, then you can understand (indistinct) would jump on board with him. What I found very hard to understand is Telstra require all this proof and documentation and all the rest of it to satisfy their auditors, and yet this is just a lump sum they bandy out for someone else to distribute. It kind of seemed quite unethical to me and in fact quite wrong, the way that the whole show was shaping up. Now, I might be quite wrong there, but I was really

asked to give a figure without even knowing what I have to find to get the money (indistinct) confidentially.

H: Well, I think the paperwork simply would be now, from what I heard of O'Sullivan today that the others have got documentation which, in effect, refers to the global sum that they've taken and that each of them sign off as being — it was to be intended that Telstra wanted them to sign up saying that they each, for themselves and for the others, express their satisfaction, and that's been struck out now and it will only be each person says he is satisfied with the proportion that he's going to get of the lump sum, and that's about all the paperwork that'll be, I gather, and that's being signed up, I believe, by the other four as we speak, and I believe it's more than likely that if we don't get in by 5 o'clock we will not be in any race. And O'Sullivan is telling me that the best we're likely to get is 3.6, isn't it?

S: 3.6 to 3.7. It keeps going down.

H: Yes, it keeps dropping by a thousand dollars - - -

S: A hundred thousand dollars.

H: 3.6 is what he was last speaking about.

HON: I think we gave him the authority to act on our behalf last Friday, or something.

S: We did.

HON: And he's changing the rules, not us.

S: I think what he's doing is he's beating us down to fit what's left after he gave the global figure for all of us.

H: What he's saying to me today is that he, in effect, can't be acting for you and for Graham unless he is told that from this point on he is, you see, because he is saying "I am telling you that it's my strong belief that you can't get any more than 3.6 or 3.7".

HON: I want to ask Graham this question.

H: He's just walked out of the room, but go on.

HON: Right. As I understand it, Graham put together a figure for Barry last Friday.

H: He did; that was the same figure as he had, in effect, put in front of the Telstra people last year when they were offering him a settlement arrangement and, after he had agreed that he would go along with it and gave them a figure, they said "But it's got to be under four million".

HON: So Telstra came back to Barry?

H: No, not to Barry, to Graham.

S: This was May last year. Remember that deal I was telling - - -?

HON: Yes. Last Friday, what was the figure that you gave to Barry to negotiate on our behalf?

S: We gave a global figure of 4.6 without giving any break-up.

HON: 4.6? And he's now saying it's 3.7?

S: Yes.

H: He said that's all that's in the kitty.

HON: And the kitty — that's the thing that's fairly hard to - - -

S: That's because — this is what Barry Sullivan told me and others, and I've been able to piece it all together. He talks about there was 14 to 15 million on the table. He talks about settling the other three COT cases for 10 million. I happen to know that Bova got 1.5. I strongly believe that our friend Plowman got two and, according to my figures, that leaves 6.5 to Garms. Now, I find the whole thing highly intolerable. I wasn't brought up there and given an opportunity to participate, considering who I represented. I think it's most improper the way Barry and she has carried on. He's told me these figures and, quite simply, we're talking about trust. How can I trust when

what's taken place in the past, and more importantly, I was not told what I required before I could respond.

HON: Yes. Well, from Telstra's point of view, Barry's given them a global figure. I would have thought, if I was Telstra, that I'd want to know the figure to take five out, not three out.

S: Yes.

HON: So where does that leave Telstra (indistinct) with Barry O'Sullivan's figure?

