

**DEPARTMENT OF COMMUNICATIONS AND THE ARTS**  
**SUB PROGRAM 2.3: TELSTRA CORPORATION LIMITED**

**QUESTION**

Senator Alston asked the following Question on Notice:

2. Does ASIS have access to personal files kept by Telecom?

**ANSWER**

No.

**DEPARTMENT OF COMMUNICATIONS AND THE ARTS**

**SUB PROGRAM 2.3: TELSTRA CORPORATION LIMITED**

**QUESTION**

Senator Alston asked the following Question on Notice:

3. Can each and every one of these organisations access Telecom's files containing billing details?

**ANSWER**

None of these organisations are able to access Telecom's files containing billing details. Where it is necessary to provide billing details for business purposes, e.g bill preparation, the necessary details are extracted from the files by Telecom and only these specific details are forwarded to the external organisation.

1870

Received of the Treasurer of the State of New York

the sum of

Five hundred and no/100 Dollars

for the purchase of the land of the State of New York

1870

Witness my hand and the seal of the State of New York at Albany this 1st day of January 1870

**DEPARTMENT OF COMMUNICATIONS AND THE ARTS**

**SUB PROGRAM 2.3: TELSTRA CORPORATION LIMITED**

**QUESTION**

Senator Alston asked the following Question on Notice:

5. Could you guarantee that no parliamentarians, who have had dealings with COT members, have had their phone conversations bugged or taped by Telecom?

**ANSWER**

These matters are currently being investigated by the AFP and AUSTEL, and by Telecom itself.

It would be inappropriate for Telecom to make any further comments at this stage about possible breaches of the Telecommunications (Interception) Act while the matter is before the Federal Police. However, the Minister will be making a full statement in the near future on action taken to date to remedy apparent procedural problems within Telecom.

**DEPARTMENT OF COMMUNICATIONS AND THE ARTS**

**SUB PROGRAM 2.3: TELSTRA CORPORATION LIMITED**

**QUESTION**

Senator Alston asked the following Question on Notice:

6. If not, could you provide list of all parliamentarians who have had their conversations with COT members either bugged or taped?

**ANSWER**

See answer provided to Question 5.

**DEPARTMENT OF COMMUNICATIONS AND THE ARTS**

**SUB PROGRAM 2.3: TELSTRA CORPORATION LIMITED**

**QUESTION**

Senator Alston asked the following Question on Notice:

7. Ann Garms believes that the tapes made by Telecom would have recorded daily calls with her solicitor, accountant, insurance loss adjuster, Senators and other COT case members as they were made at the same time that she was negotiating a financial settlement with Telecom.
  - (a) Has Telecom recorded conversations between Ann Garms and any of the forementioned persons?
  - (b) If so which persons and will copies of the transcripts or tapes of these confidential conversations be made available to Mrs Garms? If not, why not?

**ANSWER**

See answer provided to Question 5.

**DEPARTMENT OF COMMUNICATIONS AND THE ARTS**

**SUB PROGRAM 2.3: TELSTRA CORPORATION LIMITED**

**QUESTION**

Senator Alston asked the following Question on Notice:

8. According to the 7.30 Report on 7 February 1994 Telecom confessed to "taping some 673 conversations made by four Brisbane customers".
- (a) Were the 4 customers informed by Telecom that their phone conversations were being taped? If not, why not?
  - (b) Steve Black from Telecom claimed, on the program, that in relation to Ann Garms' case "the tapes went on for nine full days, but not all those nine full days were analysed".

Could you explain why all the tapes were not analysed if the intent of taping them was to detect and record faults?

**ANSWER**

- (a) & (b) See answer provided to Question 5.

**DEPARTMENT OF COMMUNICATIONS AND THE ARTS**

**SUB PROGRAM 2.3: TELSTRA CORPORATION LIMITED**

**QUESTION**

Senator Alston asked the following Question on Notice:

9. Who authorised the taping of COT members' phone conversations and how many and which Telecom employees were involved in either the voice recordings, transcribing the recording or analysing the tapes?

**ANSWER**

See answer provided to Question 5.

