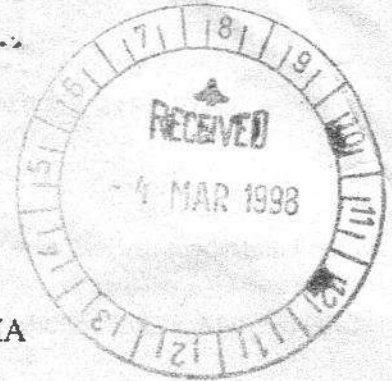


[PROOF COPY]



COMMONWEALTH OF AUSTRALIA



# SENATE

## Proof Committee Hansard

ENVIRONMENT, RECREATION, COMMUNICATIONS  
AND THE ARTS LEGISLATION COMMITTEE

Supplementary Hearing of Additional Estimates

FRIDAY, 27 FEBRUARY 1998

CANBERRA

### CORRECTIONS TO PROOF ISSUE

This is a **PROOF ISSUE**. Suggested corrections for the Bound Volumes should be lodged in writing with the Committee Secretary (Facsimile (02) 6277 5818), as soon as possible but not later than:

Friday, 13 March 1998

BY AUTHORITY OF THE SENATE  
CANBERRA 1997

[PROOF COPY]

21

**Senator ALLISON**—But answerable to the parliament and to the minister.

**Mr Ward**—Absolutely.

**Senator ALLISON**—But still you felt that you were unable to reveal the names of those people who had benefited, to the tune of something like \$12,000 each, from a trip to Atlanta. Is this correct?

**Mr Ward**—We believe it is appropriate, and not in the customers' interests to reveal their names on this occasion. That is our view, and I believe it is shared by our customers.

**Senator ALLISON**—These customers are not, presumably, private individuals?

**Mr Ward**—I do not know them. Our business and government area clearly would.

**Senator ALLISON**—They would be in corporations of some sort? Presumably a key customer is not somebody like myself, who uses a mobile phone a couple of times a day?

**Mr Ward**—I believe they would typically be those who give significant business to our business and government base.

**Senator ALLISON**—So they give business?

**Mr Ward**—Which is more at the corporate end of the market than the small business—

**Senator ALLISON**—So they are in the position of being able to make decisions which could favour Telstra—that is what you are suggesting?

**Mr Ward**—Yes, in terms of us developing a business relationship with those customers, or maintaining one.

**Senator ALLISON**—Are you familiar with Telstra's employee code of conduct?

**Mr Ward**—I am familiar that it does exist, yes. I am not—

**Senator ALLISON**—That it does exist?

**Mr Ward**—I am not saying that I am familiar with it line by line.

**Senator ALLISON**—Would all employees, and especially those making the decision in this respect, be familiar with this code of practice?

**Mr Ward**—I believe so, because we have developed quite a communications program around that.

**Senator ALLISON**—So this is still a current code of practice? It would be familiar to those people who needed to know—

**Mr Ward**—Yes, I believe so.

**Senator ALLISON**—It says, under 'Guidelines for expected behaviour—bribes, pay-offs or kick-backs':

No bribes, pay-offs, kick-backs or other considerations will be paid or received directly or indirectly. In addition, such payments to domestic or foreign government officials to influence a decision or to gain a benefit either directly or through a third party, are prohibited.

This is understood by you and by other employees?

**Mr Ward**—Yes.

**Senator ALLISON**—Would you like to give us a view about these trips to Atlanta and how they relate to expected behaviour in this sense?

**Mr Ward**—I believe the trips to Atlanta would be very much in the hospitality part of those guidelines and that, given that, they would be covered off by the CEO or GMD delegation—that is, no individual members of the business and government group could make those decisions; it would need to be endorsed by the CEO or by the group managing director, in this case, of business and government.

**Senator ALLISON**—How does hospitality differ from a consideration or a gift?

**Mr Ward**—The consideration or a gift at the individual employee level differs from a corporate decision to offer hospitality, whether it be a seat at the ballet or a seat at a corporate box for football or a trip to the games. That is covered under hospitality.

**Senator ALLISON**—With respect, Mr Ward, a seat at the ballet is quite different from a \$12,000 trip to the Atlanta Games surely.