S: I don't know, but I think that's what's he's done. He's done a deal, but why are they still hanging in there, trying to get us in? I don't know what the details are. Maybe they've got problems if we don't go forward with it. But all I know is this, that - - -

HON: I think, from what's going on, and Mr. Hunt might think it's pretty ridiculous, but if I knew the full story a week or so ago and it was presented to me in a legitimate sort of a way and, referring back to find out on the grapevine that Ann Garms was talking 1.5 million for me, I guess if I was told that — perhaps the other people were told what they might get — then 1.5 would have seemed attractive on a just (indistinct) basis. But as far as O'Sullivan was saying, he's saying, "Look (indistinct) a million, I only think it's worth seven(?) odd hundred thousand dollars", I can't quite see how he can assess my situation over the phone, but (indistinct). It didn't seem to have any real good plan to it. It was just X is the figure and we'll give you so much. I guess when it came to a minimum figure, and I guess I took into consideration the fact that it would seem that Ann Garms is the receiver sort of knocking on the door, there is an urgency to get out. I don't have that urgency to get out, although, on the home front, (indistinct) wants to prolong it any longer. But, financially, I have to stick it out I can (sic).

No-one's prepared, I guess, to sort of (indistinct) of Barry O'Sullivan coming

along, putting the Michael Shand package together, (indistinct) happy to go to the offer that Telstra gave us of mediation (indistinct) backup of assessment. I could do better; I could do worse. It's just that what Barry O'Sullivan was offering was the absolute bottom line. Now, to my mind, that's associating with Telstra, not with me. I would think Telstra would like to get rid of all of this.

I don't know if I'm repeating myself to say that I've got, for the three figures, 1.9 if I (indistinct) myself; 1.5, if it was offered to me, I probably would have taken it, apparently it was there, but (indistinct) to me; 1.1 was offered through Graham to O'Sullivan, apparently this is when 4.6 was there, and I understood it was there on Friday, but it's not there today. So I think what I would take, the amount that Barry would now be talking to me, it's really just his own whiz-bang(?) figures of \$700,000, which is (indistinct) of that figure, then I have to be out of the process and either get nothing, or just move along with Telstra, certainly with(?) less political support, definitely the fact that three COTs are out, only two are in, that then puts us in a vulnerable position. On the other hand, I guess if Telstra want to have a clean sweep, who knows, they may want to pay more to Graham out of it; probably doubt that at the present time, but it's still hanging around there, which is a nuisance to them.

But I think I'm probably below 1.1, I'd take the chance and go my own way, if he can still secure 1.1, which is what the proposition was on Friday, and I thought accepted, (indistinct). Other than that, I'd like to complete the Shand process and mediate initially(?).

H: Would Graham be authorized to say on your behalf and/or do you want to speak with your own solicitors and say to Telstra, if we are able to get to speak to them today as we're trying to do, that your situation, take it or

bloody well leave it to Telstra. is 1.1, otherwise we proceed to mediation?

S: I think we'd give the global figure rather than give the single figure.

H: But I didn't ask him that.

S: Sorry, I beg your pardon.

H: Do you follow what I'm saying?

HON: Yes, I do. But the concern that I have with that, and that was the concern that I had with Barry O'Sullivan and, in many respects, I think the fact that 1.1 hasn't come off, he's already queered the pitch, because as soon as the figure of 4.6 or 3.7 is mentioned, Telstra know it's only related to two persons, I think - - -

H: Yes, they do.

HON: And they can very quickly work out what our bottom line figures are likely to be - - -

H: They've worked it out already. In their view, it is 2.7 and 1.1, I think, isn't it?

HON: This is Telstra?

H: Yes.

HON: But they're not coming to the party on that.

H: They're not coming to the party on the figure that includes both you and Graham at your minimum figures. But my belief is, listening to Barry O'Sullivan rave on, that he seemed to be quoting 1.1 today as your figure — I made no comment because I didn't really know it anyway - - -

S: And I never mentioned it.

H: And I hadn't been told it by — he was telling me several days ago that, in his view, just in passing, that whatever figure you wanted was unsuitable because you only got half of whatever the proceeds were of some motel and that there were 10 other people who had an interest in it, and so on and so on,

none of which I absorbed because I'd never heard of it beforehand, you see.

