



TELSTRA CORPORATION LIMITED

WIRING REPAIR PLAN

UNDERTAKINGS

GIVEN TO

AUSTRALIAN COMPETITION AND CONSUMER COMMISSION

16 September 1996

UNDERTAKINGS

These undertakings are given to the Australian Competition and Consumer Commission (the **Commission**) by Telstra Corporation Limited (A.C.N. 051 757 556) (**Telstra**) under section 87B of the Trade Practices Act 1974.

BACKGROUND

1. Telstra is a corporation and carries on business as a supplier of telecommunication services. On 1 February 1992, pursuant to section 11 of the Telstra Corporation Act 1991 (Cth), all property and rights of the Australian Telecommunications Corporation (**ATC**) vested in Telstra and all liabilities of ATC, wherever located, became liabilities of Telstra.
2. Prior to 1989 ATC owned all telephone cabling and sockets in customers' premises. ATC repaired and maintained cabling and sockets in customers' premises. ATC charged customers amongst other things:
 - (a) if a customer rented a telephone from ATC, a rental for that telephone; and
 - (b) in relation to each telephone socket to which a rental ATC telephone was not attached, a rental of 50 cents per month for that telephone socket.
3. The Telecommunications Act 1989 (Cth) opened up to competition the maintenance of all equipment, lines and other facilities beyond the boundary of ATC's telecommunications network. The Telecommunications Act 1989 also provided that the boundary of ATC's public switched telephone network would now be, in effect, the first telephone socket or point in customers' premises, or the building main distribution frame, whichever was applicable.
4. In response to this legislative change, ATC introduced the Wiring Repair Plan (**WRP**) under which customers with more than one telephone socket (**Category A Customers**) would pay 50 cents per month for their premises in return for which ATC would continue to upon demand repair and maintain customers' wiring and sockets beyond the network boundary point. Approximately 1.2 million Category A Customers who were renting additional sockets before the 1989 changes were no longer charged a rental but instead were treated by ATC as being covered by the WRP and accordingly charged 50 cents per month for this service.
5. Sometime in 1989 ATC sent to Category A Customers a brochure entitled "Telecom Topics" explaining the legislative changes and the new wiring repair arrangements. Under the "Wiring Repair Arrangements" section of the brochure, ATC advised Category A Customers that their existing per point rental had been automatically converted to the Wiring Repair Plan. The brochure advised Category A Customers that if they preferred to have their repairs to their extension points and wiring charged on a fee for service basis to contact their Telecom office.
6. Where a customer was to be charged less (because of the change from a rental of 50 cents per socket to a maintenance fee of 50 cents per premises) a notation appeared on the customers' next bill.

7. Since 1989 additional customers who have had a telephone connected or acquired new sockets have been placed on the WRP (**Category B Customers**). There are now approximately 1.5 million WRP Customers.
 8. Since 1989 ATC and Telstra have charged each Category A Customer and Category B Customer 50 cents per month (rising to 60 cents on 1 July 1992) as part of those customers' service and equipment charges and have when requested by Category A Customers or Category B Customers repaired those customers' wiring and sockets beyond the network boundary point without extra charge.
 9. The Commission alleges that the ATC's placement of Category A Customers on the WRP and the level of information given to Category A Customers at the time of the introduction of the WRP in 1989 did not create a contract between ATC and Category A Customers. The Commission further alleges that the ATC and Telstra did not make sufficient disclosure of the terms and conditions associated with the WRP when adding new customers to the WRP to create a contract between ATC or Telstra and those Category B Customers.
 10. In the circumstances, the Commission alleges that first the ATC and then Telstra had no contractual or other right to require payment from either Category A Customers or Category B Customers for the WRP. The Commission alleges amongst other things that by submitting invoices to Category A Customers and Category B Customers which included an amount for the WRP, ATC and Telstra:
 - (a) engaged in conduct that is misleading or deceptive or likely to mislead or deceive, in contravention of section 52 of the Trade Practices Act 1974 (Cth) (the **Act**);
 - (b) falsely represented that Category A Customers and Category B Customers had agreed to acquire goods or services when they had not, in contravention of section 53(bb) of the Act;
 - (c) falsely represented that Telstra had a contractual right to levy a charge in respect of the WRP in contravention of section 53(g) of the Act;
 - (d) asserted a right to payment from Category A Customers and Category B Customers for unsolicited services without having reasonable cause to believe that there was a right to payment in contravention of section 64(2A) of the Act.
 11. In October and November 1995 through a rolling mailout of a letter, Telstra advised some Category A Customers and Category B Customers that the WRP would be enhanced and renamed the ServiceNet Wiring Maintenance Plan (**SNWM**). The letter advised persons who received it that if they did not contact Telstra within 15 days of receiving the letter Telstra would automatically place them on the upgraded WRP now being the SNWM.
 12. In November 1995 the Commission received complaints from consumers regarding the WRP and the proposed SNWM and it commenced making inquiries. As a result the
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Commission advised Telstra that its conduct in 1989 through to 1995 was likely to breach sections 52, 53 and 64(2A) of the Act and raised issues for consideration under section 46 of the Act.

13. Following queries from the Commission Telstra decided to provide all WRP customers with the enhanced SNWM for no extra charge.
14. Telstra gives these undertakings to the Commission under section 87B of the Act to address the Commission's concerns, particularly the concern that consumers need to be fully informed of the terms and conditions of any new product or service offered by a corporation and a contract entered into before consumers are charged for a product or service.

DEFINITIONS

Act means the Trade Practices Act 1974 (Cth).

Aggregating Reseller means a service provider who acquires telecommunications services from Telstra for resale to the service provider's customers, whose customers receive a bill prepared solely by Telstra.

CABS System means the Telstra computerised billing system known as "CABS".

Caller has the meaning set out in paragraph 3.5 of these undertakings.

Category A Customers means those customers who have extension telephone wiring and sockets beyond the network boundary point, and became WRP subscribers because Telstra placed them on the WRP which Telstra introduced in 1989.

Category B Customers means those customers who have had extension telephone wiring and sockets installed beyond the network boundary point, and/or applied for a new telephone service since 1 January 1989 and were placed on the WRP by Telstra.

Current Customer means a person who is, or a group of persons who are jointly, shown in the CABS System or the Flexcabs System as a WRP or SNWM customer as at the time that person or persons' first Telstra account for the period between 16 September and 31 December 1996 is generated by Telstra and includes any such person who is:

- (a) a Rebilling Reseller; or
- (b) the ultimate customer of an Aggregating Reseller,

but does not include an Aggregating Reseller.

Direct Current Customer means a Current Customer who is not a Rebilling Reseller or the ultimate customer of an Aggregating Reseller.

Flexcabs System means the Telstra computerised billing system known as "Flexcabs".

Force Majeure means any circumstance beyond the reasonable control of Telstra. Without prejudice to the generality of the foregoing, the following shall be regarded as such circumstances: acts of God, explosion, flood, lightning, tempest, fire, accident, war, hostilities (whether war is declared or not), invasion, act of foreign enemies, rebellion, revolution, insurrection, military or usurped power, civil war, riot, civil commotion, disorder, acts or omissions by any governmental authority (including restrictions, regulations, by-laws, refusals to grant any licences or permissions, prohibitions or measures of any kind), import or export regulation, embargoes, strikes, lockouts, or other industrial actions or trade disputes of whatever nature, or default by persons other than Telstra.

