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SENATE

STANDING COMMITTEE ON ENVIRONMENT,
COMMUNICATIONS, INFORMATION TECHNOLOGY AND THE
ARTS

ESTIMATES

(Budget Estimates)

WEDNESDAY, 23 MAY 2007

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**SENATE STANDING COMMITTEE ON
ENVIRONMENT, COMMUNICATIONS, INFORMATION TECHNOLOGY AND
THE ARTS
Wednesday, 23 May 2007**

Members: Senator Eggleston (*Chair*), Senator Bartlett (*Deputy Chair*), Senators Birmingham, Kemp, Lundy, Ian Macdonald, Webber and Wortley

Participating members: Senators Adams, Allison, Bernardi, Boswell, Bob Brown, George Campbell, Carr, Chapman, Conroy, Crossin, Chris Evans, Faulkner, Ferguson, Fielding, Fierravanti-Wells, Forshaw, Heffernan, Hogg, Humphries, Joyce, Lightfoot, Ludwig, Lundy, Marshall, Sandy Macdonald, McGauran, McLucas, Milne, Moore, Nash, Nettle, O'Brien, Parry, Payne, Robert Ray, Siewert, Stott Despoja, Watson and Wong

Senators in attendance: Senators Allison, Birmingham, Bob Brown, George Campbell, Conroy, Eggleston, Fielding, Fierravanti-Wells, Kemp, Ian Macdonald, Marshall, Moore, Ronaldson, Sterle, Webber, Wong and Wortley

Committee met at 9.04 am

**COMMUNICATIONS, INFORMATION TECHNOLOGY AND THE ARTS
PORTFOLIO**

Consideration resumed from 21 May 2007

In Attendance

Senator Coonan, Minister for Communications, Information Technology and the Arts

Executive

Ms Patricia Scott, Secretary
Ms Fay Holthuyzen, Deputy Secretary, Infrastructure and Access
Dr Rod Badger, Deputy Secretary, Strategy and Content
Ms Lynn Bean, Acting Deputy Secretary, Arts and Sport
Mr Abul Rizvi, Deputy Secretary, Protecting Australian Families Online

Legal

Mr Don Markus, General Counsel

Corporate and Business

Mr Frank Nicholas, Chief Operating Officer, Corporate and Business Division
Mr Mike Hutchings, Chief Information Officer and General Manager, Information Technology and Facilities Branch
Ms Cheryl Watson, Acting General Manager, HR and Communications
Mr Tim Cornforth, Manager, Regional Network Management Unit

Finance and Budgets

Ms Jennifer Gale, Chief Financial Officer

Infrastructure and Security

Mr Col Lyons, Chief General Manager, Infrastructure and Security Division
Mr Andrew Maurer, Acting General Manager, Networks Competition Branch

Mr Simon Bryant, General Manager, Broadband Infrastructure Branch
Mr Ashley Cross, General Manager, Security Branch
Mr Bill Scott, Acting General Manager, International Branch

Access and Consumer

Mr Keith Besgrove, Chief General Manager, Access and Consumer Division
Mr James McCormack, General Manager, Broadband Development Branch
Mr Brenton Thomas, General Manager, Networks Operations and Spectrum Branch
Mr Rohan Buettel, General Manager, Consumer and Shareholder Branch

Content and Media

Dr Simon Pelling, Acting Chief General Manager, Broadcasting
Mr Gordon Neil, General Manager, Media Industries
Mr Simon Cordina, General Manager, Digital Content
Ms Trish Barnes, Acting General Manager, Digital Broadcasting

Strategic, Development and Regional

Dr Beverly Hart, Chief General Manager
Mr Philip Allnut, General Manager, Indigenous Communications
Mr Lindsay Barton, General Manager, ICT Development
Mr Tom Dale, General Manager, Strategy Branch
Ms Liz Forman, General Manager, Regional Branch

Arts and Sport Division

Mr James Cameron, Chief General Manager, Arts and Sport Division
Mr Peter Young, General Manager, Film and Digital Content Branch
Mr Mark Taylor, General Manager, Arts, Regional and Governance Branch
Ms Lyn Allan, General Manager, Indigenous Arts and Training
Mr Paul McInnes, General Manager, Collections
Mr Bill Rowe, General Manager, Sport
Ms Jenny Anderson, Chief General Manager, Old Parliament House and National Portrait Gallery
Mr Kate Cowie, General Manager, Contents and Programs, Old Parliament House and National Portrait Gallery
Mr Paul Salmond, General Manager, Heritage and Property, Old Parliament House and National Portrait Gallery
Mr Andrew Sayers, Director, National Portrait Gallery

Australia Post

Mr Michael McCloskey, Corporate Secretary
Mr Jim Marshall, General Manager, Mail and Networks
Mr Rod McDonald, Group Manager, Human Resources
Mr Don Newman, Manager, Network Infrastructure
Mr Michael Tenace, Group Financial Controller
Ms Elizabeth Button, Group Manager, Retail Channels and Infrastructure
Mr Stephen Walter, Group Manager, Corporate Public Affairs
Ms Catherine Walsh, Manager, Employee Relations

Australian Communications and Media Authority

Mr Chris Chapman, Chairman
Ms Lyn Maddock, Deputy Chair
Mr Chris Cheah, Member
Ms Nerida O'Loughlin, General Manager, Industry Outputs
Ms Andree Wright, Executive Manager, Industry Outputs
Mr James Shaw, General Manager, Strategy, Analysis and Coordination
Mr Giles Tanner, General Manager, Inputs to Industry
Mr John Neil, Executive Manager, Strategy, Analysis and Coordination
Mr Marcus Bezzi, General Manager, Legal Services
Ms Dianne Carlos, General Manager, Corporate Services
Mr Grant Symons, Executive Manager, Industry Outputs
Mr Paul White, Executive Manager, Industry Outputs

Australian Broadcasting Corporation

Mr Mark Scott, Managing Director
Mr David Pendleton, Chief Operating Officer
Mr Murray Green, Director International, Corporate Strategy and Communications