HON: It wouldn't be worth absorbing because it was sort of very - - -

H: I had that feeling, too, at the time.

HON: Now, he would not have got the figure of 1.1 from me. In fact, the only person who I've divulged the 1.1 to is Graham. My figure to Barry O'Sullivan has been 1.9. Usually, when we got off the phone, he sort of was really saying to me, "Have a good day". Now, I reported this to Graham, and I said, "It looks as though I'm out of the picture, and if I'm out of the picture we need to know what's happening", and that if I'm out, well I'm out, and 1.9 is what I'm after as far as (indistinct) because I really didn't want Barry O'Sullivan to be quoting a figure because, as soon as he says 1.1 to Telstra, then I won't be able to negotiate up on that figure; I'd only be able to negotiate down. As soon as it's disclosed what I'll take, in no other forum will I get more than that, and he really should not have disclosed 1.1 to you, I suppose to you because you're with Graham, and Graham knows anyway. But I didn't give Barry O'Sullivan 1.1.

S: No, neither did we.

HON: But I'm not sure where he's got it from.

H: He came up with the 1.1 today, as I understood it, when he was telling me again that there was only 3.7 left in the kitty, and his phraseology was something like: "That's", you know, "2.5 or 2.6", or something like that, and the balance for you.

HON: You're not likely to take that, Graham, are you?

S: Nope. Don't have to think about it. Even though Mr. Hunt is trying hard to get me to think about it, and I understand the reasons why, I think this is a dastardly(?) situation, and I just can't wait to talk to Mr. Barry O'Sullivan when we finish this conversation, and that's what I'd like to do. If I could

move on, and ring him, and get back to you.

HON: Yes.

H: The situation, I take it, as far as you're concerned, Mr. Honners, is that if we get to speak to anybody in Telstra today — and I'm reasonably convinced that 5 o'clock is a shut-off time from what O'Sullivan has spent nearly an hour bending my ear earlier this morning is saying — is that if we stick with the last reduced figure that you gave yesterday - - - Graham?

S: Friday.

H: Yes, but what was the figure again?

S: 4.6.

HON: 4.6, I think, gave 1.1 to me - - -

S: That's correct.

HON: And the balance to Graham. Now, that was the basis on which I went with Graham if it meant resolving he and I. Now, this is not - - -

S: No, we didn't give any break-up to those figures.

HON: No, we didn't. But, between you and I, that was how it worked out. And I stressed to Graham that there's no way I wanted anybody to know, other than him, that 1.1 figure because if Barry O'Sullivan fell over, which he has, and it's known that I'm 1.1, then he would've absolutely destroyed my chance in mediation of getting - - -

S: Well, he certainly wasn't told that. He was told by Mr. Hunt, and not me, that the global figure was 4.6 and that was our final offer.

H: See, what happened, when he told me that it was now down to 3.7, I said, "How did you make that out?" and he had several means of telling me what Telstra had had to say, but it was all related to the proposition that they only had so much left, which changed from 3.7 to 3.8, or 3.6 if you listen to him, and he said, "That would leave so much for your fellow and so much for the

other fellow", and I made no comment about that, except that it was ridiculous.

HON: The thing that beats me is he picks out his friends and his enemies and he divvies it around to suit.

S: That's correct.

HON: I think that we've got to go back to Telstra, probably, and say, "Look - - -

S: No, I think what we should do is we should expose the whole thing if this doesn't come off. However, I'd like to break off, Anthony, talk to him, and get back to you, because now's the time to hit Barry O'Sullivan between the eyes because I'm not letting this go on this basis, and I think that parties will be most interested to know what took place, okay?

HON: Yes.

H: Hang on a tick. Are we going to make an offer of repeating what we already said the other day?

S: That's correct. That's my stance.

H: And that's yours too, is it sir?