Independent Expert means the person appointed pursuant to paragraph 9.4 of these undertakings.

Non Current Customer means a person, or group of persons jointly, who are not Current Customers but who:

- (a) paid fees for the WRP or SNWM after 21 November 1992; and
- (b) ceased being covered by, and paying fees for, the WRP or SNWM on or before 20 August 1996.

Rebilling Reseller means a service provider who acquires telecommunications services from Telstra for resale to the service provider's customers, whose customers receive a bill prepared in whole or in part by the service provider.

Related body corporate has the meaning set out in the Corporations Law.

SAMIS Database means Telstra's computerised Sales and Marketing Information System database.

SNWM means the ServiceNet Wiring Maintenance Plan being the enhanced telephone wiring and sockets repair plan that replaced the Wiring Repair Plan on 1 October 1995. The SNWM does not include any other service which Telstra offers or may offer in the future in connection with the repair or maintenance of wiring, cables or sockets.

Telstra's Privacy Protection Policies means the policies on privacy protection adopted by Telstra and known as "Telstra's Privacy Protection Policies", as amended from time to time.

Telephone Service means a telephone service or facility made available by Telstra to a customer for which there is a single identifying Telstra account number, telephone number, customer name or names and billing address;

TIO means the Telecommunications Industry Ombudsman.

WRP means the Wiring Repair Plan introduced by Telstra in January 1989, under which Telstra would maintain or repair telephone wiring or sockets of Category A Customers and Category B Customers beyond the network boundary point, in return for a charge of 50 cents per month per premises (rising to 60 cents on 1 July 1992) as part of those customers' service and equipment charges. The WRP does not include any other service which Telstra offers or

may offer in the future in connection with the repair or maintenance of wiring, cables or sockets.

UNDERTAKINGS

1. FUTURE CONDUCT

Telstra undertakes to refrain on and from 31 January 1997 from charging or requesting payment from any person for WRP or SNWM coverage unless Telstra has entered into a contract with the relevant person entitling Telstra to do so.

2. REFUND TO CURRENT CUSTOMERS

2.1 Telstra undertakes to use its best endeavours to credit each Current Customer with an amount equal to all fees that the Current Customer has paid under the WRP and SNWM since 21 November 1992 regardless of whether the Current Customer has moved from their residential or business premises whilst the WRP or SNWM has been in operation.

2.2 (a) Telstra shall use its best endeavours to automatically apply the credit to be given to a Current Customer under paragraph 2.1 against that Current Customer's first Telstra account sent during the period 17 September 1996 to 31 December 1996.

(b) If for whatever reason the credit to be given to a Current Customer under paragraph 2.1, is not applied against that Current Customer's first Telstra account sent during the period 17 September 1996 to 31 December 1996 as referred to in paragraph 2.2 (a), Telstra shall use its best endeavours to apply the credit against that Current Customer's next Telstra account.

(c) If the amount of the credit is greater than the amount of the account, the balance shall be credited against the following account and so on until the credit is extinguished.

2.3 Telstra undertakes to use its best endeavours to send a letter substantially in the form of one of the letters outlined in Schedule A to each Direct Current Customer either before or with the Telstra account containing the credit to be given to a Direct Current Customer under paragraphs 2.1 and 2.2.

3. REFUND TO NON CURRENT CUSTOMERS

3.1 (a) Telstra undertakes prior to 31 January 1997 to use its best endeavours, in relation to each Telephone Service of a Non Current Customer about which information is recorded on SAMIS, to match the account number, telephone number, surname and billing address as recorded on the SAMIS Database for that Telephone Service with an identical current account number, telephone number, surname and billing address recorded on the CABS System or Flexcabs System in relation to a current Telephone Service.

- (b) An account number recorded on the SAMIS Database shall be considered to match an account number recorded in the Flexcabs System if the account number recorded on the SAMIS Database is converted to a Flexcabs number using Telstra's Flexcabs conversion table and that converted number is identical to an account number recorded in the Flexcabs System.
 - (c) A telephone number recorded on the SAMIS Database shall be considered to match a telephone number recorded on the CABS System or Flexcabs System if the numbers are identical except that the telephone number recorded on the CABS System or Flexcabs System has an additional initial number added as a result of the change to nine digit telephone numbers.
 - 3.2 Subject to paragraphs 3.11 and 3.12, if Telstra finds a match for all four items under paragraph 3.1 Telstra undertakes (at Telstra's option) either to:
 - (a) credit the Non Current Customer's current Telephone Service in relation to which the match was found, with an amount; or
 - (b) send to the Non Current Customer's current address as recorded on the CABS System or Flexcabs System (as the case may be) in relation to the current Telephone Service for which the match was found, a cheque in an amount,

not less than all fees that the Non Current Customer has paid under the WRP and SNWM since 21 November 1992 with respect to the particular telephone service identified on the SAMIS Database for which a match was found under paragraph 3.1 in relation to all four items specified in paragraph 3.1.
 - 3.3
 - (a) If Telstra opts to provide a Non Current Customer with a credit pursuant to paragraph 3.2, Telstra shall use its best endeavours to automatically apply the credit against that Non Current Customer's first Telstra account sent during the period 17 September 1996 to 31 December 1996.
 - (b) If Telstra opts to provide a Non Current Customer with a cheque pursuant to paragraph 3.2, Telstra shall use its best endeavours to send that cheque as soon as possible after 17 September 1996.
 - 3.4 Telstra undertakes to place a 30cm x 5 column (or the nearest available size) advertisement in the form set out in Schedule B to these undertakings, on:
 - (a) Monday 30 September 1996;
 - (b) Monday 14 October 1996; and
 - (c) Monday 28 October 1996,

(or on the next possible day in which an advertisement is not already being placed in relation to any ethnic or provincial newspapers not published on any of these days) in the following newspapers:
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MAJOR METROPOLITAN

- the Australian,
- the Sydney Morning Herald,
- the Melbourne Age,
- the Brisbane Courier Mail,
- the Adelaide Advertiser,
- the Western Australian,
- the Hobart Mercury,
- the Canberra Times,
- the Northern Territory News,
- the Australian Financial Review,
- the Telegraph,
- the Herald Sun,
- the Advocate,

MAJOR PROVINCIALS

New South Wales

- Central Western Daily
- the Newcastle Herald
- the Boarder Mail
- the Daily Advertiser
- the Northern Daily leader
- Daily Liberal
- the Daily Advertiser
- Goulburn Post

Victoria

- Ballarat Courier
- Geelong Advertiser
- Shepparton News
- Sunraysia Daily
- Bendigo Advertiser
- the Warrnambool Standard

Queensland

- Gladstone Observer
 - Daily Mercury
 - Sunshine Coast Daily
 - the Toowoomba Chronicle
 - the North West Star
 - the Cairns Post
 - Gold Coast Bulletin
 - Townsville Bulletin
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South Australia

- Flinders News
- Mount Barker Courier
- Boarder Watch
- the Murray Pioneer
- Yorke Peninsula Country Times
- the Leader

Western Australia

- Albany Advertiser
- Geraldton Guardian
- Mandurah Telegraph
- North West Telegraph
- The Kalgoorlie Miner
- Bunbury Mail
- Coastal District Times