Special Broadcasting Service Corporation

Mr Shaun Brown, Managing Director
Mr Jonathon Torpy, Chief Financial Officer
Mr Bruce Meagher, Director Strategy and Communications
Mr Paul Broderick, Director Technology and Distribution
Ms Paula Masselos, Director Radio

CHAIR (Senator Eggleston)—I declare open this third day of the Communications, Information Technology and the Arts portfolio estimates. We resume the examination of the portfolio in accordance with the agenda. Under standing order 26, the committee must take all evidence in public session, and this includes answers to questions on notice. The committee notes that it has fixed Tuesday, 31 July as the date for the return of answers to questions on notice. I remind all witnesses that in giving evidence to the committee they are protected by parliamentary privilege. It is unlawful for anyone to threaten or disadvantage a witness on account of evidence given to a committee, and such action may be treated by the Senate as a contempt. It is also a contempt to give false or misleading evidence to a committee.

The Senate by resolution in 1999 endorsed the following test of relevance of questions at estimates hearings. Any question going to the operations or financial positions of the departments and agencies which are seeking funds in the estimates are relevant questions for the purposes of estimates hearings.

I remind officers that the Senate has resolved that there are no areas in connection with the expenditure of public funds where any person has a discretion to withhold details or explanations from the parliament or its committees unless the parliament has expressly provided otherwise. The Senate has also resolved that an officer of a department of the Commonwealth or of a state shall not be asked to give opinions on matters of policy and shall be given reasonable opportunity to refer questions asked of the officer to superior officers or to a minister.

If a witness objects to answering a question, the witness should state the grounds upon which the objection is taken, and the committee will determine whether it will insist on an answer, having regard to the ground on which it is claimed. Any claim that it would be contrary to the public interest to answer a question must be made by the minister and should be accompanied by a statement setting out the basis for the claim.

I welcome Senator the Hon. Helen Coonan, Minister for Communications, Information Technology and the Arts, and portfolio officers. Minister, do you wish to make an opening statement?

Senator Coonan—No, except to say that we have a new secretary of the department, and I very much welcome Ms Patricia Scott. This is our first estimates together.

CHAIR—We welcomed Ms Scott on Monday with the Arts side of it. We welcome you to the Communications and IT dimension of estimates.

[9.07 am]

Australia Post

Senator MARSHALL—How much did Australia Post spend on the Licensee Advisory Council in the 2005-06 year and the 2006-07 year?

Ms Button—I am afraid I am going to have to take that on notice. I do not have those numbers with me but I can certainly provide them back to the committee.

Senator MARSHALL—Would you be able to do that sometime today, do you think?

Ms Button—I can certainly try to do that.

Senator MARSHALL—Could you break that down for me into spending on the national LAC and the state LACs?

Ms Button—Sure.

Senator MARSHALL—What is your budget for LACs for the 2007-08 year?

Ms Button—I am going to have to get back to you, I am sorry.

Senator MARSHALL—Does Australia Post coordinate elections for the licensee representatives on the state and national LACs?

Ms Button—It is done by an independent body.

Senator MARSHALL—Who are they?

Ms Button—If I am not mistaken, it is a body called Secure Vote, but again I will confirm that for you.

Senator MARSHALL—Can you also get back to us with how that process actually operates.

Ms Button—Certainly.

Senator MARSHALL—Were elections necessary for any of the state or national LACs?

Ms Button—I understand that there are a number of positions that will become vacant. They will call for nominations. Depending on the vacancies and the nominations, they may then need to go for an election or not. I think that is the process.

Senator MARSHALL—What is the timetable for that?

Ms Button—As I understand the tentative timetable—and it is still draft so you will have to forgive me—they intend to have the process finalised by the middle of August.

Senator MARSHALL—What is the situation now? You said, ‘When vacancies occur.’ What is the process at the moment?

Ms Button—Elections; people are appointed for two years.

Senator MARSHALL—Simply appointed, so there has been no election?

Ms Button—No, sorry, elected. There was an election last year and they are elected for two years.

Senator MARSHALL—Were there any elections last time round.

Ms Button—Yes, there were.

Senator MARSHALL—Are you able to detail where the elections were, which states?

Ms Button—I can certainly get that information.

Senator MARSHALL—In the states where elections were not necessary, were all nominees duly deemed to be elected to the respective LACs?

Ms Button—Again, can I please get back to you on that? I will need to confirm all of this for you.

Senator MARSHALL—How does Australia Post select which Australia Post representatives are put forward to sit on the LAC?

Ms Button—At the state level, the state retail manager will be a member of the LAC, because the state retail manager has responsibility for the retail network. Also on there will be the state LPO channel manager and possibly other nominees from the retail business, because this is about running the retail network and the licensees are very much part of that. A similar situation exists at the national level, so I am on the LAC as are two of my people who work for me—both of whom are involved in managing the channel and the licensee network in particular. We also have the Group Manager Retail Services, who is in charge of the retail merchandise, which is provided in store and licensees buy from Australia Post.

Senator MARSHALL—What is the internal process of selecting the representative? Is there a formal internal process?

Ms Button—It goes with the job—if you are appointed to a job, then it is part of that role.

Senator MARSHALL—Which jobs are automatically part of the LAC?

Ms Button—At the moment?

Senator MARSHALL—Yes.

Ms Button—It is the Group Manager Retail Channels and Infrastructure, the Group Manager Retail Services, the Manager Retail Channels and the Manager LPO Channel.

Senator MARSHALL—That is at the national level?

Ms Button—Correct.

Senator MARSHALL—What happens at the state level?

Ms Button—At the state level, the retail managers in every state are members of the LAC and the state LPO channel managers are also members of the LAC. Other than that, I am not clear about who else at the state level would sit on it on a permanent basis.

Senator MARSHALL—Would you be able to provide that information to the committee?

Ms Button—Absolutely.

Senator MARSHALL—What regulations govern the number of Australia Post representatives on the state national LACs?

