

**Holmes, Jim**

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**From:** Pinel, Don  
**To:** Sayer, Janet; Brabazon, Paul; Fuery, Patrick; Beattie, Ken; Scholz, Des; Pittard, Rosanne; Halliday, Trevor  
**Cc:** Holmes, Jim; Hill, Trevor; Campbell, Ian  
**Subject:** Leopard History  
**Date:** Monday, 25 October, 1993 2:36PM

Our CoT customers are currently critical of our failure to keep historic fault records, claiming that this jeopardises their ability to prosecute their claims.

I am advised by the Leopard people that on a weekly basis Leopard data greater than 12 months old is striped from the data base and sent to an outside agency for the preparation of microfiche. These fiche are distributed to the user businesses (Fault Bureaux) and the tapes are then reused, wiping the data. No central store of data is maintained.

Would you please review your Regions arrangements for maintaining historic fault data and ensure that this information is kept for (say) seven years or until further advice on this is provided. I would like to know how much data is available in each Region, particularly for the major cases subject to the Asutel investigation.

I have asked our legal people to advise on the appropriate data retention policy and when that is clear I will look at the desirability of establishing a central store rather than a distributed store.

I would welcome your comments.

Don

Holmes, Jim

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**From:** Pinel, Don  
**To:** Row, Ian  
**Cc:** Blake, Ed; Holmes, Jim; Hill, Trevor; Campbell, Ian  
**Subject:** Information Retention  
**Date:** Monday, 25 October, 1993 2:57PM

Ian,

I have just issued a note to Regions re the need to retain Fault history material. I stipulated a notional period of seven years as a starting point but this may or may not be appropriate.

In the more general sense Freehills have advised a need to maintain all records in accordance with the statute of limitations and the archives act. I think we need some clear words to all Telecom staff on this subject if we are to avoid future problems. Is there anything in hand on this? What do we need to do?

I am thinking of a huge amount of information including network performance data, construction data, service order data, sales data, etc etc. Do we have any exemptions? How do we manage this?

Don

Date: Wednesday, 27 October 1993 9:47AM  
Priority: High

Gayle,

Your urgent advice, within Archives Act and any other relevant context would be appreciated please.

Jim

From: Pinal, Don  
To: Holmes, Jim  
Cc: Blake, Ed; Row, Ian; Hill, Trevor; Campbell, Ian  
Subject: Leopard History  
Date: Monday, 25 October, 1993 2:25PM

Jim,

A lot of attention is being given to Telecom's alleged failure to maintain fault records over time.

I have spoken today to Ian Woolfe, Leopard Manager, who tells me that Leopard is stripped on a weekly basis on a rotational basis so that only 12-13 months history is kept on the data base at any time. The tape of the strip is forwarded to an outside agency where microfiche of the stripped data are produced. These fiche are then dispatched to the operational fault bureaus where they may or may not be kept. The tapes of the stripped data are reused, hence losing the data, and no central store of fiche is maintained.

Ian advises that he has previously sought legal advice from the corporate centre (assume the Corporate Solicitor's office) re the need to keep historic data but the answers have been unclear, probably due to our historic protections from suite and hence no requirement to defend actions.

Given the current climate we need to clarify the requirement to maintain records (centrally would be preferable) and an opinion on this would be appreciated. It may be that we require Austel to stipulate the period.

In the meantime I will advise all Regions to ensure that they maintain Fiche records on an on-going basis pending clarification.

It is important to ensure that Austel and other players such as C&L are aware that because of our regulatory/legal position there has been no need to maintain historic records. If this absence of records is to be a plank of the CoT argument then we should re-state our legal position - they cant have it both ways!

I would welcome your comment. I would also welcome copies of any legal opinions provided on this subject previously

Don

**Telecom Secret****C04006****Issues Involved During the Resolution - Factors Considered**

1. Alan requested \$150k
2. Chances of legal action - high
3. Chances of media action - 100%
4. Poor performance of Telecom:
  - historically
  - March <sup>2nd</sup> problem
  - Local Portland problem fixed in October
  - wiring and cabling issues
  - RVA on congestion
5. Slow resolution of past problems both technical and claims
6. COT involvement:
  - chances of class action
  - chances of mass media action
  - chances of membership growth
  - Adelaide Pizza
  - Mt Gambia
  - Portland
7. Evidence of problems:
  - Many letters stating the problem of not getting through to Alan Smith
  - People prepared to make statements of problems
  - Claims that Alan had rung himself from his Goldphone and not got through
  - Austel and Ombudsman both had trouble getting through
  - Many claims which might be difficult to substantiate in court but would be credible in the media
  - Viability of business for the future - increased bookings since the service Period of time
8. Costs incurred:
  - Additional phone calls to chase up business - about \$1000
  - Legal costs - about \$1000
  - Camps prepared but not run
  - Advertising
  - Time
9. Alan's time and other consequential costs - health, stress, etc