ETHNIC

- Il Globo (Italian)
- Spanish Herald
- Chinese Herald
- Neos Kosmos or New Country (Greek)
- Dan Viet (Vietnamese)
- El Telegraph (Arabic)

3.5 Subject to paragraphs 3.11 and 3.12, if prior to 31 January 1997 Telstra receives a telephone call on a number specified in an advertisement published pursuant to paragraph 3.4 and the caller (a **Caller**) correctly specifies:

- (a) the name of a person who is recorded on the SAMIS Database as being a Non Current Customer, as that name is recorded on the SAMIS Database;
- (b) the date of birth of that Non Current Customer as recorded on the SAMIS Database;
- (c) the full billing address of a Telephone Service of that Non Current Customer as recorded on the SAMIS Database; and
- (d) the Non Current Customer's current name and address and Telstra's account number if they have one,

and a credit or cheque has not already been provided pursuant to paragraph 3.1 or a previous application of this paragraph 3.5 with respect to the Telephone Service of the Non Current Customer's Telephone Service

specified, Telstra undertakes to use its best endeavours (at Telstra's option) either to:

- (e) credit that Non Current Customer's current Telstra account as recorded on the CABS System or Flexcabs System with an amount; or
- (f) send to the Non Current Customer's current address as advised by the Caller a cheque in an amount,

not less than all fees that the Non Current Customer paid under the WRP and SNWM since 21 November 1992 with respect to the particular Telephone Service which was in the name and at the address specified by the Caller as recorded on the SAMIS Database.

3.6 (a) If Telstra opts to provide a Non Current Customer with a credit pursuant to paragraph 3.5, Telstra undertakes it will use its best endeavours to automatically apply the credit against that Non Current Customer's first Telstra account sent after 30 days after the call resulting in the credit was received by Telstra.

(b) If Telstra opts to provide a Non Current Customer with a cheque pursuant to paragraph 3.5, Telstra undertakes it will use its best endeavours to send that cheque as soon as practicable after the call resulting in the credit was received by Telstra.

3.7 If the name specified by a Caller is recorded on the SAMIS Database as being the name of a Non Current Customer but the Caller is unable to correctly specify the other information required by paragraph 3.5, Telstra undertakes to advise the Caller to the effect that the information provided is incorrect and unless correct information can be provided a refund will not be paid.

3.8 If the name specified by a Caller is not recorded on the SAMIS Database as being the name of Non Current Customer, Telstra undertakes to advise the Caller to the effect that Telstra's computerised records do not show the person as being a Non Current Customer. If the Caller then indicates that the Caller believes he or she was a Non Current Customer, Telstra undertakes to advise the person that they may request Telstra to conduct a manual check by sending to an address specified by Telstra:

- (a) a photocopy of the original of a Telstra telephone account for each Telephone Service on which the Caller believes WRP or SNWM fees were paid after 21 November 1992;
 - (b) the Caller's current name and address and Telstra account number if they have one;
 - (c) the period for which the Caller believes he or she was a customer of the WRP or SNWM in relation to each Telephone Service specified; and
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- (d) information (such as date of birth/business name or company registration) so as to allow Telstra to verify that the person claiming is in fact the person who was the owner of the relevant Telstra Service.
- 3.9 If Telstra receives at the address it specified to a Caller, the information referred to in paragraph 3.8 (**a Claim**), Telstra undertakes at its option either:
- (a) to verify the Claim against Telstra's microfiche records and, if those microfiche records show the claimant was a Non Current Customer with respect to a Telephone Service identified in the Claim in the period identified in the Claim, to send to the claimant's address as advised in the Claim a cheque in an amount not less than the fees the claimant actually paid under the WRP or SNWM in the period specified in the Claim after 21 November 1992 with respect to the Telephone Service specified;
 - (b) to send to the Claimant's address as advised in the Claim a cheque in an amount not less than the fees the Claimant would have paid under the WRP or SNWM since 21 November 1992 had they been a customer of WRP or SNWM in the period after 21 November 1992 specified by the claimant.
- 3.10 If Telstra does check a claim against its microfiche records and determines not to make a payment to the claimant under paragraph 3.9 Telstra undertakes to advise the claimant:
- (a) of the result of the examination;
 - (b) that a refund will not be paid;-and
 - (c) that if the claimant disputes Telstra's assessment the claimant can refer their claim to the Independent Expert.
- 3.11 Nothing in these undertakings requires Telstra to provide a credit or a cheque to a Current Customer or Non Current Customer more than once with the respect to the same Telephone Service.
- 3.12 If a Non Current Customer would be eligible for a refund pursuant to paragraphs 3.2, 3.5 or 3.9 but is currently a customer of a Rebilling Reseller, Telstra need not pay any amount to the Non Current Customer but may instead advise the Rebilling Reseller that it has made a calculation on behalf of the Non Current Customer in respect of the WRP and provide a credit for the relevant amount as a credit on the Rebilling Reseller's next account. Telstra will advise the Rebilling Reseller that it requests that the calculation relating to the Non Current Customer be forwarded by the Rebilling Reseller to the appropriate Non Current Customer.
- 3.13 Telstra undertakes that any information it provides to a Rebilling Reseller regarding the refund program established under these undertakings will be provided in a timely manner.
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4. TERMINATION OF WRP

4.1 Telstra has advised the Commission that it intends to cease offering the SNWM to new customers on 17 September 1996 and will terminate the SNWM effective from 31 March 1997. Telstra undertakes that if it does terminate the SNWM it will:

- (a) provide to each Current Customer, upon request and without charge, the services Telstra currently provides under the SNWM, until such time as Telstra has given the Current Customer three (3) months notice of the termination of the SNWM; and
- (b) endeavour to notify all Current Customers of the termination of the SNWM on or before 20 December 1996.

5. COMMISSION'S COSTS

Telstra undertakes to pay on or before 17 September 1996 \$20,582 towards the Commission's legal costs incurred in connection with the WRP.

6. AUDIT

6.1 Telstra undertakes to cause its internal auditor:

- (a) to conduct an audit of Telstra's compliance with these undertakings in accordance with the procedures set out in Part 1 (a) of Schedule C; and
- (b) upon completion of that audit, to provide an audit report to Telstra and the Commission in the form set out in Part 1(b) of Schedule C.

6.2 Telstra acknowledges that the Commission intends to appoint Deloitte Touche Tohmatsu (the **Auditor**) as an independent auditor:

- (a) to conduct an examination of the audit conducted pursuant to paragraph 6.1 in accordance with the procedures set out in Part 2(a) of Schedule C; and
- (b) upon completion of that audit, to provide an audit report to the Commission and Telstra in the form set out in Part 2(b) of Schedule C.

Telstra undertakes to pay the reasonable costs of an audit conducted by the Auditor in accordance with this clause 6.2 and, upon the Auditor signing a confidentiality undertaking in a form acceptable to Telstra, to provide to the Auditor Telstra's internal auditor's papers in relation to the audit conducted pursuant to paragraph 6.1 and all other relevant documents (be they paper or computer records) requested by the Auditor provided the documents are not privileged and that providing the documents would not infringe the principles on privacy set out in Telstra's Privacy Protection Policy.