**DEPARTMENT OF COMMUNICATIONS AND THE ARTS**

**SUB PROGRAM 2.3: TELSTRA CORPORATION LIMITED**

**QUESTION**

Senator Alston asked the following Question on Notice:

10. On what basis is Telecom denying copies of tapes to those customers which it has admitted to taping?

**ANSWER**

Requests from two of the customers have been received by Telecom. The customers have been advised that the original tapes have been handed to AUSTEL under direction and in accordance with advice from the Attorney General's Department. AUSTEL has since passed the tapes to the AFP.

These tapes were originals and no copies have been made by Telecom. Therefore, Telecom is unable to provide copies of the tapes. No transcripts were ever prepared.

**DEPARTMENT OF COMMUNICATIONS AND THE ARTS**

**SUB PROGRAM 2.3: TELSTRA CORPORATION LIMITED**

**QUESTION**

Senator Alston asked the following Question on Notice:

11.

- (a) How many customers has Telecom recorded as having had their phone conversations taped without their knowledge or consent since 1990?
- (b) Of these how many were customers who had compensation claims, including ex Telecom employees, against Telecom?

**ANSWER**

See answer provided to Question 5.

**DEPARTMENT OF COMMUNICATIONS AND THE ARTS**

**SUB PROGRAM 2.3 : TELSTRA CORPORATION LIMITED**

**QUESTION**

Senator Alston asked the following Question on Notice:

12. Of the phone conversations recorded by Telecom have any been textually transcribed?  
If so, why?

**ANSWER**

No.

**DEPARTMENT OF COMMUNICATIONS AND THE ARTS**

**SUB PROGRAM 2.3 : TELSTRA CORPORATION LIMITED**

**QUESTION**

Senator Alston asked the following Question on Notice:

13. According to the SMH (12.1.94) "until yesterday, Telecom had repeatedly denied that voice monitoring took place without customers' consent, saying that the customers were well aware their lines were being monitored".

Could you explain why Telecom executives denied that voice monitoring took place without customers' consent up until 11.1.94 when evidence clearly shows some staff were aware that it had occurred?

**ANSWER**

See answer provided to Question 5.

**DEPARTMENT OF COMMUNICATIONS AND THE ARTS**

**SUB PROGRAM 2.3 : TELSTRA CORPORATION LIMITED**

**QUESTION**

Senator Alston asked the following Question on Notice:

14. According to Mr Newbold of Telecom "...taping of telephone calls was considered a last resort in maintenance procedures and had occurred only four times in Telecom's history" (SMH 12.1.94)

Do the four times refer exclusively to COT members? If not who do they refer to and were the customers aware that their conversations were being taped?

**ANSWER**

See answer provided to Question 5.

**DEPARTMENT OF COMMUNICATIONS AND THE ARTS**

**SUB PROGRAM 2.3 : TELSTRA CORPORATION LIMITED**

**QUESTION**

Senator Alston asked the following Question on Notice:

15. Why did Telecom breach its own privacy guide-lines and how will it ensure that the revised guide-lines currently being devised by the Telecommunications Industry Ombudsman will not be open to similar breaches or abuses?

**ANSWER**

See answer to Question 5. The Minister for Communications will be making a comprehensive statement on all of these matters in the near future, after further consultation with Telecom and other relevant parties.

**DEPARTMENT OF COMMUNICATIONS AND THE ARTS**

**SUB PROGRAM 2.3 : TELSTRA CORPORATION LIMITED**

**QUESTION**

Senator Alston asked the following Question on Notice:

16. According to the AFR (2.2.94) Telecom's Group Manager for media relations, Mr Keith Anderson, denied that the company had breached the Telecommunications (Interception) Act (1.2.94).

He said, "The only reason that we would (tape conversations) is to identify problems that customers are having which technical monitoring does not identify".

Could you explain why Telecom needed to tape the conversations of certain COT members and why the taping was so extensive in Ann Garms' case?

**ANSWER**

See answer provided to Question 5.

**DEPARTMENT OF COMMUNICATIONS AND THE ARTS**

**SUB PROGRAM 2.3 : TELSTRA CORPORATION LIMITED**

**QUESTION**

Senator Alston asked the following Question on Notice:

17. Could you explain why tapes are not destroyed after they have been analysed?

**ANSWER**

See the answers provided for Questions 5 and 10.