HON: Well, if I have a concern with offering that, I think - - - The thing I said to Barry O'Sullivan is 1.9 is my figure. I said, "If you ask me to give an absolute bottom line figure just to wrap it all up, that is going to queer my pitch forever after if you don't succeed", and basically, that's what's happened. What I said to him, "Go to Telstra with 1.9, and if they're not prepared to pay 1.9, what are they prepared to pay and I'll decide whether I stick to my guns or whether I don't". Now, he says, "No, no, they don't do it that way". Okay, so they don't.

H: Well, of course, he's running that at me all the time, too.

HON: In many respects, I don't think Barry O'Sullivan is going to do us one bit of good other than (indistinct).

- H: I think he's out of it at the moment. I think he's abandoned — he doesn't believe he's acting for you and for Graham as of now.
- HON: I don't think we need him any more. He has not proved beneficial to us, and I would think if we probably went to Telstra now and said, "Look, we can go through mediation, we can do our Michael Shand assessment, but it's probably better if the Senate (indistinct) cleaned up, 4.6 will take us out and, if not, then we'll go along with mediation and assessment and everything else".
- S: I think we should give Barry O'Sullivan one more shot this afternoon, but before I give him the shot I should let him know what I know.
- HON: Well, I'll leave that with you and Mr. Hunt.
- S: Okay, and I'll get back to you.
- H: So you're not unhappy with 4.6 to be put up again on the basis that they'll either take it, reject it, or offer something else?
- HON: Well, I think that's what we agreed on Friday. The fact that it hasn't come off disappoints me, and it does — not that they know, but they've only got to put two and two together to know that I've backed off at 1.9, and that's going to make it very difficult for me in mediation. But I've got to trust you to negotiate with them, and if they're going to come up with a figure like that, they'll take us out. If they don't come up with 4.6 — and I think it's a miserly figure for them to quibble over, (indistinct), and I can promise — I'm certainly not broke, and I'll be a bloody nuisance to them with press(?) and whatever else, and then(?) political.
- S: Okay then.
- H: Fair enough. Okay, because I'm not so sure, when he keeps telling me what Telstra has said, how little there is in the kitty, that he has submitted what he was asked to submit in the first place.

HON: That's right. And there's just a very big question mark over Barry, and I think we should be dealing with Telstra.

H: All right. We're endeavouring to get hold of Ziggy Kapilbafish, or whatever his name is. He's out of Sydney at the moment, but we left messages for him, but where we are getting to, I don't know.

HON: Yes. Well, at least the big fella can put it behind him, given the opportunity, to get rid of it off his desk.

H: What we will do, anyway, if we can't get hold of this Ziggy character before 5 o'clock, we'll have a shot at speaking to Bruce Akehurst.

HON: (Indistinct) other than we're washing(?) it up.

H: We'll be saying to Bruce Akehurst that the figure is 4.6.

HON: Yes, we might as well, because he already knows that and, unfortunately, it's (indistinct).

H: Yes. All right, then. Thank you for listening to us. We'll let you know if something happens. If you don't hear from us, you'll know (indistinct).

(MR. HONNER HANGS UP.)

S: I'd like to speak to Barry, and when I hit him between the ears with what Garms has told me - - -

(END OF SIDE 'A')

(O'SULLIVAN ON PHONE)

S: We're on loud-speaker because Mr. Hunt wants to hear what's going on, too.

O: Good. How are you, Mr. Hunt.

H: I have no complaints. And you?

O: Has Bruce Akehurst phoned you?

H or S: No.

O: When I left him, maybe 15 minutes ago, he was going to put a call in to Mr.

