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CHRONOLOGY

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Exhibits 996 to 1001

FACSIMILE TRANSMISSION

TO:	Mr Warwick L Smith LLB Ombudsman - TIO	FAX NO:	(03) 277 8797
FROM:	Ann Garms OAM 65 King Arthur Terrace TENNYSON QLD 4105	FAX NO: PHONE NO:	(07) 892 3739 (07) 892 5040
C.C.:	Mr R Davey, Chairman AUSTEL Senator Richard Alston Senator Ron Boswell	DATE:	14 April 1994
RE:	FAST TRACK SETTLEMENT PROPOSAL		
NO OF PAGES:	2	(including this one)	

Dear Mr Smith

On reviewing Mr Blount's comments in the media in the last 20 hours, it is apparent that Telecom is still adopting the hard line that the problems experienced by COT were not as severe, or to the extent that we claimed. In a whole page advertisement in every major newspaper in Australia today, Mr Blount states –

"Publicity surrounding the allegation of a group of small business people, who call themselves Casualties of Telecom, or COT cases, about the effect of deficiencies in Telecom's service on the viability of their businesses would appear to undermine the values which Telecom claims to cherish. Let me assure all our customers, this is not the case."

The statement in the advertisement of Mr Blount is of course contrary to the findings in Coopers & Lybrand's Review of COT Cases. **"Telecom did not meet the minimum standards of adequacy, reasonableness and fairness".**

AUSTEL has also found that Telecom is **"less than that which might be expected of a model corporate citizen".**

It is this attitude of denial that has taken Telecom to the position it finds itself in today. For the first nine years of my dispute, Telecom consistently denied that any such problem existed. It was only with the intervention of AUSTEL, the Senate and the Minister, that the story changed from "no problem" to "the problem's not as bad as you say".

As you are well aware, COT Cases signed a **'Fast Track Settlement Proposal'** on 23 November 1993 with Mr Jim Holmes, Corporate Secretary, Telecom. We were advised by AUSTEL that the 'Fast Track Settlement Proposal' was an **Assessment Process** and not an Arbitration Procedure. Mr John MacMahon of AUSTEL has confirmed that very fact with me in the last week. The Arbitration Procedure was to be developed for further cases out of the experience of dealing with COT through the 'Fast Track Settlement Proposal'.

At our first meeting with you, you advised COT that Mr Steve Black of Telecom had given you a document pertaining to rules of arbitration. We requested that you not forward this document to Dr Gordon Hughes as this was not the agreement reached between COT and Telecom. We were subsequently advised by Mr Peter Bartlett, your legal adviser, and Dr Gordon Hughes, that because of Telecom's non-compliance with Freedom of Information requests, the Arbitration Procedure would serve our purposes better.

We have the utmost faith in Dr Gordon Hughes in his role as the assessor.

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On the surface, that could very well sound rational, and in normal circumstances, could very well be workable and achievable. We are not involved in a dispute situation of normal circumstances. From documents I have in my possession, it is quite obvious that Telecom bears a deep resentment to COT and, as is evidenced throughout their own documents which I obtained under FOI, their express purpose has been to try to get COT into Court, and I quote from correspondence from Mr D Hoare, Chairman of the Telstra Board to the Hon David Beddall MP, Minister for Communications, on 18 August 1993 –

"Telecom would welcome the opportunity to present its case in court but there is no accepted mechanism for it to initiate court proceedings on these matters. Hence Telecom must continue to bear the brunt of negative media activity despite its attempts to resolve these cases."

There are numerous other references in Telecom Corporate files that indicate Telecom's desire to litigate this matter.

I initially litigated against Telecom in 1990, however they successfully pleaded immunity under the provisions of the Telecommunications Act. The dispute with Telecom has literally crippled us financially leaving us, at this point in time, with massive amounts of outstanding debts to our consultants who had be appointed by us to assist in substantiating our claims.