**DEPARTMENT OF COMMUNICATIONS AND THE ARTS**

**SUB PROGRAM 2.3 : TELSTRA CORPORATION LIMITED**

**QUESTION**

Senator Alston asked the following Question on Notice:

18. Who within Telecom authorised the taping of Garms' and any other COT members' phone conversations and were these authorisations formally recorded? If not, why not?

**ANSWER**

See answer provided to Question 5.

**DEPARTMENT OF COMMUNICATIONS AND THE ARTS**

**SUB PROGRAM 2.3 : TELSTRA CORPORATION LIMITED**

**QUESTION**

Senator Alston asked the following Question on Notice:

19. Could you explain the standard procedures Telecom employs in relation to voice monitoring its customers?

**ANSWER**

See answer provided to Question 5.



**DEPARTMENT OF COMMUNICATIONS AND THE ARTS**

**SUB-PROGRAM 2.3: TELSTRA CORPORATION LIMITED**

**QUESTION**

Senator Alston asked the following Question on Notice:

21. Is the AFP investigating any and what other alleged criminal activities by Telecom?

**ANSWER**

See answer provided to Question 5.

**DEPARTMENT OF COMMUNICATIONS AND THE ARTS**

**SUB-PROGRAM 2.3: TELSTRA CORPORATION LIMITED**

**QUESTION**

Senator Alston asked the following Question on Notice:

22. According to a letter written by an ex Telecom employee

"...In regards to phone tapping this is nothing new it has been going on for years, always the same excuse is offered, to gain information regarding faults etc. I myself have listened in on phone calls of prominent people even a cabinet minister in a former Labor Government...present and past employees are treated like dirt, most afraid to speak as they could lose their jobs..."

Could you comment on these extraordinary allegations?

**ANSWER**

Telecom is not aware of the letter or the context of the allegations contained therein. Therefore, Telecom is not in a position to comment.

**DEPARTMENT OF COMMUNICATIONS AND THE ARTS**

**SUB-PROGRAM 2.3: TELSTRA CORPORATION LIMITED**

**QUESTION**

Senator Alston asked the following Question on Notice:

23. Has Telecom, to both its satisfaction and that of the customer, repaired each and every COT members' phone services ? If not, which COT members are still dissatisfied with their telephone service, and for what reasons has Telecom failed to provide them with an adequate service?

**ANSWER**

Telecom has undertaken extensive testing of the exchange network and this testing has confirmed that the network is operating at internally accepted standards.

In respect of individual COT customers, Telecom has undertaken extensive fault analysis and has not been able to substantiate faults to the level alleged. Telecom's monitoring indicates that the standards of service provided for in the Basic Carriage Tariff are being met. Telecom is not aware of the membership of COT and cannot answer the question. However, of the four known COT members, three still lodge complaints in respect of their telephone service.



**DEPARTMENT OF COMMUNICATIONS AND THE ARTS**

**SUB-PROGRAM 2.3: TELSTRA CORPORATION LIMITED**

**QUESTION**

Senator Alston asked the following Question on Notice:

26. An Internal Telecom document states that "RAM relay armatures sticking in the unoperated position have been reported by Telephone Exchanges since 1969. Complaints have been of line busy when free...wrong numbers...some RAM relays have to be cleaned every six months to reduce subscriber complaints. The fault condition is not confined to exchanges in busy industrial areas..." (Attachment 2)

Given this available information could you explain why this problem was finally repaired - estimated time of repair is 45 minutes - on Gary Dawson's exchange in mid 1993 when he had been complaining to Telecom of wrong numbers, busy lines etc for up to 5 years before this date?

**ANSWER**

Technical advice dated 3 January 1994 indicates that the crossbar exchange at Maidstone, which provides Mr Gary Dawson's main service, is equipped with RAM relays of a new type in the PBX Relay set and the subscriber stage switch racks. These new type of RAM relays do not need the modification work referred to and this work has not been carried out. It is understood that this equipment was installed in the mid-eighties. Extensive testing at the Maidstone exchange has revealed no failures caused by sticking RAM relays.