6.3 If the Auditor's report indicates that Telstra's procedures did not result in refunds to Current Customers and Non-current Customers in accordance with these

undertakings, Telstra undertakes to revisit those issues which are highlighted in the audit as deficient and institute new procedures to provide the refunds in accordance with these undertakings. Telstra will use its best endeavours to rectify the matters raised by the Auditor in a manner consistent with these undertakings. Telstra undertakes to inform both the Auditor and the Commission within 5 business days of receipt of any such Audit report of the measures to be taken to address the deficiencies identified. Nothing in this paragraph 6.3 shall require Telstra to place advertisements or issue press statements more frequently or extensively than contemplated in paragraph 3.2.

7. PRESS STATEMENTS

Telstra undertakes that in any future press release or other public statement Telstra will not represent that discontinuance of the WRP or SNWM was a requirement imposed by the Commission.

8. RENEGOTIATION AMENDMENT AND REVOCATION

8.1 Telstra undertakes that it will use its best endeavours to meet the timeframes specified in the undertakings concerning the implementation of refunds for Current Customers and Non Current Customers.

8.2 In the event that Telstra is unable to meet the timeframes specified in these undertakings. Telstra will advise the Commission and negotiate with the Commission in good faith any amendment or revocation of all or any of these undertakings that may be necessary.

9. DISPUTE RESOLUTION

9.1 Nothing in this clause affects the rights of the Commission to enforce these undertakings by Court proceedings under section 87B of the Act.

9.2 If prior to 15 February 1997 a person disputes in writing a decision by Telstra as to:

- (a) whether a person is a Current Customer, a Non-Current Customer or neither, or
- (b) if a person is a Current Customer or a Non-Current Customer, the size of the credit or refund that person is entitled to receive under paragraphs 2.1, 3.2 or 3.5 of these undertakings,

Telstra undertakes to advise the person that the person can refer the dispute to the Independent Expert.

9.3 Telstra undertakes to confer on the Independent Expert the jurisdiction to assess disputes of the type referred to in paragraph 9.2 within the period commencing on 16 September 1996 and ceasing on 30 June 1997. Telstra will, upon request by the person who has referred the dispute to the Independent Expert, provide to the Independent Expert, a print out of information from the SAMIS Database relevant to

that person's claim and, if relevant, a copy of any microfiche billing records Telstra examined to determine whether or not to pay a refund to the person. A person who has referred a dispute to the Independent Expert may also present other evidence to the Independent Expert.

- 9.4 (a) If by 26 August 1996 the TIO agrees to be appointed the Independent Expert on the terms and conditions set out in Telstra's letters to the TIO of 13 July and 14 August 1996 (or on such other terms as are jointly agreed between Telstra and the Commission), the Independent Expert shall be the TIO.
- (b) If the TIO has not by 26 August 1996 agreed to be appointed as the Independent Expert on the terms and conditions set out in Telstra's letters to the TIO dated 13 July and 14 August 1996 (or on such terms as are jointly agreed between Telstra and the Commission), the Independent Expert shall be an independent person agreed between Telstra and the Commission (or failing agreement between them having been reached by 1 September 1996, appointed, at the written request of either of them, by the President for the time being of the Law Institute of Victoria).
- (c) Telstra undertakes to pay the reasonable fees and costs of an Independent Expert appointed under paragraph 9.4(b) incurred in assessing disputes of the type referred to in paragraph 9.2.

10. FORCE MAJEURE

- 10.1 Telstra shall not be in breach of any of these undertakings if the breach is due to Force Majeure.
- 10.2 If Telstra is by reason of Force Majeure unable to perform an obligation under these undertakings it shall notify the Commission as soon as possible specifying:
- (a) the cause and extent of such non-performance;
 - (b) the date of commencement of Force Majeure;
 - (c) the means proposed to be adopted to remedy or abate the Force Majeure, and
 - (d) shall use all reasonable diligence and employ all reasonable means to remedy or abate the Force Majeure as expeditiously as possible;
 - (e) shall resume performance as expeditiously as possible after termination of the Force Majeure or the Force Majeure has abated to an extent which permits resumption of such performance; and
 - (f) shall notify the Commission when the Force Majeure has terminated or abated and when resumption of performance occurs.
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11. EFFECTIVE DATE

These undertakings will be effective forthwith.

12. ACKNOWLEDGMENTS

12.1 Telstra accepts that these undertakings are a public document which will be placed on the Commission's public register and that the Commission may otherwise publish and refer to this document at its discretion.

12.2 Telstra notes that the giving and performance of these undertakings in no way derogates from the rights available to any other person arising from the alleged conduct, except to the extent that the refund of moneys pursuant to these undertakings may extinguish the recipient's rights to claim a refund of those moneys from Telstra or provide Telstra with a defence to such a claim.

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SCHEDULES

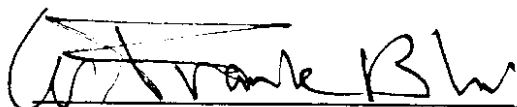
- A. Telstra Letter to Current Customers
- B. Telstra Advertisement
- C. Audit process

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Executed on August 1996

SIGNED for and on behalf of **TELSTRA**)
CORPORATION LIMITED by its authorised)
representative in the presence of:)

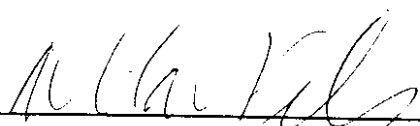
Mardi Thomas
Witness


Authorised Representative

Mardi Thomas
Print Name

W. Frank Blunt
Print Name

**ACCEPTED BY THE AUSTRALIAN
COMPETITION AND CONSUMER
COMMISSION**


Chairman

Dated: 16 September 1996

SCHEDULE A

Telstra Letter to Current Customers

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TLF107 Telstra ServiceNet Wiring Repair
Revision 6, 21 August 1996, page 3

LETTER ONE: UNASSIGNED COMMERCIAL CUSTOMERS

LOGO: TELSTRA

Date, 1996

<Regional Addresses>

LASER FILL
ADDRESS:

Ms X Sample
XX Sample Street
SAMPLELAND VIC 0000

Dear Ms Sample,

As a current member of Telstra's ServiceNet Wiring Maintenance Plan (previously called the Wiring Repair Plan) - a maintenance and repair plan that provides coverage against damage to the internal telephone wiring and telephone sockets in your premises - we'd like to take a few moments to make you aware of some issues regarding this service.

Current telephone cabling situation

Before 1989, Telstra owned and maintained all telephone cabling and telephone sockets in your home and business. On 1 January 1989, the Federal Government deregulated the provision of repairs and maintenance services, and established a network boundary. The Network Boundary Point (NBP) is the first telephone socket in all single unit dwellings. From 1 January 1989, ownership of all wiring and telephone sockets past the first telephone socket was transferred to the customer. Telstra is responsible for connecting and repairing the telephone service up to the first telephone socket. The responsibility for maintaining telephone wiring and telephone sockets beyond the first telephone socket is the customer's.

In summary, this means that if you require maintenance or repairs to any telephone wiring or telephone sockets beyond the NBP, you (or the building owner) are responsible for all repair charges or service fees incurred.

Coverage provided under ServiceNet Wiring Maintenance Plan

As a current member of Telstra's ServiceNet Wiring Maintenance Plan, you have been covered against these charges for repairs to internal wiring and have been paying 60 cents per month for this plan.