Telecom are well aware of our financial position as this is recorded time and time again throughout their files. That is of course, notwithstanding the fact that Telecom tape-recorded and listened to thousands of hours of my personal and business conversations, which included very critical discussions with my lawyer, professional advisers and financial consultants.

The 'Fast Track Settlement Proposal', Clause 2(h) states: **"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."**

Correspondence of 25 October 1993 from John MacMahon, Manager Consumer Affairs, AUSTEL, to Ann Garms, re 'Fast Track Settlement Proposal' reads in part, as follows:

"Outcome binding on all parties – Telecom also want AUSTEL to accept the outcome as binding on all parties."

Under the 'Fast Track Settlement Proposal' we can present our claims and they can be assessed in exactly the same manner with some guidelines as to time frame, confidentiality, and so forth.

As the Tivoli's complaint has been so protracted and complicated by Telecom's actions and inactions, there is now no doubt in my mind after Mr Blount's statements of last night and today, that under the Arbitration Procedure, with all of its legal barbs, Telecom will find a way to not accept the Arbitrator's findings and appeal on a point of law, thus holding up the final settlement of COT. We are not prepared to deviate from the 'Fast Track Settlement Proposal'.

Maureen Gillan phoned me last Friday, 8 April, to advise me that she could no longer continue; she had not obtained her FOI; she was finished; her health was suffering and she just wanted out; and that she had no choice but to sign the Arbitration Procedure, as she could not continue any longer.

Yours sincerely

Ann Garms OAM

FACSIMILE TRANSMISSION

TO: MR WARWICK L. SMITH	FAX NO: 03 2776797
FROM: Ann Garms OAM 65 King Arthur Terrace TENNYSON QLD 4105	FAX NO: (07) 892 3739 PHONE NO: (07) 892 5040
C.C.:	DATE: 14-4-94
RE: FAST TRACK SETTLEMENT PROPOSAL	
NO OF PAGES: 2 (including this one)	

DEAR MR SMITH,

THANK YOU FOR YOUR RETURN FAX. MY APOLOGIES IF I WAS NOT CLEAR - YES WE ARE PROCEEDING - BUT UNDER THE FAST TRACK SETTLEMENT PROPOSAL.

MR BLOM'S REPLY TODAY RE THE AUSTEL ENQUIRY + COI MAKES IT IMPERATIVE THAT WE STICK TO OUR ORIGINAL AGREEMENT WITH TELECOM. THE PROCESS WAS DEVELOPED BETWEEN TELECOM - AUSTEL + COI AS A SETTLEMENT PROCESS. MY CLAIM IS ALMOST READY FOR ASSESSMENT BY DR GORDON HIGHER. I ENCLOSE CORRESPONDENCE FROM MR JOHN MCMAHON, MANAGER CONSUMER AFFAIRS - AUSTEL IN REGARD TO THOSE NEGOTIATIONS

THANKING YOU

Yours Sincerely

Ann Garms

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Telecommunications
Industry
Ombudsman

Warwick L Smith LLB
Ombudsman

April 14, 1994

STRICTLY CONFIDENTIAL

Mrs. Ann Garms
65 King Arthur Terrace
TENNYSON QLD. 4105

By Facsimile: (07) 892 3739

Dear Mrs. Garms,

Thank you for your fax of today. Apart from my briefing yesterday from Rob Davey, I have not spoken to him about the matter you raised on the Procedure. Gordon Hughes is in Port Moresby. I hope to see Peter Bartlett tonight if he is available.

I am not sure where Alan Smith or Graham Schorer are with regard to proceeding. They have been in regular contact with Peter Bartlett, but I still hope the matter can proceed and am of the view the Procedure endorses the "Fast Track" Agreement and is important for the arbitrator in his role. Let me come back to you as I take it from your letter that you are not now proceeding at present.