The tasks referred to may be routine maintenance cleaning which would take about 45 minutes.

**DEPARTMENT OF COMMUNICATIONS AND THE ARTS**

**SUB-PROGRAM 2.3: TELSTRA CORPORATION LIMITED**

**QUESTION**

Senator Alston asked the following Question on Notice:

27. According to the Australian Financial Review (7.2.94) "there are still outstanding claims of up to \$3.2 million" against Telecom.

Is this true and if not what are the outstanding claims?

**ANSWER**

The TIO has appointed an arbitrator to look after the four key COT complainants. For other COT-like complaints within the TIO's jurisdiction, the TIO will attempt to mediate, and if that fails, will arbitrate. This will be done in accordance with rules and procedures established by the TIO. At this stage, the number of likely complainants, and the extent of their claims, is not clear.

**DEPARTMENT OF COMMUNICATIONS AND THE ARTS**

**SUB-PROGRAM 2.3: TELSTRA CORPORATION LIMITED**

**QUESTION**

Senator Alston asked the following Question on Notice:

28. Could you make available to me a copy of Bell Canada's report on its additional testing of Telecom's network?

**ANSWER**

This document is not a public document and has not been released. However, the document will be provided to COT members at an appropriate stage in the arbitration process. The document is commercially sensitive and its release at this time could prejudice the arbitration process being established by the TIO.

**DEPARTMENT OF COMMUNICATIONS AND THE ARTS**

**SUB-PROGRAM 2.3: TELSTRA CORPORATION LIMITED**

**QUESTION**

Senator Alston asked the following Question on Notice:

29. According to Graham Schorer, Robert Nason of Coopers & Lybrand (C&L) contacted him from London on 7 February 1994 to inform him that the allegations made by COT in relation to Telecom taping and bugging COT conversations were put to all Telecom personnel interviewed by C&L as part of its report.

Schorer claims that Nason informed him that none of the Telecom personnel interviewed acknowledged that they were aware of this activity.

Were any and which Telecom employees aware that phone conversations were being taped at the time that C&L interviewed them?

\* Eg. Pinel & Powells of Telecom were both interviewed by C&L yet evidence shows that they were both aware of Garms' phone calls being taped. Also attached is a list of those executives who were more than likely aware of the voice monitoring.  
(Attachment 3)

**ANSWER**

See answer provided to Question 5.

**DEPARTMENT OF COMMUNICATIONS AND THE ARTS**

**SUB-PROGRAM 2.3: TELSTRA CORPORATION LIMITED**

**QUESTION**

Senator Alston asked the following Question on Notice:

30. What was the cost to Telecom of both the C&L and the Bell Canada (BC) reports including BC's additional report?

**ANSWER**

This information is Commercial-in-Confidence.

**DEPARTMENT OF COMMUNICATIONS AND THE ARTS**

**SUB-PROGRAM 2.3: TELSTRA CORPORATION LIMITED**

**QUESTION**

Senator Alston asked the following Question on Notice:

31. How much does Telecom estimate that the COT cases have cost it to date in terms of:
- i) staff hours
  - ii) administrative hours
  - iii) reports
  - iv) legal costs
  - v) any and what other factors?

**ANSWER**

It is not practicable to provide meaningful estimates of the costs which have been incurred over many years and have involved a range of staff.

**DEPARTMENT OF COMMUNICATIONS AND THE ARTS**

**SUB-PROGRAM 2.3: TELSTRA CORPORATION LIMITED**

**QUESTION**

Senator Alston asked the following Question on Notice:

32. Could you name each and every Telecom employee as well as identifying their position who are currently involved with the COT cases?

**ANSWER**

No. A large number of staff may be called on from time to time as required.

**DEPARTMENT OF COMMUNICATIONS AND THE ARTS**

**SUB-PROGRAM 2.3: TELSTRA CORPORATION LIMITED**

**QUESTION**

Senator Alston asked the following Question on Notice:

- 33. Could you explain why a large amount of documents accessed by customers under FOI have had large amount of information deleted including the names of Telecom employees who wrote and received internal memos and documents?