Ms Button—There is a charter that governs the LACs. I am not sure that I have a copy with me, but we can certainly provide it.

Senator MARSHALL—Is that on the website?

Ms Button—We can provide the committee with a copy?

Senator MARSHALL—Can you tell me whether the LACs have met all their obligations with respect to ASIC?

Ms Button—That is my understanding.

Senator MARSHALL—Do the LACs have some obligations with respect to ASIC?

Ms Button—I am sorry, I will have to get back to you.

Senator MARSHALL—Would you be able to get back to us today in respect of that, because what I am interested to find out is whether all the ASIC obligations have been met by the LACs. Could you tell me whether any LAC has been fined for failing to meet any of its obligations with ASIC?

Ms Button—Yes, certainly.

Senator MARSHALL—Do you know whether there have been any fines?

Ms Button—Not that I am aware and I would assume that I would be aware, but I will get back to you.

Senator MARSHALL—While you are getting that information, can you explain to us the process? What would happen if ASIC fined an LAC for failing to meet any of its obligations, how would the fine be paid? Could you also find out whether licensee members of the LAC would be liable to contribute towards any fine?

Ms Button—Sure, I will get back to you on that.

Senator MARSHALL—Do you think you would be able to provide that information to the committee some time during the course of the day—or those parts that you can?

Ms Button—I will make some phone calls and I will get back to you.

Senator MARSHALL—I have a question on community mail and postal agents. Is that your area too?

Ms Button—Sadly.

Senator MARSHALL—Sadly?

Ms Button—Sorry, I should not have said that.

Senator MARSHALL—Sadly, it is only one question.

Ms Button—I am sorry.

Senator MARSHALL—Can you tell me which insurer or insurance broker Australia Post uses to place public liability insurance for community mail postal agents?

Ms Button—No, I would have to get back to you on that.

Senator MARSHALL—Could you explain to us the process for selecting that insurer or broker?

Ms Button—Certainly.

Senator MARSHALL—Sadly, that is it for that one! I want to ask some questions about alternative fuels. I understand, in answer to a question on notice posed in October 2006, Australia Post advised of some of its initiatives to reduce its fleet greenhouse emissions. Australia Post also advised that it would not be offering any incentives to its delivery contractors for using environmentally friendly vehicles. Following the nationally broadcast launch of Australia Post's hybrid powered truck trial in May 2007, will Australia Post now be reviewing its policy towards delivery contractors?

Mr Newman—I am aware of the trial of that hybrid truck. At this stage we do not have plans to do that with contractors, but that is constantly under review. I could advise that we would review that after those trials take place but, at this stage, we do not have a plan to do that.

Senator MARSHALL—What percentage of contractors is used by Australia Post in terms of truck deliveries?

Mr Newman—We have about 5,500 contractors. There is a mixture of motorbikes, trucks and cars in that. I do not have that exact break-up, but I could supply that on notice.

Senator MARSHALL—I was just wanting a ballpark. Do contractors represent 20 per cent, 30 per cent, half?

Mr Newman—Of delivery staff?

Senator MARSHALL—Yes.

Mr Newman—There are about 5,400 or 5,500 contractors, and about 8,000 delivery staff on the road each day. In round figures, there are about 10,000 people involved in delivery, but not all of those ride outside every day. The majority of those are on motorbikes—about 80 to 90 per cent—and the rest are walking and pushbike rounds.

Senator MARSHALL—Have any costings or preliminary work been done on costs involved with subsidising contractors to assist them to reduce their greenhouse impact?

Mr Newman—No, there has not. I want to point out that the way the market works is that, if a contractor did want to pursue a low cost alternative, that would give them a market advantage in the tendering process. If there is a benefit to be gained by using a hybrid vehicle to deliver mail, contractors would seek that advantage themselves because obviously it could

lower their cost and they would perceive that. But, at this point, we do not have a plan to pursue that. I am not saying that we will not, I am just saying that we do not at this time.

Senator GEORGE CAMPBELL—Is the reduction in their costs the only advantage?

Mr Newman—I was really answering that, from a contractor's point of view, there is nothing preventing them from pursuing that in their own right. That would be one advantage they would get—obviously, emission advantage and other advantages.

Senator GEORGE CAMPBELL—What is Australia Post doing to encourage them to move in that direction? Is it doing anything?

Mr Newman—Not at this stage, as I answered the question before. We, at this stage, do not have a plan to pursue encouraging contractors to do that.

Senator MARSHALL—Can you tell me where your trial of a hybrid vehicle is at?

Mr Newman—I would have to take that on notice. I believe it has only just commenced. I do not have that information with me, but my understanding is that it will be benchmarked against running costs of other vehicles and we will make a decision where we go from there.

Senator MARSHALL—Are you aware of the sorts of vehicles that are being trialled?

Mr Newman—I would have to take that on notice.

Senator MARSHALL—If you could provide those details, we would appreciate that. I have some questions on private mail boxes. Can someone tell me how many private mail boxes Australia Post has in all locations?

Mr McCloskey—We have around 1.4 million private boxes.

Senator MARSHALL—Can you break those down for us easily?

Mr McCloskey—In what sense?

Senator MARSHALL—Where they are, the locations.

Mr McCloskey—Every retail outlet or business centre will have a suite of private boxes as part of its set-up.

Senator MARSHALL—How many of those private boxes are on a subsidised rental?

Mr McCloskey—I do not have that precise figure. I will have to take that on notice. Basically, the reduced rate private boxes are available where there is either no delivery provided or a delivery of a frequency of less than twice a week.

Senator MARSHALL—Are you able to provide the committee with information about where they are?

Mr McCloskey—They would be mainly in fairly remote areas or small communities, and they would be in the local licensed post office. They will be right across the country in all states.

Senator MARSHALL—Is there a list available?

Mr McCloskey—I can certainly get that, but I would have to take that on notice.