The Australian Competition and Consumer Commission (ACCC) has expressed concerns to Telstra regarding the way that the ServiceNet Wiring Maintenance Plan was both implemented and operated. Specifically, the ACCC is concerned that not all ServiceNet

(over, please)

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customers knew they were paying for the product, or knew what they were paying for. As a result, Telstra has decided to refund all customers of the ServiceNet Wiring Maintenance Plan.

In order to simplify the refund process, Telstra has independently decided to withdraw the plan from the market place.

Telstra will automatically refund ServiceNet fees

Please note there is no need to contact Telstra in order to be credited your refund. We will automatically provide a credit on your next telephone bill for all ServiceNet Wiring Maintenance Plan fees from 21 November 1992 up until your current bill.


We would also like to apologise for any inconvenience caused to customers who did not realise they were part of the plan and hope that our decision to refund all fees will compensate for any confusion.

The options available to you now

We will continue to cover you with the benefits of the plan at no charge until 31 March 1997. You will not have to pay any fees from your next bill.

From 1 April 1997 Telstra will no longer provide coverage under the ServiceNet Wiring Maintenance Plan. This means should you require Telstra to undertake repairs to your telephone sockets or wiring past the first telephone socket after that date, a fee for service will apply. Standard charges include a visit fee of \$45 during business hours, plus \$15 per quarter hour for labour costs plus any additional material costs.

There is no compulsion to use Telstra for any repairs and if you wish to have someone other than Telstra carry out repairs, any Austel licensed cabler may maintain and repair your cabling and telephone sockets. They can be found in the Yellow Pages under Telephone and system installation and/or maintenance.

At Telstra, we're committed to providing the best customer service possible. If you'd like more information or have any questions about this letter or your ServiceNet Wiring Maintenance Plan service, please don't hesitate to call Telstra on **FREECALL™ 1800 058 058*** and quote extension 5082 anytime between 9 am - 5 pm (EST), Monday to Friday. 


Yours sincerely,

RGM

* A free call unless from a mobile, which will be charged at applicable mobile rates.

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TLF107/L1

TLF107 Telstra ServiceNet Wiring Repair
Revision 6, 21 August 1996, page 5

**LETTER TWO: ASSIGNED BUSINESS AND GOVERNMENT
CUSTOMERS**

LOGO: TELSTRA

Date, 1996

<Regional Addresses>

**LASER FILL
ADDRESS:**

Ms X Sample
XX Sample Street
SAMPLELAND VIC 0000

Dear Ms Sample,

As a current member of Telstra's ServiceNet Wiring Maintenance Plan (previously called the Wiring Repair Plan) - a maintenance and repair plan that provides coverage against damage to the internal telephone wiring and telephone sockets in your premises - we'd like to take a few moments to make you aware of some issues regarding this service.

Current telephone cabling situation

Before 1989, Telstra owned and maintained all telephone cabling and telephone sockets in your home and business. On 1 January 1989, the Federal Government deregulated the provision of repairs and maintenance services, and established a network boundary. The Network Boundary Point (NBP) is the first telephone socket in all single unit dwellings. From 1 January 1989, ownership of all wiring and telephone sockets past the first telephone socket was transferred to the customer. Telstra is responsible for connecting and repairing the telephone service up to the first telephone socket. The responsibility for maintaining telephone wiring and telephone sockets beyond the first telephone socket is the customer's.

In summary, this means that if you require maintenance or repairs to any telephone wiring or telephone sockets beyond the NBP, you (or the building owner) are responsible for all repair charges or service fees incurred.

Coverage provided under ServiceNet Wiring Maintenance Plan

As a current member of Telstra's ServiceNet Wiring Maintenance Plan, you have been covered against these charges for repairs to internal wiring and have been paying 60 cents per month for this plan.

(over, please)

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Revision 6. 21 August 1996, page 6

The Australian Competition and Consumer Commission (ACCC) has expressed concerns to Telstra regarding the way that the ServiceNet Wiring Maintenance Plan was both implemented and operated. Specifically, the ACCC is concerned that not all ServiceNet customers knew they were paying for the product, or knew what they were paying for. As a result, Telstra has decided to refund all customers of the ServiceNet Wiring Maintenance Plan.

In order to simplify the refund process, Telstra has independently decided to withdraw the plan from the market place.

Telstra will automatically refund ServiceNet fees

Please note there is no need to contact Telstra in order to be credited your refund. We will automatically provide a credit on your next telephone bill for all ServiceNet Wiring Maintenance Plan fees from 21 November 1992 up until your current bill.

We would also like to apologise for any inconvenience caused to customers who did not realise they were part of the plan and hope that our decision to refund all fees will compensate for any confusion.

The options available to you now

We will continue to cover you with the benefits of the plan at no charge until 31 March 1997. You will not have to pay any fees from your next bill.

From 1 April 1997 Telstra will no longer provide coverage under the ServiceNet Wiring Maintenance Plan. This means should you require Telstra to undertake repairs to your telephone sockets or wiring past the first telephone socket after that date, a fee for service will apply. Standard charges include a visit fee of \$45 during business hours, plus \$15 per quarter hour for labour costs plus any additional material costs.

There is no compulsion to use Telstra for any repairs and if you wish to have someone other than Telstra carry out repairs, any Austel licensed cabler may maintain and repair your cabling and telephone sockets. They can be found in the Yellow Pages under 'Telephone and system installation and/or maintenance.'

At Telstra, we're committed to providing the best customer service possible. If you'd like more information or have any questions about this letter or your ServiceNet Wiring Maintenance Plan service, please don't hesitate to call Telstra on **FREECALL™** 1800 056 056* and quote extension 5084 anytime between 9 am - 5 pm (EST), Monday to Friday.

Yours sincerely,

EXECUTIVE GMs

* A free call unless from a mobile, which will be charged at applicable mobile rates.

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TLF107/L2

TLF107 Telstra ServiceNet Wiring Repair
Revision 6, 21 August 1996, page 7

LETTER THREE: SERVICELINK CUSTOMERS

LOGO: TELSTRA

Date, 1996

<Regional Addresses>

LASER FILL
ADDRESS:

Ms X Sample
XX Sample Street
SAMPLELAND VIC 0000

Dear Ms Sample.

As a current member of Telstra's ServiceNet Wiring Maintenance Plan (previously called the Wiring Repair Plan) - a maintenance and repair plan that provides coverage against damage to the internal telephone wiring and telephone sockets in your premises - we'd like to take a few moments to make you aware of some issues regarding this service.

Current telephone cabling situation

Before 1989, Telstra owned and maintained all telephone cabling and telephone sockets in your home and business. On 1 January 1989, the Federal Government deregulated the provision of repairs and maintenance services, and established a network boundary. The Network Boundary Point (NBP) is the first telephone socket in all single unit dwellings. From 1 January 1989, ownership of all wiring and telephone sockets past the first telephone socket was transferred to the customer. Telstra is responsible for connecting and repairing the telephone service up to the first telephone socket. The responsibility for maintaining telephone wiring and telephone sockets beyond the first telephone socket is the customer's.

In summary, this means that if you require maintenance or repairs to any telephone wiring or telephone sockets beyond the NBP, you (or the building owner) are responsible for all repair charges or service fees incurred.

Coverage provided under ServiceNet Wiring Maintenance Plan

As a current member of Telstra's ServiceNet Wiring Maintenance Plan, you have been covered against these charges for repairs to internal wiring and have been paying 60 cents per month for this plan.