Yours sincerely,

Warwick L. Smith
Ombudsman

c.c. Peter Bartlett

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Box 18098
Collins Street East
Melbourne 3000

Telephone (03) 277 8777
Facsimile (03) 277 8797
Mobile 018 561 206

56:

AUSTEL

AUSTRALIAN TELECOMMUNICATIONS AUTHORITY

14 April 1994

Mrs Ann Garms
85 King Arthur Terrace
TENNYSON QLD 4105

FAX: 07 892 3739

Dear Mrs. Garms

This letter is to confirm that the Fast Track Settlement Proposal drafted by AUSTEL and signed by Telecom on 18 November 1993 and by you on 23 March 1993, refers to an "assessment" process and an "assessor" and makes no reference to "arbitration" or to an "arbitrator."

Yours sincerely

John MacMahon
General Manager
Consumer Affairs

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QUEENS ROAD, MELBOURNE, VICTORIA
POSTAL: P.O. BOX 7443, ST KILDA RD, MELBOURNE, VICTORIA, 3004
TELEPHONE: (03) 828 7300 FACSIMILE: (03) 820 3021

AUSTEL

AUSTRALIAN TELECOMMUNICATIONS AUTHORITY

92/596(9)

7 February 1994

Mrs A. Garms, OAM
65 King Arthur Terrace
TENNYSON QLD 4105

Fax: (07) 892 3739

Dear Mrs Garms

FAST TRACK SETTLEMENT

The terms of the procedure to be followed by Dr Gordon Hughes in resolving your claim (and the claims of the other three *COT Cases* subject to the *Fast Track Settlement Proposal*) are for you and the other three *COT Cases*, on the one hand, and Dr Hughes, on the other, to agree having regard to Telecom's position. For AUSTEL to become involved in that process would be to usurp the role of Dr Hughes. As stated in his letter of 3 February 1994, Dr Hughes is prepared to convene a meeting to resolve any outstanding issues regarding his procedure. Subject to that qualification, I can, however, provide you with my understanding of the *Fast Track Settlement Proposal* by confirming the advice conveyed to you by John MacMahon, AUSTEL's General Manager, Consumer Affairs, on Friday 4 February 1994 to the effect that -

- The thrust of the *Fast Track Settlement Proposal* was review and assessment. This may be seen by contrasting the words in the *Fast Track Settlement Proposal* with their emphasis on "*a review*" and on "*an assessor*" with the words in the *Proposed Arbitration Procedure* which was attached to the *Fast Track Settlement Proposal*.

- While clause 2(f) of the *Fast Track Settlement Proposal* dealing with the causal link was based on clause 8(j)(iii) of the *Proposed Arbitration Procedure*, it quite deliberately omitted the words "... *giving due regard to the normal rules of evidence relating to causation* ..." which appear in clause 8(j)(iii). While clause 10.2.2 of the *"Fast Track" Arbitration Procedure* which accompanied your fax of 4 February to John MacMahon appears to be consistent with clause 2(f) of the *Fast Track Settlement Proposal*, the words "... *accepted legal principles relating to causation and assessment of loss*" in clause 10.2.3 appear to be at odds with the thrust of clause 2(f).

5 QUEENS ROAD, MELBOURNE, VICTORIA
POSTAL: P.O. BOX 7443, ST KILDA RD, MELBOURNE, VICTORIA, 3004
TELEPHONE: (03) 828 7300 FACSIMILE: (03) 820 3021

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- The *Fast Track Settlement Proposal* was silent on the issue of AUSTEL determining a maximum amount recoverable in tort against Telecom. It was certainly not my intention that any amount so determined by AUSTEL should apply to your claim against Telecom.

- While the Fast Track Settlement Proposal was also silent on the issue of *"set offs"*, I did have in mind that amounts previously paid by Telecom to you would be *"set off"* against the amount, if any, determined in your favour. The issue of the *"set off"* of *". . . services carried out . . ."* in terms of clause 10.1.2 of the *"Fast Track" Arbitration Procedure* is one you should clarify with Dr Hughes.