Senator MARSHALL—Thank you. I understand that that service is fairly popular. Can you tell me what steps Australia Post is taking to extend the current private box installations and to encourage licensees to extend private box installations at LPOs?

Mr McCloskey—We are constantly seeking to expand the private box network, and it is certainly growing. I do not know that we have got any particular incentives for licensees to expand beyond the normal fees that they get paid for servicing or sorting mail into private boxes. They get paid a fee on an annual basis for each private box that they sort mail into.

Senator MARSHALL—You do not have any expectations about the growth in that area?

Mr McCloskey—It is an area of the business that has been growing and continues to grow and we are continuing to encourage growth. However, I do not have any figures as to what the expectations are.

Senator MARSHALL—I guess that comes back to my first question. You said you continue to encourage growth. What are you doing to continue to encourage that growth?

Mr McCloskey—In certain areas there can be physical constraints on how many boxes you can put into a particular facility. A number of initiatives are being looked at, I think even trialled—for example, private boxes in areas other than at retail outlets; and particular types of suites of private boxes that do not require sorting from behind, which is the way it traditionally happens in the boxes on the public face. Behind that is where the licensee or the delivery staff sort boxes—as I understand, I have not seen these—but you can swing them out and they are in a public place. Other than that there does not have to be access from behind.

Senator MARSHALL—I have some questions now on mail and parcel contractors. I refer to question on notice 27 from the February Senate estimates hearing. Why is it that Australia Post will not share the information it obtains about fuel prices with its mail contractors?

Mr Newman—The way we assess price rises is that we base it on the wholesale cost of fuel. We have contracted to an outside supplier to provide us with that information. It is not really practical to advise 5,000 contractors every month about movement in fuel. There are alternative sources available for contractors. We take the position that, because that is freely available from multiple sources, we would expect them to gain that information under their own means.

Senator GEORGE CAMPBELL—Why isn't that practical?

Mr Newman—We get whatever the current price of wholesale fuel is. The onus is on the contractor—and that is spelt out very clearly in the terms of contract—to assess whether or not they wish to apply for a fuel increase. It is our view that writing to 5,500 mail contractors every month with a value is not the most practical way to go when this information is freely available through their own means.

Senator GEORGE CAMPBELL—But is it freely available—the same information you have available to you?

Mr Newman—I think there are a variety of sources.

Senator GEORGE CAMPBELL—These contractors are spread all over the country, aren't they?

Mr Newman—Yes.

Senator GEORGE CAMPBELL—Is the price of fuel the same all over the country?

Mr Newman—The figure that we use is the published figure, but we use a FUELtrac figure. Whatever it is, they just read the market and do the calculations. We have just left that to the contractors to get that information themselves if they require it.

Senator GEORGE CAMPBELL—Have you advised the contractors how you calculate your wholesale price of fuel?

Mr Newman—I would have to take that on notice. I believe we do but just to be sure I would like to advise you of that on notice.

Senator GEORGE CAMPBELL—Surely most of these 5,000-odd would be on computers. It would not be an onerous task to send them an email of the price you have used that month.

Mr Newman—The position we take is that contractors are independent business people and the onus is on them with regard to how they run their business and the information they need.

Senator GEORGE CAMPBELL—They are independent business people. How much of their time do they spend working for you?

Mr Newman—That varies depending on the size of the contract.

Senator GEORGE CAMPBELL—On average, would all of their business be associated with you, or part of their business?

Mr Newman—There is a large proportion that that would be their main—

Senator GEORGE CAMPBELL—It would be their main source of income.

Mr Newman—But there is another large number that it is not, of course. Some of them are very large companies and some of them are small operators.

Senator GEORGE CAMPBELL—But for the vast majority of them, the bulk of their time would be spent working for you.

Mr Newman—There is a large number. I do not know exactly what large number have their sole source of income from Post. I do not have that information. I would find it difficult to provide that. We have always left the onus for managing a contractor's affairs to the contractor.

Senator GEORGE CAMPBELL—But why are you reluctant to provide them with this information?

Mr Newman—To undertake an exercise like that, there would have to be an outcome that would be beneficial, and we just do not have a clear view of that. At the moment, they can apply for a fuel price rise every three months, if it has moved seven per cent. They are aware of what the movement is for what they pay for fuel locally. In most cases, the local fuel price movement reflects the movement in wholesale price. Our experience has been that that has worked. I know of no example where a contractor has failed to apply for a price rise or price variation because he or she was not aware of movement in fuel price. I guess the point we are

making here is that there would have to be some end or some outcome that is beneficial to everybody. The way it works at the moment, it appears to be very satisfactory. I do not have any information or example where someone has failed to be aware that the price of fuel has risen or not risen.

Senator GEORGE CAMPBELL—Are you absolutely sure of that?

Mr Newman—No, I cannot be absolutely sure of that. I guess the relationship we have with contractors is that they have certain obligations to manage their businesses as they see fit. I have no knowledge of any example where that has not been the case.

Senator GEORGE CAMPBELL—How often would they apply for fuel increases when the wholesale price moves? Do they apply quickly—within a week or two weeks of the movement occurring?

Mr Newman—Under the previous terms of a couple of years ago, it was when it moved 10 per cent over a six-month period. When fuel prices started to move rapidly a couple of years ago we adjusted that to what we considered to be at least as good or better than what people in other industries were doing and changed it to three months and seven per cent. When the price of fuel moves by seven per cent within a three-month period they are entitled to apply for a fuel rise, as they do. I think this year we paid out nearly \$2 million in additional things. Last year it was over \$4 million. So the system works very well.

Senator GEORGE CAMPBELL—What happens if it goes down?

Mr Newman—If it goes down, we have an entitlement under the contract to initiate that review downwards. As we have discussed here in previous Senate estimates, we choose not to do that at the moment, the reason being that there are swings and roundabouts. To date we have never initiated a downward review because fuel prices have dropped. The reason we do that is that sometimes there is a bit of a lag between when the price goes up and when the contractor is entitled to apply for a price adjustment. When it goes down, we follow the same process. We find that works very well and we think that over the last two years that has been very good for our contractors. As I said, we base that approach on what we consider to be industry best practice.