- Hunt to try and talk to you. So you can expect a call from him at some stage.
- S: I had put a call in to Ziggy.
- O: Yes, I think that's what promoted it, Graham. I think that he's involved somewhere there.
- S: Okay, okay. Mr. Hunt's gone out of the room. Barry, I have reason to be disappointed, and I have reason to be concerned, and I have reasons to be suspicious of what the hell's happening. Now, I just want to give you a brief detail of what I know or, more importantly, have been told. I was told by Ann Garms, when she couldn't get in touch with Anthony Honner, that the global figure that was going to be given for all, he was put down for 1.5 mil.
- O: Right.
- S: I have been told by Bova that his is 1.5 mil.
- O: Right.
- S: It's been indicated by Ross Plowman — not told; I've got to be careful here — that his is around 2 mil.
- O: Yep.
- S: I was told by Ann Garms that she should know what I should put in, on Sunday, that my figure was put in, without discussion with me, of 3.5 mil. and you have stated that the other three were taken out to 10 mil. and there was, on the table, 15 mil.
- O: Who told you that?
- S: You.
- O: I told you there was 15 million on the table?
- S: Well, you actually didn't tell me, to be quite honest, I have to retract that.
- O: Graham, I'm not going to have this conversation. I've never heard so much nonsense in one sentence in all my life.
- S: Barry, Barry, I listened to you, and I'm telling you -0 - -

O: Graham, I'm not going to have the conversation.

S: Okay, thank you, goodbye.

O: So that's it.

S: Okay, 'bye.

(O'SULLIVAN HANGS UP.)

H: For the record, today is still 13th April. At about 12-1/2 minutes past 3, we rang to speak to Mr. Bruce Akehurst. His secretary said that he was engaged on the telephone and he would ring back, she thought, in roughly half an hour, or about half-past 3; it was one or the other, sort of.

We rang again at 5 to 4 and were told this time, after she made enquiries, that it would be at least another hour. We left a message for him to ring me back.

(BRUCE AKEHURST ON TELEPHONE)

S: Could you just relay to me what has been happening, what did take place? Because I seem to find out more from the other COT members, and I understood I was the spokesperson for the group, and I have difficulty with Barry O'Sullivan because I'm aware of his involvement in the past in other matters, which was brought to my attention by Telstra as to what had taken place in the past, and I'm sure you've been brought up to date with that; if you haven't, you should've; and all I wanted to know is what was the proposal, what was the detail so I could appropriately respond and, since no-one could get on to Anthony Honner — who is a farmer and does spend most of the day in the paddock — and I could convey it to him also.

A: Well, the arrangement is that Telstra will settle in all of the other COT cases, other than yourself and Mr. Honner. All claims we had between one another, release one another from all claims and practically go and get on with our lives. That's the basic deal.

S: That part, I understand. Now, I understood that a figure was given to Telstra,

is that correct? Back on Easter Thursday?

A: A figure was given to me that represented the other four, but didn't represent you, or certainly wasn't purporting to cover you or Mr. Honner. So that's what I've been seeking, and what Mr. Hunt's now given me is the number that you two would be prepared to let sleeping dogs lie and walk away for, which I understand 4.6 million is your final bottom line.

S: Firstly, what I wanted to know, and maybe you as a businessman and solicitor would appreciate, I wanted to know the details of what was being proposed because, depending on how matters were going to be addressed, it could offer the opportunity to the individual claimant to lower their figure, and I felt that if I got all the right details and the right information, there's a greater chance of success if the method, the way it was going to be addressed, would maximize the opportunity to finish up with more nett money in hand, and if you'd lowered the amount that Telstra have to pay, there's a greater opportunity that Telstra would accept the proposition. I was then told that a decision had been made on behalf of a COT member without even discussion with that person because that person wasn't available. And I objected, as the spokesperson for the group as a whole, that people were making arbitrary decisions on what people's claims were worth, and I think that that's a proper stance to make. Now, it's my understanding that a figure was given to all — and not only my understanding, I was told a figure was given to all to Telstra — in other words, a global figure was given to all — on the Thursday because, apart from Barry O'Sullivan knowing all that was going down, as the convenor of this process, so was Ann Garms. And I just felt it was appropriate, due to the past events to do with Barry O'Sullivan, that another person should be just as much aware other than Ann Garms, if you know what I'm talking about. I don't particularly want to go into too

much detail, but if you require it I'm quite happy to provide the details I'm referring to.