The Australian Competition and Consumer Commission (ACCC) has expressed concerns to Telstra regarding the way that the ServiceNet Wiring Maintenance Plan was both implemented and operated.

(over, please)

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Specifically, the ACCC is concerned that not all ServiceNet customers knew they were paying for the product, or knew what they were paying for. As a result, Telstra has decided to refund all customers of the ServiceNet Wiring Maintenance Plan.

In order to simplify the refund process, Telstra has independently decided to withdraw the plan from the market place.

Telstra will automatically refund ServiceNet fees

Please note there is no need to contact Telstra in order to be credited your refund. We will automatically provide a credit on your next telephone bill for all ServiceNet Wiring Maintenance Plan fees from 21 November 1992 up until your current bill.

We would also like to apologise for any inconvenience caused to customers who did not realise they were part of the plan and hope that our decision to refund all fees will compensate for any confusion.

The options available to you now

We will continue to cover you with the benefits of the plan at no charge until 31 March 1997. You will not have to pay any fees from your next bill.

From 1 April 1997 Telstra will no longer provide coverage under the ServiceNet Wiring Maintenance Plan. This means should you require Telstra to undertake repairs to your telephone sockets or wiring past the first telephone socket after that date, a fee for service will apply. Standard charges include a visit fee of \$45 during business hours, plus \$15 per quarter hour for labour costs plus any additional material costs.

There is no compulsion to use Telstra for any repairs and if you wish to have someone other than Telstra carry out repairs, any Austel licensed cabler may maintain and repair your cabling and telephone sockets. They can be found in the Yellow Pages under 'Telephone and system installation and/or maintenance.'

At Telstra, we're committed to providing the best customer service possible. If you'd like more information or have any questions about this letter or your ServiceNet Wiring Maintenance Plan service, please don't hesitate to call Telstra on FREECALL™ 1800 623 243* and quote extension XXXX anytime between 9 am - 5 pm (EST), Monday to Friday.

Yours sincerely,

RGM

* A free call unless from a mobile, which will be charged at applicable mobile rates.

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TLF107/L3

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LETTER FOUR: DISABLED CUSTOMERS

LOGO: TELSTRA

Date, 1996

<Regional Addresses>

JOHNSON BOX:

IMPORTANT NOTICE:

While you may read or hear that Telstra has withdrawn its ServiceNet Wiring Maintenance Plan, the service will continue to be provided to you at a 100% concession.

LASER FILL
ADDRESS:

Ms X Sample
XX Sample Street
SAMPLELAND VIC 0000

Dear Ms Sample,

As a current member of Telstra's ServiceNet Wiring Maintenance Plan (previously called the Wiring Repair Plan) - a maintenance and repair plan that provides coverage against damage to the internal telephone wiring and telephone sockets in your premises - we'd like to take a few moments to make you aware of some issues regarding this service.

Current telephone cabling situation

Before 1989, Telstra owned and maintained all telephone cabling and telephone sockets in your home and business. On 1 January 1989, the Federal Government deregulated the provision of repairs and maintenance services, and established a network boundary. The Network Boundary Point (NBP) is the first telephone socket in all single unit dwellings. From 1 January 1989, ownership of all wiring and telephone sockets past the first telephone socket was transferred to the customer. Telstra is responsible for connecting and repairing the telephone service up to the first telephone socket. The responsibility for maintaining telephone wiring and telephone sockets beyond the first telephone socket is the customer's.

In summary, this means that if you require maintenance or repairs to any telephone wiring or telephone sockets beyond the NBP, you (or the building owner) are responsible for all repair charges or service fees incurred.

(over, please)

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Coverage provided under ServiceNet Wiring Maintenance Plan

As a current member of Telstra's ServiceNet Wiring Maintenance Plan, you have been covered against these charges for repairs to internal wiring, at no cost to you under Telstra's Disability Tariff Concession Policy.

The Australian Competition and Consumer Commission (ACCC) has expressed concerns to Telstra regarding the way that the ServiceNet Wiring Maintenance Plan was both implemented and operated. Specifically, the ACCC is concerned that not all ServiceNet customers were fully aware of the terms and conditions of the plan.

Telstra has independently decided to withdraw the ServiceNet Wiring Maintenance Plan. The ACCC and Telstra will release public statements in relation to the ServiceNet product on 18 September 1996.

Please note the withdrawal of the ServiceNet product will not apply to you. Telstra will continue to provide maintenance free of charge for all internal telephone wiring and telephone sockets within your premises.

Telstra will be refunding all current and previous ServiceNet customers. You do not pay any monthly rental fees for the ServiceNet Wiring Maintenance Plan, and therefore are not entitled to a refund.

At Telstra, we're committed to providing the best customer service possible. If you'd like more information or have any questions about this letter or your ServiceNet Wiring Maintenance Plan service, please don't hesitate to call Telstra on **FREECALL™ 1800 068 424*** anytime between 9 am - 5 pm, Monday to Friday.

Yours sincerely,

RGM

* A free call unless from a mobile, which will be charged at applicable mobile rates.

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ACN 051 775 556

TLF107/L4

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BILL INSERT: CONSUMER CUSTOMERS/UNASSIGNED

A4 FLYER, FOLDED TO DL

COVER:

**HEAD: Important Notice to all Telstra ServiceNet Wiring
Maintenance Plan Customers**

INSIDE:

**HEAD: Telstra ServiceNet Wiring Maintenance Plan is to be
withdrawn.**

Please read on for further details.

INSIDE REVEAL:

COPY:

Dear Customer,

As a current member of Telstra's ServiceNet Wiring Maintenance Plan (previously called the Wiring Repair Plan) - a maintenance and repair plan that provides coverage against damage to the internal telephone wiring and telephone sockets in your premises - we'd like to take a few moments to make you aware of some issues regarding this service.

Current telephone cabling situation

Before 1989, Telstra owned and maintained all telephone cabling and telephone sockets in your home and business. On 1 January 1989, the Federal Government deregulated the provision of repairs and maintenance services, and established a network boundary. The Network Boundary Point (NBP) is the first telephone socket in all single unit dwellings. From 1 January 1989, ownership of all wiring and telephone sockets past the first telephone socket was transferred to the customer. Telstra is responsible for connecting and repairing the telephone service up to the first telephone socket. The responsibility for maintaining telephone wiring and telephone sockets beyond the first telephone socket is the customer's.

In summary, this means that if you require maintenance or repairs to any telephone wiring or telephone sockets beyond the NBP, you (or the building owner) are responsible for all repair charges or service fees incurred.

Coverage provided under ServiceNet Wiring Maintenance Plan

As a current member of Telstra's ServiceNet Wiring Maintenance Plan, you have been covered against these charges for repairs to internal wiring and have been paying 60 cents per month for this plan.

The Australian Competition and Consumer Commission (ACCC) has expressed concerns to Telstra regarding the way that the ServiceNet Wiring Maintenance Plan was both

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implemented and operated. Specifically, the ACCC is concerned that not all ServiceNet customers knew they were paying for the product, or knew what they were paying for.

As a result, Telstra has decided to refund all customers of the ServiceNet Wiring Maintenance Plan.

In order to simplify the refund process, Telstra has independently decided to withdraw the plan from the market place.

Telstra will automatically refund ServiceNet fees

Please note there is no need to contact Telstra in order to be credited your refund. We have automatically provided a credit on this telephone bill for all ServiceNet Wiring Maintenance Plan fees from 21 November 1992 up until your current bill.