Senator MARSHALL—You said the contractors know when the price of petrol is going up because they are the ones buying it. I suspect that is true. You then said that that price will generally reflect the wholesale price anyway. If they believe that they have met the threshold in the contracts but your calculation says they have not, what happens then? Do you pay it based on what they have requested?

Mr Newman—No. We pay it based on what the wholesale movement is. As it turns out in the operational world, there is communication between contractors and the local management anyway and people know when the price of fuel has gone up by seven per cent. If there is any doubt, we will provide that information to them. I just keep coming back to the point that—

Senator MARSHALL—That comes back to the original question. Will you share the information you obtain about petrol prices?

Mr Newman—I think the answer to that question on notice is that we do not have and do not plan to have a process where we advise the price of fuel movement every month to every

contractor. But if a contractor is in doubt as to whether he is getting near the threshold I am sure we have advised and will continue to advise that person.

Senator MARSHALL—I want to be clear about that because my question really went to sharing the information. How you share it is another matter. There was no suggestion in the question from me that you ought to be writing to everybody at this point. That may be an efficient way to share it. But is the information collected by Australia Post available to be shared with the contractors?

Mr Newman—The ultimate test is that, when they apply and it has reached the limit, they know it because they get payment, and if it has not we advise them that it has not. The end test is the outcome of the review. I am not saying that in a facetious way. It is usually very clear-cut as to whether or not fuel has gone up seven per cent in that three-month period. If we had contractors who were on the marginal difference on the seven per cent then of course we would tell them whether or not they were getting close or whether they had made it. The other thing is that that three months—

Senator MARSHALL—Just before you go on, that simply still does not answer my question. You said the ultimate test is whether you approve the price or not. What I am talking about is sharing the information that you collect. Will you share that with the contractors or not?

Mr Newman—I will try and be a bit more definitive. We do not have a plan to advise contractors regularly about price of fuel movements. We understand that contractors, because they buy fuel every day or two or three, have a very good view of price movements. Price movements at their local retail normally follow, and should follow, the wholesale price movements. If the contractor is on the margin between seven per cent and either a little bit under or a little bit over, we communicate that to them.

Senator MARSHALL—How?

Mr Newman—Another step is that, if they are short, they can wait another month. It might take four months to get to the seven per cent and will we help them through that. There is no formal process. That is the relationship at the local workplace level. I restate that that issue has certainly never been raised with me or my colleagues as an issue and the process works well, but it is an informal relationship process more than a formal structured process of advising people of price movements.

Senator MARSHALL—You will only give the increase available in the contracts on the basis of the information that you collected? That is true, isn't it?

Mr Newman—On the price in wholesale movement of fuel as we have been advised?

Senator MARSHALL—That is right.

Mr Newman—Yes, that is true.

Senator MARSHALL—What is the point of having contractors believe that they have met the threshold because of the price they are paying at the pump only to find out that it is one per cent or half a per cent short and therefore you are not going to pay out on that and you want them to wait another month? What is the point of that? If they are able to access your

information and know when the threshold in the contract has been met and they can put in their application, surely that is a much more efficient way for it to happen?

Mr Newman—I will go back to how I first answered the question. We would require a formal process of doing that each month which, from where I sit, would be impractical. I guess the ultimate test is how the system operates, and our system at the moment operates very well. If a person is one per cent or two cent short, that information can be made available to them, but I am just underlining the fact that we do not have a formal process for that. The onus is always on the contractor to pursue a price adjustment under the contract.

Senator MARSHALL—Putting the formal process to one side—and I did not want to spend a lot of time on this issue—it is still a matter of whether you will share the information with the contractors or not. If the contractor rings you up and says, ‘What figure have you determined that the wholesale price of petrol has gone up over the last month?’ will you tell them what your—

Mr Newman—I will try to answer that again. If a contractor is not sure if the price has gone up seven per cent in the last three months and approaches their manager, we will share that with them. I keep coming back to the point that this is at an informal level; there is no formal process. We have never denied a contractor information on the price of fuel.

Senator MARSHALL—I just want to be clear about that, and I think I am clear now. If a contractor asks Australia Post to share with them the information you have about the movement of the wholesale price of petrol, you will share the information you have with the contractor?

Mr Newman—We will let them know if they have or have not reached the seven per cent, that is correct.

Senator MARSHALL—Again, that is different. That is not the information in its totality. That is simply saying whether you have made it or not. I thought you said you would informally at the local level share the information that you have. Now you are saying, no, the information you would simply share is whether they have met the threshold or not. I want to be clear before we leave here. Will you share the information you have on the wholesale price of petrol with the contractors?

Mr Newman—I am finding it difficult to give a definitive answer on that.

Senator MARSHALL—It is not that hard; you either will or you will not.

Mr Newman—If we are asked by a contractor for that information, we will provide it.

Senator GEORGE CAMPBELL—You will provide it or you can provide it?

Mr Newman—It all depends on when their last price rise was, how much it was and what the starting price was.

Senator MARSHALL—I just want to be clear about this. You will share the information you collect on the movement of the wholesale price of petrol with the contractors.

Mr Newman—If requested.

Senator MARSHALL—But you will not share with them whether they have met the threshold in their contract, or not. You will provide the information you collect.

Mr Newman—On whether it is \$1.15 or something like that?

Senator MARSHALL—Yes.

Mr Newman—I am trying to think. The reason I am a little unclear is because I am trying to calculate the implications of that and whether that is a process that we could guarantee.

Senator MARSHALL—Initially you told me you did not want to provide the information because it would not be cost-effective to send it out to everybody. Let us put that to one side. It is about contractors having access to the information you collect. If you have that information and someone asks you for it, will you provide it to them?

Mr Newman—I guess the short answer to that is yes.

Senator MARSHALL—Okay. Thank you.