So it was Ann Garms who told me that the figure put forward for Honner was \$1.5 million, without discussion with him. She also informed another figure was put forward to me. Now, I didn't even know there was a trust involved, or anything else involved. I got told by the COT members. Now, this is a lot of money for Telstra to pay out, and it's a lot of money, or little money, in our regard, and I could not get the details.

Now, when I rang to speak to you, and I keep running into Armstrong — and John does a good job, but I understood that they weren't involved in the process — I'm told I have to go through Barry O'Sullivan. And I'm saying, who's Barry O'Sullivan? He doesn't represent me or given me reason to represent me. Now, I have reason to be cautious, based on past events. I have reason to have concerns based on past events. I just find it very sad, at this late stage, that common sense can't prevail on all sides for all reasons and — I think I put it in a letter somewhere to somebody — it's amazing what people will do when they get the smell of money.

Now, I would love to be able to go away, and I'm quite sure, as I keep Anthony Honner fully informed, which I think it is sad that no other people have, that he would like to go away. But based upon the way it's been told to me, someone is not telling me the truth. I have been told that the figure put up to you on the Thursday — and I understand this was (indistinct) before 5 o'clock — that that was accepted in total. I was told that the total figure was \$15 million, or not - - - I was indirectly told it was \$15 million.

A: Well, I don't know where that number's come from because it doesn't relate to anything that is going on. But the basic proposition is that the other four have agreed, as I understand it, to settle. I'll see that tomorrow, and they'll

have the money in the bank account tomorrow and we'll walk away from one another.

S: Lovely for you, and lovely for them.

A: Yes, and the opportunity is there for you also to have the money in your bank account tomorrow and walk away as well, and Mr. Honner, but not at 4.6.

H: Let me buy in here for a moment. Are we obliged to be putting up a proposition for both Honner and ourselves? Because that's what we have, in effect, been told; that Telstra were only going to deal with the number of COT cases that were listed and that one of them, whose name is Smith, was not to be included, and there was a limited amount of money, and that was it. And the inferences that I've drawn very strongly from what's been said and not said to me — and it was introduced a bit at a time over the last several days during last week while I was waiting on instructions from Schorer and Schorer had told me that Honner was sort of joined with him whether he liked it or not because of the way the other four have proceeded — that only what was left over was available. Now, you're telling me something quite different. You're telling me that you've already determined roughly, on whatever information you've got, what Golden Messenger is worth to settle. Is that right?

A: Yes, that's right. Look, I'm happy, Mr. Hunt, to settle for 5 or 6. Put it that way, if that makes anything clearer. It's not a condition of settling with Mr. Honner that we settle with Mr. Schorer, or that if we settle with Mr. Schorer that we must settle with Mr. Honner. I'll just do as many as we can.

H: We're also told, or allowed to infer very heavily, that if we don't settle with you today the doors will be shut forever — bang!

A: Well, we go back to the process and the arbitration that we've had. All I'm trying to get to is, what is your bottom figure? If your bottom figure is too

high from what we think is a reasonable number, then we'll go back to where we were. You told me it's 4.6, that's your bottom line - - -

H: Well, that's the bottom line for two of us, and I'm embarrassed by the fact that I don't act for Mr. Honner - - -

S: I just want to deal with something — Bruce, I want to make something quite clear here. Until I spoke to John Armstrong — because I asked to speak to you and he rang — I was told by Bob(?), and obviously things have changed since then, that we were not to proceed in arbitration, they'd be permanently stayed, and Ian Garms' appeal permanently stayed and there'd be a negotiated(?) process put in place, and I worked on that proposal. Unfortunately, the others held up that proposal which I was trying to have clear.