**Mr Ward**—Senator, I am quite happy to provide you with our view of the relationship of that hospitality to the guidelines. I believe it is quite consistent, but I am happy to give you a written view if you wish.

**Senator ALLISON**—Yes. If you could give me the section of the code of behaviour which relates to hospitality and which would permit a gift or consideration of this sort, I would be happy to receive it.

**Mr Ward**—I am happy to do that, Senator.

**Senator ALLISON**—On the giving of gifts and prizes of more than token value, I read:

Where the gift or prize is of more than token value, any one gift or prize to a customer or business associate should not exceed \$250 in value at any one time.

Gifts and prizes in aggregate to one person or one organisation should not exceed \$1,000 in value from any one individual over a period of one calendar year.

Would you therefore agree that this consideration to Atlanta was contrary to that code?

**Mr Ward**—I certainly would not agree, Senator. I believe that part of the guidelines relates to individual employee initiatives, whereas the trip to Atlanta would fit into the category of corporate hospitality, which is covered in another part of the guidelines. As I say, I will give you a written and more detailed explanation of that.

**Senator SCHACHT**—So are the corporate guidelines basically whatever you want to drive the tank through? You will do whatever you like?

**Mr Ward**—I think you are not giving a lot of respect there.

**Senator SCHACHT**—This side is actually giving them a bagful of money.

**Mr Ward**—That is covered in the guidelines by the important issues of delegation to the CEO and the GMD, who are very senior people running the company and whom the board has picked to run the company. I think the guidelines cover that quite satisfactorily.

**Senator ALLISON**—Mr Ward, the guide goes on to say:

Normally, gifts and prizes given to customers and business associates should be limited to official Telstra promotional materials of little or nominal value such as pens, pencils, key rings, diaries, etc.

This would appear to make it quite clear. We are talking about business associates; we are talking about what is expected behaviour under the code.

**Mr Ward**—Senator, I could just draw your attention to the differences that I believe are in those guidelines, which I will clarify further, between individual employee initiatives around gifts and corporate hospitality deemed by the CEO or a group managing director.

**Senator ALLISON**—Are you suggesting that there is another code for corporate hospitality?

**Mr Ward**—No. I believe it is covered a bit later in that code.

**Senator SCHACHT**—It basically says that, if the chief executive says we can give someone a free trip round the world, that is accepted as corporate.

**Mr Ward**—If the CEO believes that the form of corporate hospitality being recommended by the group managing director is appropriate, he has that delegation.

**Senator SCHACHT**—So the invitations to people to go to Atlanta, whether they were politicians or corporate, were approved by the CEO.

**Mr Ward**—I believe they would be approved by the CEO.

**Senator ALLISON**—What is the process of approval for such arrangements?

**Mr Ward**—Under items of that significance, there would be a recommendation by the group managing director—in this case, of business and government back in 1996—to the CEO. The CEO would have considered that in the context of our business imperatives.

**Senator ALLISON**—I would be glad if you could respond to that question of the code of practice for hospitality. I have the full code. I only have certain pages here, but I have read the code. I would be very surprised if you can demonstrate what you have just indicated to us today.

I just come back to this question of the sensitivity of your business customers. You have said that these are not individuals, therefore, I assume that they are people who represent corporations. Since they represent corporations, and since Telstra is a corporation, why is there the need for such secrecy? Why is it a sensitive matter? Could you just explain that in a little more detail than you have already done?

**Mr Ward**—I can seek further counsel from business and government but it is their belief, and that of their customers, that, in this competitive marketplace, they did not want this to be a public issue. I do not think it is corporate practice to make these things public.

**Senator ALLISON**—So are you suggesting that if Optus knew that Telstra was sending customers to Atlanta that it would also want to do so?

**Mr Ward**—That is quite possible. I do not know whether they did but it is quite possible. Certainly, the competitors we are competing with on a global basis, many of whom are associated with corporate players in the US, and other parts of the world, would be doing so.

**Senator ALLISON**—What difference would it make to the decision making of those individuals to be invited to Atlanta? What is the goodwill or what is the advantage that Telstra would expect?