We would also like to apologise for any inconvenience caused to customers who did not realise they were part of the plan and hope that our decision to refund all fees will compensate for any confusion.

The options available to you now

We will continue to cover you with the benefits of the plan at no charge until 31 March 1997. You will not have to pay any fees from your next bill.

From 1 April 1997 Telstra will no longer provide coverage under the ServiceNet Wiring Maintenance Plan. This means should you require Telstra to undertake repairs to your telephone sockets or wiring past the first telephone socket after that date, a fee for service will apply. Standard charges include a visit fee of \$45 during business hours, plus \$15 per quarter hour for labour costs plus any additional material costs.

There is no compulsion to use Telstra for any repairs and if you wish to have someone other than Telstra carry out repairs, any Austel licensed cabler may maintain and repair your cabling and telephone sockets. They can be found in the Yellow Pages™ under 'Telephone and system installation and/or maintenance.'

At Telstra, we're committed to providing the best customer service possible. If you'd like more information or have any questions about this letter or your ServiceNet Wiring Maintenance Plan service, please don't hesitate to call Telstra on **FREECALL™** 1800 052 052* and quote extension 5079 anytime between 8 am - midnight (EST), 7 days a week.

TELSTRA LOGO

* A free call unless from a mobile, which will be charged at applicable mobile rates.

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5079/08/96

TLF/107

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BILL MESSAGES:

CURRENT CONSUMER UNASSIGNED CUSTOMER

Withdrawal of ServiceNet Charges

Your account has been credited for the Telstra ServiceNet Wiring Maintenance Plan. This refund is from 21 November 1992 until your current bill. This service is being withdrawn, however we will provide your plan coverage until 31 March 1997 at no cost to you. After 1 April 1997 should you require service from Telstra there will be a standard service fee.

For more information please read the notice included with this bill.

OTHER SERVICELINK/ ASSIGNED COMMERCIAL/ B&G/ UNASSIGNED COMMERCIAL

Withdrawal of ServiceNet Charges

Your account has been credited for the Telstra ServiceNet Wiring Maintenance Plan. This refund is from 21 November 1992 until your current bill. This service is being withdrawn, however we will provide your plan coverage until 31 March 1997 at no cost to you. After the 1 April 1997 should you require service from Telstra there will be a standard service fee.

You should have received a letter from Telstra with further details about these changes to your ServiceNet Wiring Maintenance Plan.

Z TARIFF CODE CUSTOMERS

Withdrawal of ServiceNet Charges

As a current member of Telstra's ServiceNet Wiring Maintenance Plan, you have been covered against repair charges or service fees. This service is now being withdrawn. We will continue to provide coverage until 31 March 1997 at no cost to you. After 1 April 1997, should you require service from Telstra there will be a standard service fee.

SCHEDULE B

Advertisement

— —
— —



Customer Information Service

A ServiceNet Wiring Repair Plan Refund

Is Available To All Previous Customers

Following discussions with the Australian Competition and Consumer Commission, Telstra has decided to implement a refund policy for former and current customers of the ServiceNet Wiring Maintenance Plan, (previously known as the Wiring Repair Plan). The ACCC was concerned that not all ServiceNet customers knew that they were paying for the product or knew what they were paying for.

Telstra has independently decided to withdraw the plan from the market place to ensure that there is no possibility of any future customer confusion concerning the ServiceNet Wiring Maintenance Plan.

ServiceNet covers customers for faults and maintenance work to their internal telephone wiring and sockets beyond the first socket. Both residential and commercial customers are eligible for the refund, paid at sixty cents per month for the period of time they were covered by the plan since 21 November 1992.

Current ServiceNet customers do not need to contact Telstra. These customers will receive an automatic refund on their next bill.

There are some customers who were previously part of the ServiceNet plan. Telstra has records of these customers but the records may not match your current name and address. If you believe you were a ServiceNet customer, you should contact Telstra and advise of your personal details at the time you had ServiceNet. Telstra will provide you with a refund if that information matches our records.

To determine if you were a part of the ServiceNet plan, customers are asked to review all previous Telstra accounts back to November 1992. If the service and equipment charges on any account resemble any of the following circumstances, you may be eligible for a refund:

1. If you were a residential customer who rented your telephone line and equipment from Telstra and your monthly Service and Equipment charges were greater than \$14.15 by at least 60 cents.
2. If you were a business customer who rented your telephone line and equipment from Telstra prior to 1 February 1996 and your monthly Service and Equipment charges were greater than \$25.10 by at least 60 cents.
3. If you were a business customer who rented your telephone line and equipment from Telstra after 1 February 1996 and your monthly Service and Equipment charges of your bill were greater than \$22.50 by at least 60 cents.
4. If you do not rent your telephone equipment from Telstra and the monthly service and equipment section of your Telstra bill was greater than \$11.63 for residential customers and \$20 for business customers by at least 60 cents you could be eligible for a refund. Please note the monthly line rental charges for business customers was \$77.90 prior to 1 February 1996.

Residential customers need to call 1800 052 052 - business customers need to call 1800 036 056. Previous ServiceNet customers have until January 31, 1997 to apply for a refund. Telstra apologises for any inconvenience caused in current and previous ServiceNet customers.



30 x 5 to be published

SCHEDULE C

Audit

Part 1(a)

Internal audit procedures

— —
— —



Wiring Repair Plan Audit

PROPOSED AUDIT PROGRAM (Incorporating Procedures agreed with DTT)

Audit objective number 1

To ensure the customers that were due a refund in accordance with the terms of the (draft undertakings document) were identified.

1. Undertake discussions with line management to confirm the process actually used by management to control the specific risk identified. Consider implications of findings on proposed audit approach below.
2. Via IS&T Group, obtain audit control/ application review reports issued since 1992 by A&RM, Australian National Audit Office, & other external auditors concerning the key application systems identified (Flexcabs, Cabs, SAMIS) and assess impact of any material systems weaknesses identified on audit approach.

Detailed Audit Procedures:

Current Customers

1. Obtain WRP income currently booked to the General Ledger and recalculate expected current customers (ie dollar income booked divided by WRP tariff) and compare to overall "current customers" numbers per refund calculations to confirm reasonableness of current customer numbers being refunded.
2. Review evidence of actioning Application level Completeness controls:
 - Are Error bins cleared on an ongoing basis?
 - Are Edit Reports reviewed to ensure that all systems are running effectively.

Conduct observation testing and/or block testing as appropriate to verify actual execution of the control points documented.

Non- Current Customers

1. Compare overall " current customers" numbers per refund calculations to other system level statistical reports (Comstat; Custpro; SAMIS) since November 1992 to confirm reasonableness of non-current customer numbers identified as being refunded.
2. Review applicable newspapers to ensure the ads have been placed in accordance with the draft undertakings document.
3. Review evidence of actioning Application level Completeness controls:
 - Are Error bins cleared on an ongoing basis?
 - Are Edit Reports reviewed to ensure that all systems are running effectively?
 - Management reports on response to Telstra's advertising to non-current customers.

Conduct observation testing and/or block testing as appropriate to verify actual execution of the control points documented.



Wiring Repair Plan Audit

Audit objective number 2

To ensure all valid WRP refunds were paid in accordance with the terms of the (draft undertakings document)

1. Undertake discussions with line management to confirm the process actually used by management to control the specific risk identified. Consider implications of findings on proposed audit approach below.