Senator RONALDSON—I have a couple of issues. During the February estimates you and I had a discussion about unaddressed delivery service during the last federal election. I put to you that there were concerns that unaddressed mail had not been delivered in some seats. I asked if you knew how many spot checks there were during the last federal election. I think Mr Walter then responded by saying, 'I do not have that information'. I said, 'Will you take that on notice?'. Mr Walter said, 'Certainly'. I also asked about the electorates and numbers involved and the method of checking. The answer came back—and I was quite staggered by it—saying, 'No records exist of spot checks undertaken during the 2004 federal election campaign.' Mr Walter, it is my understanding that that concerns predating that period were expressed to Australia Post about delivery of unaddressed mail. That is in the past and there is no point in you and I taking up the time of this committee debating the appropriateness of that, but are you prepared to undertake for unannounced spot checks to take place during the next federal campaign in seats diagnosed by the AEC as marginal?

Mr Walter—Perhaps it would be best if I outline the process we are going through at the moment to address issues like that. I will certainly come to your question. We are working very closely with all political parties to advise them what our mail products are for the forthcoming federal election. We have a management team that is working on that very closely. We are going through the stage of developing an operational level agreement that is common to all parties so that it is totally transparent, so that all parties will absolutely get the same treatment in their mail deliveries and so that they will fully understand the services and the conditions that apply to them. The first choice for important critical mail outs should be addressed mail, but, to support the democratic process, unaddressed mail which is not designed for delivery not to electorates but to post codes will be augmented and we will do our absolute best to make sure that those deliveries occur. The nature of the service is that we cannot guarantee that there will not be crossovers into other electorates or that there will not be on occasions unders or overs—in other words, too many or too few pamphlets going to a delivery office, depending on the numbers provided. To get to your question, we are looking at the—

Senator RONALDSON—As you would well know, the issue is not about some crossover between electorates. The issue is far more basic than that—that is, that there is deliberate or wilful failure to deliver unaddressed mail into some areas. I therefore, on that basis, ask you: are you prepared to put in place an integrity measure that revolves around unannounced spot

checks into those areas that are going to be most at risk, as in marginal seats as determined by the AEC, to ensure that the integrity of the process remains in place and for Post to send a very clear message that you will not tolerate practices that involve the failure to deliver unaddressed mail?

Mr Walter—Firstly, there has been absolutely no evidence of wilful conduct of the sort that you—

Senator CONROY—There is nothing like a good conspiracy theory.

Mr Walter—The senator may be aware but we have had substantial discussions with the Victorian Liberal Party in particular. In fact, we have got a further meeting with them next week. There has also been a meeting scheduled with the Queensland Liberal Party next week. But, in fact, there has been no substantiation of wilful conduct of the sort that you suggest there at all. To answer the core of your question—

Senator CONROY—The Victorian members do not agree with Senator Ronaldson.

Mr Walter—To answer your question, of course there will be checks and balances. We outlined in the answer last time the sorts of things that happen, with team leaders checking panniers, mailbags and the like. It is not so much marginal electorates; it is electorates—Goldstein can be an example—where a postie's round actually crosses three electorates. So it is a very unusual circumstance for that postie to deliver—let us get down to the individual level—to the electorate of Goldstein when in fact it does not match his round at all. In those sorts of instances, it has nothing to do with marginal electorates; it is more to do with where there are postcode crossovers in electoral boundaries. Marginal electorates do not mean anything to us. Our job is to deliver the mail to the best of our ability and for the individual posties to do that. We are looking at the moment at what spot checks can take place in those circumstances.

Senator RONALDSON—With the greatest respect, whether marginal seats are of interest to you or not, quite frankly, is not relevant to what I am asking you.

Senator CONROY—Your political—

CHAIR—Senator Conroy, let Senator Ronaldson have the floor.

Senator RONALDSON—Thank you very much. If you want to join us later on, feel free to do so, Senator Conroy, but I have got the floor at the moment. Quite frankly, with regard to this objective view that you are taking, I am asking you some quite specific subjective questions. Are you prepared to accept that the best way to overcome perceptions, whether they are correct or incorrect, would be for Post to have a policy of unannounced spot checks to ensure that you can say quite frankly and openly: 'We are doing our best to ensure that unaddressed mail goes to where it is meant to be going'.

Mr Walter—We are certainly considering that matter seriously, if I did not make that point clearly enough. Even though the election may be later this year—we will see when it is—the fact is we have been in close discussion with the Liberal Party here in Canberra, with the Labor Party and with the National Party, and we will be having discussions with all the parties to look at all of those issues to come up with what is feasible and to cover what you say.

Senator RONALDSON—Just so I am clear, unannounced spot checks are now on the agenda. Is that right?

Mr Walter—Yes, definitely.

Senator RONALDSON—Good. When will we have those final decisions, do you think?

Mr Walter—It really depends on the responses we get from the political parties. We are looking at having a totally transparent stakeholder group—there are members from the secretariats of all political parties—so they can actually see that everybody is getting the same sort of treatment. The issues that you raise, any other issues that the parties raise—

Senator CONROY—Some sort of government inquiry doing what Senator Ronaldson wants—that is, you targeting Liberal Party marginal seats and spending taxpayers' money specifically because they are bullying you into it—is not fair and equivalent treatment.

Mr Walter—We are treating all parties equally in this.

Senator CONROY—He is demanding that you spend taxpayers' money in marginal Liberal Party—

CHAIR—It is a general question, so let us not politicise it.

Senator RONALDSON—The question is that the integrity of the post system is maintained. If Senator Conroy believes that the integrity of this system should be undermined then that is entirely his business. But I think the expectation of your customers is that they will receive unaddressed mail through the post into their letterboxes, without any external interference, whether the perceptions are correct. Can I just clarify, again, that if there is a request from any political party for unannounced spot checks in relation to unaddressed mail during the federal campaign that that will be accommodated?

Mr Walter—That will be accommodated in the process. We are totally apolitical in our approach to this. Our job is to delivery the mail as efficiently and effectively as we can, and that is what we will be doing during the federal election campaign.