Yours sincerely

Robin C Davey
Chairman

Dear Mr Smith

Re: Fast Track Settlement Proposal and the Assessment of COT in Relation to that Proposal

We are all in agreement that we wish to be assessed by Dr Gordon Hughes under the Fast Track Settlement Proposal authored by AUSTEL and signed by Mr Jim Holmes, Corporate Secretary of Telecom on 18 November 1993, and by COT members on 23 November 1993.

We acknowledge the confirmation by AUSTEL on 14 April 1994, that the Fast Track Settlement Proposal confirms the assessment process for COT members. (Copy enclosed.)

Thanking you.

Yours sincerely

Graham Schurer

Alan Garms OAM

Alan Smith

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MEDIA Release

Telecommunications Industry Ombudsman

RELEASE: IMMEDIATE

DATE: 17TH JANUARY, 1994

"Settlement Resolution Procedure For Claims Against Telecom"

Under a proposal for Fast Track Settlement of the claims of four customers against Telecom (COT cases) developed in consultation with AUSTEL it was determined that the Telecommunications Industry Ombudsman would appoint an Assessor to resolve the claims.

I have appointed Dr. Gordon Hughes as Assessor. He is an immediate past President of The Law Institute of Victoria and currently Managing Partner of the Melbourne office of national law firm Hunt & Hunt. Dr. Hughes is a leading expert in information technology law and is on the Executive of the Law Council of Australia.

In addition I have appointed Ferrier Hodgson, a major Australian Chartered Accounting practice and DMR Group Australia, an international consulting group with specialist expertise in information technology and telecommunications to act as an expert resource unit to the Assessor.

In addition Mr. Peter Bartlett a senior Partner with Minter Ellison Morris Fletcher a national legal firm, and currently Chair of the Law Council's Business Law Committee on Telecommunications and Media has accepted the position as special counsel to the Telecommunications Industry Ombudsman for the purposes of the "Fast Track" Settlement process.

The process will commence immediately.

For further information: Mr. Warwick Smith
Telecommunications Industry Ombudsman
Phone: (03) 277 8777