Detailed Audit Procedures:

Current Customers

1. Compare refunds actually paid to expected payments per CPE Retail Products planning document for reasonableness.
2. Review evidence of actioning Application level controls:
 - Are Error bins cleared on an ongoing basis?
 - Are Edit Reports reviewed to ensure that the refund system is running effectively?
 - Statistics on refunds accepted/ rejected

Conduct observation testing and/or block testing as appropriate to verify actual execution of the control points documented.

3. Conduct a statistical sample of 30 items on the refund population via random sampling techniques and test to ensure that the customer refund was to a customer that was due a refund. If any errors are found reconsider the value of the test.

Non- Current Customers

1. Compare refunds actually paid to expected payments per CPE Retail Products planning document for reasonableness.
2. Review evidence of actioning Application level controls:
 - Are Error bins cleared on an ongoing basis?
 - Are Edit Reports reviewed to ensure that all systems are running effectively?
 - Statistics on refunds accepted/ rejected
 - Management reports on response to Telstra's advertising to non-current customers.

Conduct observation testing and/or block testing as appropriate to verify actual execution of the control points documented.

3. Conduct a statistical sample of 30 items on the non-current customer refund population via random sampling techniques and test to ensure that the customer refund was to a customer that was due a refund. If any errors are found reconsider the value of the test.

Audit objective number 3

The refunds that were paid were correctly calculated in accordance with the terms of the (draft undertakings document)



Wiring Repair Plan Audit

1. Undertake discussions with line management to confirm the process actually used by management to control the specific risk identified. Consider implications of findings on proposed audit approach below.

Detailed Audit Procedures:

Current Customers

1. Compare refunds actually paid to expected payments per CPE Retail Products planning document for reasonableness.
2. Review evidence of actioning Application level controls:
 - Review the table update controls
 - If applicable, statistics on partly paid refunds

Conduct observation testing and/or block testing as appropriate to verify actual execution of the control points documented.
3. Conduct a statistical sample of 30 items on the refund population via random sampling techniques and test to ensure that the customer refund was calculated correctly. Utilise the same sample as selected for objective #2. If any errors are found reconsider the value of the test.

Non- Current Customers

1. Compare refunds actually paid to expected payments per CPE Retail Products planning document for reasonableness.
2. Review evidence of actioning Application level controls:
 - If applicable, statistics on partly paid refunds
 - Review the table update controls
 - Management reports on response to Telstra's advertising to non-current customers.

Conduct observation testing and/or block testing as appropriate to verify actual execution of the control points documented.
3. Conduct a statistical sample of 30 items on the non-current customer refund population via random sampling techniques and test to ensure that the customer refund was calculated correctly. Utilise the same sample as selected for objective #2. If any errors are found reconsider the value of the test.

Audit objective number 4

Ensure the method used to notify customers of the refund used was in accordance with the terms of the (draft undertakings document).

1. Undertake discussions with line management to confirm the process actually used by management to control the specific risk identified. Consider implications of findings on proposed audit approach below.

Detailed Audit Procedures:



Wiring Repair Plan Audit

Current Customers

1. Conduct a statistical sample of 30 items on the refund population via random sampling techniques and test to ensure that the customer refund was notified to the customer as required (bill insert/ bill message). Utilise the same sample as selected for objective #2. If any errors are found reconsider the value of the test.
2. Review the specific procedures used by Flex tabs/ CABS to insert bill messages and bill inserts into customer statements. Conduct observation tests on the physical process by visiting a small number of statement printing/ issuing runs to verify procedures used.

Non- Current Customers

1. Conduct a statistical sample of 30 items on the non-current refund population via random sampling techniques and test to ensure that the customer refund was notified to the customer as required (bill insert/ bill message). Utilise the same sample as selected for objective #2. If any errors are found reconsider the value of the test.
2. Review the specific procedures used to insert bill messages and bill inserts into non-current customer statements. Consider need to conduct observation tests on the physical process to verify procedures used if material.
3. Review direct mail process to ensure that customers are being notified in accordance with requirements. Consider need to conduct observation tests on the physical process to verify procedures used if material.

Overall

1. Ensure that sign off has been obtained by the PE and Network Billing Project Managers that the overall refund process was in accordance with the Product Refund and Exit Strategy document (DTT requirement). Obtain this sign off before conducting detailed field work.
2. Prepare Audit Report. Consider findings for inclusion in the Audit Report

Part 1(b) Internal audit report

AUDIT REPORT

To the General Counsel of Telstra Corporation Limited

Scope

We have conducted an audit of the Wiring Repair Plan (**WRP**) refund arrangements entered into by the Corporation and the Australian Competition and Consumer Commission (**Commission**) as detailed in the undertakings dated on or about 16 September 1996 given by Telstra Corporation Limited to the Commission under S.87B of the Trade Practices Act (the **Undertakings**).

Our audit has been conducted in accordance with Australian Auditing Standards. Our procedures included an examination, on a test basis, of evidence supporting the identification, calculation and payment of monies due to customers and former customers of the Corporation arising from these refund arrangements. These procedures have been undertaken to form an opinion whether, in all material respects, the undertakings made by the Corporation to the Australian Competition and Consumer Commission have been met.

Audit Opinion

In our opinion within the tolerances permitted by the Australian Auditing Standards:

1. The customers that were due a refund in accordance with the terms of the Undertakings were identified.
2. All valid WRP or SNWM refunds were paid in accordance with the terms of the Undertakings;
3. The refunds that were paid were correctly calculated in accordance with the terms of the Undertakings; and
4. The method used to notify customers of the refund used was in accordance with the terms of the Undertakings.

J.P. Elks
Director
Audit & Risk Management
Telstra Corporation Limited

Schedule C

Part 2(a) Examination of Telstra Internal Audit

The Auditor will be responsible for conducting an examination of Telstra Internal Audit conducted in accordance with the procedures set out in Part 1(a) above and will encompass the following procedures:

- (i) The Auditor will meet with the Internal Auditor to review the planning and work programs to be used for their audit prior to the commencement of their audits.
- (ii) The Auditor will review the working papers compiled by the Internal Auditor to advise the Commission as to whether sufficient evidence had been obtained to form the opinion set out in Part 1(b) above.
- (iii) The Auditor will perform any additional procedures as considered necessary by the Commission in accordance with these undertakings.

Part 2(b) Audit Report on Telstra Internal Audit

In accordance with the requirements of the undertakings of Telstra to the Commission under S.87B of the Trade Practices Act 1974 dated 16 September 1996 we report as follows:

- (i) We have reviewed the planning and work programs used by the Internal Auditors. In our opinion, they provide an appropriate basis for an audit to be conducted in accordance with the undertakings referred to above.
- (ii) We have reviewed the working papers compiled by the Internal Auditors. In our opinion, they show that sufficient evidence was obtained to enable an opinion to be formed as detailed in their report set out in the form prescribed by Part 1(b) of Schedule C of the undertakings.
- (iii) In our opinion, the programs and the work that has been performed by the Internal Auditor is appropriate and the work performed supports the conclusions reached by the Internal Auditor in providing the audit opinion set out in Part 1(b) of Schedule C of the undertakings.

Yours faithfully

Partner

Deloitte Touche Tohmatsu