Senator RONALDSON—I am doing my very best to protect the reputation of Australia Post, Mr Walter, and this is certainly one way of doing that, so you and I are working together in relation to this objective.

Mr Walter—I certainly appreciate your questions and attention on this matter, Senator.

Senator RONALDSON—Thank you. I will briefly talk about the firearms issue again, which will probably be the least surprising news you have had today. I am sure you are fully briefed on this, Mr McCloskey. I want to go back to the February hearings. I asked you:

So you made a decision based on a false premise and you had not even bothered to inquire as to whether the 81 incidents were firearms or firearm parts related, had you?

You said:

I would have to check on that specifically.

Your answer was:

Prior to making the decision, Australia Post had not enquired specifically as to how many firearms related incidents there had been.

I will put the interpretation on that to, again, reinforce that this was a decision taken without justification. I make that comment and I will not seek your response. I acknowledge that you apologised to small business operators at the last estimates.

Senator Conroy interjecting—

CHAIR—Senator Conroy, just let Senator Ronaldson get on with his questions. I know you are seeking to be helpful.

Senator RONALDSON—If you wanted to be here to ask these questions first, as I know you were dying to do, Senator Conroy, you could have got out of bed a bit earlier and you would have been able to ask these questions, but you were not out of bed early and I was, so I will continue. Can you update this committee on what the current situation is in relation to discussions with stakeholders on this issue?

Mr McCloskey—I am happy to do that. You said you would not ask me for a comment on the original decision, but I do feel it is necessary to make a comment. That is, that the decision that was taken for operational reasons was not based on incoming incidents alone; there were also a number of outgoing incidents, where mail dispatches with firearms had been picked up and delayed in screening in transit in places such as Heathrow Airport.

As far as the current situation is concerned, incoming firearms is operating well. That is 95 per cent of the focus, as far as the industry is concerned. In relation to outgoing, there is an impediment to the carriage by air, due to airline policy that will only accept firearms and firearm parts as separately identifiable freight items on conditions that cannot be met for mail dispatches. As a result of that, Australia Post engaged KPMG to assist it in identifying what possible alternative options there might be for an international carriage by air service for such items, and to detail the procedures and processes that would be required to give effect to any such options and to assess the costs and risks that might be involved. We have the KPMG report into that, and we are in the process of setting up meetings with the firearm industry and the stakeholders to brief them on the outcome of that report.

Senator RONALDSON—We could take another 15 minutes going back over old ground, but I think acknowledgements have been made at past estimates hearings, and I will leave it at that.

Senator CONROY—I refer to question 33 from the February Senate estimates hearing and note that 243 contract resignations is an alarming figure. The cost of these contract resignations to Australia Post would be significant, such as advertising a contract for tender, assessing tenders, training new contractors and so forth. What steps has Australia Post taken to reduce the incidence of contract resignations?

Mr Newman—The figure of 243 resignations has been driven by a couple of things. Firstly, the 90-day notice available to fixed term contracts has only been a recent thing. It was only introduced about a couple of years ago. Prior to that, the figure would have been much lower because there was a different termination process. That is the first point. The second point is that many of the terminations are due to issues not related to Post at all. It is do with issues of moving or health—I think we mentioned that in our response—people with multiple contracts, people not being able to get staff to assist them. There is a whole range of reasons.

I think that 243 out of 5,500 is a reasonably low percentage for turnover. It is about five per cent. That stands up well with turnover rates in other industries and rates of our full-time staff and part-time staff. Your question was: what are we doing about it? I think our activity is mainly to do with the contracts that are ceasing in areas where there is low unemployment and a resource influence boom, which accounts for a fair number of these. Even though I do not have that number available, a significant number is due to that.

Senator CONROY—This is all Perth based, is it?

Mr Newman—Not all of it, no. It is spread around Australia, but your question was—

Senator CONROY—You said ‘booming economy’. The booming economies in Australia are Perth—

Mr Newman—Also Queensland.

Senator CONROY—and to a lesser degree, Queensland.

Mr Newman—I am just mentioning that because that is part of the answer. In those areas, we have tried a whole range of things to try to keep contractors working with us. In some cases we have increased their remuneration through various processes. We have adjusted our calculations relative to what we consider to be a reasonable price, because we are competing with the labour markets which, to tell you the truth, in some areas are a little bit out of control. We tend to do more in areas where there is high turnover caused by external influences.

There will always be residual contractors leaving, particularly due to illness and all those other reasons that I have talked about—simply moving away, retiring. There are a whole range of reasons. In that figure—it is only about five per cent, which is actually significantly less than turnover rates in most other industries; we would prefer it to be less, of course—there will always be a background turnover rate in any employment group.

Senator CONROY—How many contracts have been terminated by the contractor as a result of bullying or intimidating behaviour from Australia Post staff or management towards the contractor? I am continually receiving complaints from contractors about the intimidation and bullying from Post management.

Mr Newman—I do not have figures on that with me today. I could take that on notice.

Senator IAN MACDONALD—It might also be helpful if Senator Conroy gave you specifics of those.

Senator CONROY—I am actually trying to avoid naming individuals, but I do have a number of individual cases.

Senator IAN MACDONALD—How can they follow them up, if you do not—

Senator CONROY—I am talking about a systemic issue, not an individual issue. We have established that there is quite a significant turnover of staff.

Senator IAN MACDONALD—There has been a reason for that.

Senator CONROY—I appreciate that you are interrupting me. I do not mind it, but apparently the Chair minds it if someone else interrupts a Liberal. I am just wondering if the Chair is awake at the moment.

CHAIR—Senator Conroy, you are just wasting time. Why not get on with the question?

Senator IAN MACDONALD—I am trying to be helpful to you, Senator Conroy, in getting an answer to your question—

Senator CONROY—You could be helpful by letting me finish my question.

Senator IAN MACDONALD—rather than these off the cuff complaints that you allegedly have.