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                :     - DOES NOT EXIST
                :CUS - CUSTOMER
SOLUTION      = 10/05/94  CSR: ZV333FIELD EMPLOYEE: E767          TONY WATSON
                IN HAND TONY WATSON
                10/05/94 I reported this incident in LEOPARD on 055217777
                and notified Chris Doody. We were able to duplicate the
                incident during testing; 217777 was diverted to 236101 with
                easycall and when 236101 was busy, a call to 217777 would
                return one burst of ring then busy.
                11/05/94 Chris Doody called me this morning and said the
                incident is caused by AXE104 system limitation, that is the
                incident is normal and the customer is aware of that.
                11/05/94 09:25, Mr Alan Smith was notified of the result.
                Tony Watson.....
SOLUTION      = 11/05/94 10:33 ZV333
                Chris Doody is sending a report on the incident.
                Tony Watson.....
DATE      START END    SYMPT CAUSE ACT'N EMP
10/05/94 13.47 13.48  NF    WJ    YT    E767
****************** NO PART DETAIL ****************
-----------------------------------------------------------------------------
ORDER         = S6701981                    STATUS       = CL
CUSTOMER      = 259289                      TELEPHONE    = 055 267267
                CAPE BRIDGEWATER HOL. CAMP      ALAN SMITH
                BLOWHOLE RD
                CAPE BDWTR          VIC       3306
CALLED IN     = 04/05/94 14.03
CLOSED        = 04/05/94 14.04
DESCRIPTION   = 27/04/94 13:30 visit to [redacted].....
NARRATIVE     =  4/05/94 13:48 ZV333
                27/04/94 13:30 Apointment for Ross Anderson to visit Alan
                Smith to investigate the report of 267230 possibly holding
                up, after the phone was hung up.
                :BNU - BUSY NOT IN USE
                :     - DOES NOT EXIST
                :CUS - CUSTOMER
SOLUTION      =  4/05/94  CSR: ZV333FIELD EMPLOYEE: E767          TONY WATSON
                This fault report was initiated by Peter Gamble. Peter was
                doing some testing with Alan Smith and apparently they were
                able to hang up Smith's phone and while Peter was still
                listening at his phone he could hear Mr Smith talking in his
                office. In fact Mr Smith counted to 10 then picked up his
                phone again and Peter had been able to hear the count to 10.
                On the 27/04/94 at 13:30 Ross Anderson visited the premises
                to investigate these claims. Ross called Peter Raphael on
                03 5507309 and made 10 test calls, Ross was hanging up then
                counting to 10 and picking the phone up again, each test
                call was released ( that is line was heard to drop out ) at
SOLUTION      =  5/05/94  9:10 ZV333
                within 1 second of hanging up. Peter was able to hear Ross
                count 1 then the line released.
                I spoke to Ross whilst he was on site and we made further
                test call ( 18 calls of which 2 were from 267267 ), during
                these test calls we obtained the same result as previous,
                that is the line released within 1 second. We also tried the
                T200 from 267267 on 267230 and it released immediately on
                hanging up. We then tested the suspect T200 on 267267 and it
                displayed the same symptom on this different line.This T200
                is an EXICOM and the other T200 is an ALCATEL, we thought
                that this may be a design "fault???" with the EXICOM so Ross
SOLUTION      =  5/05/94  9:27 ZV333
                tried a new EXICOM from his car and it worked perfectly.
                that is, released the line immediately on hanging up. We
                decided to leave the new phone and the old phone was marked
                and tagged, Ross forwarded the phone to FM&D.
                I was speaking to Mr Smith the next day ( 28/04/94 ) and he
                said he has witnesses to prove that his phone used to hold
                up for over 10 seconds. He wants a letter to say nothing
                else has been fixed prior to the visit by Ross that could
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3. We have set up discussions with the CWU with the view of implementing any of the following:

   Use of Fixed Term employees for three months
   .Use of Couriers to deliver phones where the fault is diagnosed as being in the phone.
   .Use of contract labour.

All these actions are costly in terms of SDU expenses . The recently completed Mercer Study estimates that the cost of a visit is $237. No allowance has been made for this activity in the SDU budget..

With the Ballot due in March we must address the problem as aggressively as possible. Consideration should also be given to seeking compensation from TT or Exicom.

Western Australia.

The heavy population areas in WA are in the South and traditionally the weather is not expected to effect these areas until February or March. We are arranging for Alcatel phones to be supplied to northern areas.

D01027

$76,785,000

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EXICOM TELEPHONES.

With the onset of the "wet" season in Northern Australia it has become apparent that we are having a significantly higher fault rate with T 200 telephones that would have been normally expected. the problem was first apparent in Darwin but it has been closely followed by Cairns and Townsville. Over the past weeks this problem has reached Southern Queensland.

The most common fault is line looping which can either be permanent or intermittent. A related problem is that the phone loops the line after a single burst of ring. The called party has not answered but the phone is off the hook and sometimes the calling party can hear all activity at the called end. In this case the call would also appear on the billing record as a short duration call. Breakthrough Billing have been informed of this possibility.

Tests were carried out by TRL and the problem isolated to the Exicom flexible keypad circuit layers which were manufactured after week 7 of 1993. Exicom are the sole supplier of Serial 550/141 "tropicalised" telephones which are treated with conformal coating and these phones are deployed in areas of high humidity. High humidity is the specific condition most likely to bring about the fault. Therefore in areas of high humidity we have a potential major fault problem.

DEPLOYMENT.