## Telecom Secret

C04007

10. Loss of business:
  - Camps lost because party could not contact Alan (evidence in letters - \$10,000 loss of profit)
  - Extrapolating - about \$40,000 over a period
11. Loss of partnership:
  - Alan claims \$100,000 loss because he had an opportunity to sell a share in his business but this opportunity was lost because the potential partner stated he could not contact Alan Smith initially and lost faith in the telephone service available - hence withdrew his offer
12. Possible legal costs:
  - If Alan took legal action Telecom would incur significant legal costs to defend it - about ?
  - If Telecom lost, we could also incur Alan Smith's costs
  - Estimated what possible bill?
13. Inquiry costs - both Austel and Ombudsman's Office has been actively involved. Enquiries are ongoing. Cost of ? - about <sup>same</sup>
14. Cost of arbitration - Mr Smith wanted to use an independent arbitrator to resolve the dispute - cost in a case in Sydney \$25k
15. Management time - I have spoken to Alan Smith regularly (daily) over a period. I began making appointments for when I would ring him - he nearly always rings me prior to the call. When I did not ring him daily (even if I was not scheduled to) he wrote to Frank Blount and Doug Campbell or both. He had regularly rung Doug Campbell's office (Judy Lanstrom) several times a week and Austel and others in Telecom. This was despite my setting up a regular contact point (Mark Ross in Ballarat) for him and a specialist diagnostic technical manager (Bruce Pendlebury). Mark spoke with Alan Smith once a week at least. Bruce averaged 5-6 calls a week to and from Alan Smith. He also contacted the Area Manager, Don Lucas, on a regular basis. Don also visited Alan Smith at Cape Bridgewater. This was going to continue forever if all matters were not resolved.
16. Legal position - Mr Smith's service problems were network related and spanned a period of 3-4 years. Hence Telecom's position of legal liability was covered by a number of different acts and regulations. The immunity claimed has never been tested in court and the current immunity from paying loss of business compensation depends upon Section 8 of the BCS Tariffs lodged with Austel. This is probably the least clear of the immunities. In my opinion Alan Smith's case was not a good one to test Section 8 for any previous immunities - given his

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C04008

evidence and claims. I do not believe it would be in Telecom's interest to have this case go to court.

Overall, Mr Smith's telephone service had suffered from poor grade of network performance over a period of several years; with some difficulty to detect exchange problems in the last 8 months.

In the media Telecom would not have looked good at a time when we are working hard to improve general customer perceptions.

In a legal battle, Telecom's chance of winning would have to be about 50/50. The bad publicity for Telecom would have been significant.

In my view were Alan Smith to win a legal battle he could have been awarded payment as high as \$40,000. If we went to arbitration a payout of the order of \$80,000 would not be out of the question; with costs of setting up the arbitration extra.

In the interests of expediency and Commercial judgement I considered it better to reach a commercial settlement.

Mr Smith's communication arrangement is questionable:

- other ways eg second line, fax, 008, etc of contacting him not set up
- use of answering machine improper or incorrect
- answering arrangements when Mr Smith was not there *not satisfactory*
- Telecom's defence in some doubt on causality

*There are few payment notes recalled at the time of settlement. Alan Smith did not appear to provide both substantiation of his claim.*

*Ronnie Pittman*

A TELSTRA minute written on 2 July 1992 to NETWORK OPERATIONS and the FAULT BUREAU VIC/TAS, and obtained under the F.O.I.



Telecom Australia

Minute

File HA-AC 4/1/18 Subject GRADE OF SERVICE COMPLAINT  
MR ALAN SMITH 055-26 7267

Phone 055-73 0200 From MARK ROSS  
CUSTOMER SERVICES MANAGER  
HAMILTON - VIC/TAS REGION

To [REDACTED] - NETWORK OPERATIONS  
[REDACTED] - FAULT BUREAU VIC/TAS

Please find enclosed documentation in regard to a Grade of Service Complaint from Mr Alan Smith of Cape Bridgewater.

Our local technicians believe that Mr Smith is correct in raising complaints about incoming callers to his number receiving a Recorded Voice Announcement saying that the number is disconnected.

They believe that it is a problem that is occurring in increasing numbers as more and more customers are connected to AXE.

Can you please investigate this problem and provide me with a written reply so as I can forward this to Mr Smith and our local Federal Member, before what is already a difficult situation, gets right out of hand.

*Mark Ross*  
Mark Ross  
Customer Services Manager - Hamilton

*2/7/92*

mr1981b3

7E

# Holiday Camps and Problems of Taxation

by J. H. ...

The holiday camps in the United Kingdom have been a subject of increasing interest since the war. The number of camps has increased steadily and the number of children attending has risen from about 1 million in 1945 to over 2 million in 1960. This growth has led to a number of problems, particularly in the area of taxation.

One of the main problems is the taxation of the income of the camps. The camps are usually run by voluntary organizations and the income is derived from the fees paid by the children and their parents. This income is subject to income tax and the camps are often faced with the problem of how to pay the tax.

The problem is made more acute by the fact that the camps are often run on a non-profit basis and the income is used for the benefit of the children. This means that the camps are often unable to pay the tax and are forced to apply for relief.

The relief is granted under section 40 of the Income Tax Act, 1952. This section provides that the income of a voluntary organization is exempt from income tax if it is used for the purposes of the organization. However, the exemption is subject to certain conditions, including the fact that the organization must be a charity.

The camps are often unable to meet these conditions and are therefore unable to claim the relief. This means that they are forced to pay the tax and are often faced with the problem of how to raise the money to do so.

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