Sy

**ANSWER**

The FOI Act allows for exemption and requires certain procedures to be followed. All deletions are done in accordance with those procedures and exemptions.

**DEPARTMENT OF COMMUNICATIONS AND THE ARTS**

**SUB-PROGRAM 2.3: TELSTRA CORPORATION LIMITED**

**QUESTION**

Senator Alston asked the following Question on Notice:

34. How many and which assets (building etc) has Telecom sold over the last year?

**ANSWER**

The total number of buildings sold over the last twelve months numbered 264. The corresponding sale proceeds amounted to \$64 million.

**DEPARTMENT OF COMMUNICATIONS AND THE ARTS**

**SUB-PROGRAM 2.3: TELSTRA CORPORATION LIMITED**

**QUESTION**

Senator Alston asked the following Question on Notice:

35. Has Telecom leased back any of the buildings it has sold?

**ANSWER**

Telecom has not entered into any sale and lease back arrangements for land and buildings during the past twelve months.

QUESTIONS WITHOUT NOTICE  
Telephone Interceptions

*pm*

Senator ALSTON--My question is directed to the Minister representing the Minister for Communications and the Arts. I refer to yesterday's report in the Australian Financial Review, which I note has not been denied by the latest minister for communications, Mr Lee, that Telecom admitted to the minister almost three weeks ago that it has hundreds and hundreds of hours of tape recordings of conversations involving a number of small business operators--known as COT cases--with serious complaints against the organisation. In view of the seriousness of these reports and the frightening implications for the privacy rights of citizens, rather than Mr Lee privately passing the parcel to his colleagues, why has he not made a strong public statement clarifying the situation, making it clear that the government will not tolerate any unauthorised telephone interceptions or information gathering, and spelling out what action the government proposes to take to ensure that no similar conduct can occur in the future?

Senator McMULLAN--The Minister for Communications and the Arts has advised me that he is aware of the allegations that Telstra has monitored telephone conversations of some members of the group known, as Senator Alston says, as COT--casualties of Telecom.

The minister raised the allegations in discussions with the chief executive of Telstra and the chairman of the board. As a result of those discussions, he wrote to the Attorney-General asking that he investigate whether a

breach of the act had occurred, because that legislation which is administered by the Attorney-General permits interception of telecommunications by employees in the course of their duties. Yesterday he received a reply from the Attorney-General that indicates that the Minister for Justice has been asked to refer the matter to the Commissioner of the AFP to determine whether an investigation is warranted. The minister has also made a request to the Attorney-General. The Attorney-General has, in response to that request, directed that the legislation be examined to assess whether amendments are necessary to limit the breadth of the exception given to carrier employees.

The minister has requested a full report from Telstra. He has received an interim report which he is presently considering. He has received the assurances which one would expect from both Austel and Telstra, indicating full cooperation with any investigation. The minister's advice to me is that he considers it would be inappropriate to make any further comments on details of the allegations while the matter is before the AFP.

Senator ALSTON--Mr President, I ask a supplementary question. Given that the minister has been sitting on this matter for at least three weeks, why is the public not entitled to know what is going on? What is the nature and extent of any unauthorised interceptions? Whether or not that results in police prosecutions is surely

monitoring are being prepared, facilitated by the Telecommunications Industry Ombudsman and the Chairman of the NSW Privacy Committee.

- (d) AUSTEL report on COT cases - expected to be circulated on a "preliminary" basis by end February. Specific recommendations for improvement are likely to focus on implementation of the Coopers and Lybrand Report (see above).

TELECOMMUNICATIONS POLICY DIVISION  
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15 February 1994

CURRENT SENATE HANSARD

3 February 1994

immaterial to the facts of the matter. Why cannot the minister tell the community what is happening and whether all the statements and denials from Telecom are accurate, and at least make sure that the public is party to what is going on, rather than in the minister's usual way, trying to stitch up a deal in private?

Senator McMULLAN--To describe the very proper actions which the minister has taken as 'trying to stitch up a deal in private' is attributing Senator Alston's motives to Mr Lee. It is entirely inappropriate.