Whilst I do not have the total deployment of Exicom phones available it has been assessed that there is approximately 450,000 phones with potential faults. Of these there are 325,000 Serial 550/141 phones deployed in areas of high moisture. Approximate deployment of the Serial 550/141 phones since April 1993 is:

Queensland	225000
Darwin	8000
Western Australia	90000

In these areas virtually all T200's installed or used as replacements during maintenance have a potential problem. In addition there are some 125000 in other areas.

IMPACT.

Darwin.
The problems in Darwin have been addressed. Since December no more Exicom phones have been used. All supplies have been sourced from Alcatel and whilst these do not have the conformal coating tests indicate that they are performing satisfactorily. Whilst there are still phones in-situ with potential defects the situation is considered manageable.

Queensland.
The Queensland situation is very serious. The situation has progressively worsened as the wet has moved south. It has significantly worsened over the past two weeks as cyclone Rewa has moved off the Queensland Coast and brought with it very heavy storm activity and high moisture conditions.The effect in Queensland is that in January we are experiencing the need to replace phones at the the rate of 12000 a month compared to the expected 6500. Under the present Union agreements each of these replacements require a visit by field staff.

In Queensland we have taken the following actions:

1. Following the success of the trial of the Alcatel phone in Darwin, supplies of Exicom phones to Queensland have ceased and all further phones used will be sourced from Alcatel. Because of the supply problems Exicom phones will still have to be deployed in areas of lower moisture risk.

2. We still have a heavy backlog of work due to the impact of Cyclone Rewa.Staff have been recalled on duty and over the weekend we have loaned all available staff from C & G, Pay phones, CED to work with the SDU to replace telephones.Whilst this may overcome the present problem it does not offer a sustainable long term solution.

Holmes, Jim

From:	Bruce, Kevin
To:	Row, Ian
Cc:	Holmes, Jim
Subject:	Fibre Degradation
Date:	Thursday, 16 September, 1993 3:41PM
Priority:	High

You will recall a week or so ago I briefly mentioned that Network Products had experienced difficulties with parts of the optical fibre network and that Gerry Moriarty & Harvey Sabine (GM - Transmission) had asked that I and suitable external litigation experts consider Telecom's legal position.

My initial preference for external legal support was Russell Berry & Wayne Condon. Because one of the possible defendant's (Olex Cables) is a division of Pacific Dunlop Ltd, Freehill Hollingdale & Page had a conflict of interest. Due to the firm's commercial litigation expertise and the knowledge it has acquired of Telecom's supply processes through the Switch Vendor Study, my other preference was Molomby & Molomby. Lindsay Collins & Nick Nichola were available, Molomby's had no conflict of interest, so I have briefed Molomby & Molomby.

Problems were experienced in the MacKay to Rockhampton leg of the optical fibre network in December '93. Similar problems were found in the Katherine to Tenant Creek part of the network in April this year. The probable cause of the problem was only identified in late July, early August. In Telecom's opinion the problem is due to an aculeate coating (CPC3) used on optical fibre supplied by Corning Inc (US). Optical fibre cable is supposed to have a 40 year working life. If the MacKay & Katherine experience are repeated elsewhere in the network, in the northern part of Australia, the network is likely to develop attenuation problems within 2 or 3 years of installation. The network will have major QOS problems whilst the CPC3 delaminates from the optic fibre. There are no firm estimates on how long this may take.

Telecom's sources its optical fibre cable from 3 suppliers, Pirelli Cables Aust Ltd, Olex Cables and MM Cables. These 3 suppliers obtain their optical fibre from Optical Waveguides Australia (OWA) [using Corning technology] and Optix [using Sumitomo technology]. To date Telecom has not experienced any problems with cable that uses Sumitomo technology. From October the cable suppliers will only provide Sumitomo sourced cable. Existing stocks of Corning cable will be used in low risk / low volume areas.

Legal involvement at this stage is part of NWP's risk management exercise. It is clearly understood that any decision to pursue legal options will require senior management endorsement.

Kevin Bruce

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