The proposal that was near completion, was to allow a mediation to take place along along the Telstra line(?) and that didn't fail; didn't proceed (or succeed), I should say, or work. If the parties can't agree, the arbitration is definitely out because of the conduct, and the rules are not applicable to the now known event, then it would be commercial assessment that, based on the terms of reference, that reflect the now known events. Now, I am not prepared to enter into, or continue with the arbitration, and it would be an unreasonable request from Telstra, and when I spoke to Armstrong about this, I said, having been instructed our proposal can only go through O'Sullivan, I would only conditionally do that on the basis, as I spoke to Honner about, on the basis that we were not foregoing our rights to enter into a negotiated agreement on the document we're presenting, which meant that if Telstra's mediation didn't achieve the desired result between the parties, then a third party such as a commercial assessor, through a commercial assessment process, would take place.

- A: Yes, well, I'm not agreeing to any of that. What I'm proposing, and what's been acceptable to the other four, is that they give me what they're prepared to settle for, and if that's acceptable to me, I'll settle.
- S: I think that's wonderful for them and wonderful for Telstra.
- H: Excuse me just a minute. You've already got your figure set, have you?
- A: My figure was a lot less than the 3.7 million; put it that way. But I just can't — I can't justify to the shareholders, to the management, to the Board, to go beyond that number. So, if you're serious that it's 4.6, then we're about \$900,000 apart, and you know this process isn't going to bring satisfaction to you or us, I don't think. All I just want to be clear on is, whether or not we've agreed on that, that 4.6 is your is your bottom line and 3.7 is my top line, so there's a gap there that we can't bridge.
- H: So your gap(?) for two of us is 3.7?
- A: Well, my offer to you is 3.7, yes.
- H: Am I just Golden, or am I Golden and Honner?
- A: That's Golden and Honner, yes.
- H: And is that how you dealt with the others? You told them what they were going to get? Because they told me, you see, that they put in a gross figure for all four of them and, magically, it was accepted. Then I was told, while it was allegedly happening, that Schorer and Honner had better smarten themselves up because, if they didn't, there wouldn't be enough left over for them to get anything.
- A: (Indistinct) figure, as I understand it, is 4.6; is that correct?
- H: Yes.
- A: And that's for Schorer and Honner?
- H: Yes.
- A: And I'm saying that that's too high. Unless you're prepared to come down,

and I'm opening up my — I'm being sort of perfectly open with you and saying unless you're prepared to come down to 3.7, I can't help here, because it's just too high.

S: You said you couldn't justify it to your shareholders, and I'm very pleased to hear that being said, but - - - Excuse me, my mobile phone - - -

A: I guess what I need to know: is there any room here to move down below 4.6, or is that it?

H: Well, if you're telling us that 3.7 — drop dead! — then the answer is no. But (indistinct) and Schorer's walked out of the room now because somebody's rung on his bloody mobile. I say 'bloody mobile' because I can't stand them, personally, they always ring at the wrong time.

I'm embarrassed by the fact that, for some reason, Honner is being — by the group of COT people as a whole — tagged on to Schorer, you see. Normally, I just act for Schorer. Now, what you appear to be saying to me is that 3.7 is it — drop dead! But if you're prepared to negotiate somewhere between 3.7 and 4.6, either for Schorer acting by himself or Schorer acting for both himself and Honner, then that's put a different complexion on it.

A: Well, I can't leave Honner out there. I can't pay you 3.7 and leave Honner out there clinging, if I can put it that way. Do you know what I'm getting at there?

H: Yes, I don't want him to be left swinging, either.

A: So look, all I need to know, Mr. Hunt, really, honestly, is — I don't want to get into a horse-trading thing, I just really want to know what your bottom figure and I'll tell you honestly whether I can accept that or not. If you're telling me it's 4.6, I'm saying I can't accept that, but if you can come down below that and you tell me where it is, there's a chance that we might be able to accept it, but I really need to know very, very urgently, because I'm