Senator CONROY—There is nothing off the cuff about them.

Senator IAN MACDONALD—If you gave them over, you could get them looked at.

Senator CONROY—We could waste more time on the Queensland Liberal Party's mail-outs or the Victorian Liberal Party's mail-outs and trying to force Australia Post to spend taxpayers' money to satisfy you and protect your marginal seats. We could spend another hour like we did last time.

Senator IAN MACDONALD—We just want to ensure that their management is correct, which is what you are doing. I am trying to help you, but you are too dense to understand I am trying to help you.

Senator CONROY—You just spend your time defending the Liberal Party's interests.

Mr Newman—I will give a general response to that. We have a very high degree of confidence in our dispute resolution process and most disputes or issues are resolved locally within the management area. There is an escalation process we use for more senior people to become involved. In the main, that solves or resolves most of the issues. We also have fallback processes to do with mediation and arbitration. It is not often that a dispute in a contracting area gets to that point. As for bullying, as I said, I do not have any information referring to it.

Senator CONROY—I understand that there is a mail contractor in New South Wales who holds in the region of 60 mail contracts with Australia Post. The contractor does not perform the work himself but instead recruits subcontractors or staff to do the actual delivery. Is Australia Post unfairly interfering with the tendering process so that this contractor has an unfair advantage over other tenderers?

Mr Newman—I do not have that information with me. There is no process in Post which would prevent a contractor tendering and gaining multiple contracts. I have found in my experience that, when a person has multiple contracts, it is usually because they are experienced and put in very competitive market-driven bids. I do not have details or any information with me today on that particular contractor, but that is a fairly high number. Normally it is not that many, but it is fairly common to hold multiple contracts.

Senator CONROY—Are you confident that none of your employees are breaching your code of ethics in awarding contracts to this one contractor?

Mr Newman—I am confident that if and when it does occur that we deal with it in an appropriate way. I think we have answered that on notice before, but there were some occasions where there was the potential for that to occur and on both of those occasions we

intervened. That process will continue and if we are aware of any untoward behaviour by any staff that will be dealt with, without fail, under the code of ethics.

Senator CONROY—How many of these super contractors who have multiple contracts are there in Australia?

Mr Newman—I would have to take that on notice. I do not have that information with me today.

Senator CONROY—Contractors who hold in excess of five mail contracts.

Mr Newman—I can provide that for you.

Senator CONROY—Has Australia Post provided details of unsuccessful tenderers to the successful tenderer in any instance?

Mr Newman—Not that I am aware of. If that occurs, once again, that would be a breach of the code of ethics and that would be dealt with.

Senator CONROY—Will you take that on notice?

Mr Newman—Yes, I will.

Senator CONROY—Licensees have observed that some companies appear to have been provided with a full and complete mailing list of all licensed post offices to enable them to do a mail-out. What criteria does Australia Post use to provide a commercial company with such a list?

Ms Button—We do not provide companies with that mailing list.

Senator CONROY—So if they have it, they obtained it from somewhere else?

Ms Button—That would be the case, but certainly not from us. We do not provide it.

Senator CONROY—I refer to question number 26 from February 2007 estimates hearings. Does Australia Post mean, by its answer, that ‘approved suppliers’—a term in your answer—do not have to pay postage when advertising material is sent to LPOs?

Ms Button—They do have to pay.

Senator CONROY—It is a standard advertising rate?

Ms Button—Commercial, yes.

Senator CONROY—There are no discounts?

Ms Button—It depends on the volume.

Senator CONROY—There is no discount because they are an approved supplier?

Ms Button—No.

Senator CONROY—How does a company become an approved supplier?

Ms Button—Generally, it is because we have been to the market seeking some services. We go through a formal sourcing process, which is run by the sourcing arm of Australia Post then, depending on the service in question, we would have either one preferred supplier or a panel of preferred suppliers.

Senator CONROY—One commercial company had an advertising promotion mailed to all LPOs using the official mail service—that is, it was not inserted in the *Licensee Bulletin* or any other mailing. Are there special circumstances for a company receiving a free service like this from Australia Post? Is that possible?

Ms Button—That was not a free service and it was a mistake that it was sent out in the official envelopes. It was done by the people who undertake the mailing, but the company in question had paid. It should have gone out in plain envelopes but it did not, so it was a mistake.

Senator CONROY—Because the envelopes were free envelopes, that is where the confusion arose? Is that what happened?

Ms Button—The envelopes are not free; it is just that they used the wrong lot of envelopes.

Senator CONROY—You identified they should have gone out in plain envelopes.

Ms Button—As opposed to ones with Australia Post logo on them.

Senator CONROY—What does that signify?

Ms Button—If it has ‘Australia Post’ on the envelope, we would assume that it was official mail that we had sent to our licensees.

Senator CONROY—Therefore, it was not being assumed that it was free?

Ms Button—Correct.

Senator CONROY—So it was incorrectly put in an ‘Australia Post’ marked envelope?

Ms Button—Yes.

Senator CONROY—But the company involved did pay?

Ms Button—Correct.

Senator CONROY—If a licensed post office has been held up or broken into on a number of occasions, at what point does Australia Post reassess the feasibility of retaining a post office at that location?

Ms Button—I would have to take that on notice. It is a process that we in retail take advice from our corporate security group for, indeed, they are the experts in this area.

Senator CONROY—If it is considered wise to relocate a licensed post office for security reasons, does Australia Post bear the cost of that relocation?

Ms Button—I would have to get back to you on that. I am not aware of what happens in that process, but I can certainly get back to the committee on that.

Senator CONROY—Does Australia Post assist with the cost and provision of security equipment in post offices, as is done in other countries, such as the UK and New Zealand?

Ms Button—For licensees?

Senator CONROY—Yes.

Ms Button—My understanding—and I will confirm this for you—is that licensees have access to the preferred supplier of security equipment that Australia Post uses. In some states

we provide interest-free loans to assist the licensee to ensure that the outlet is security compliant, but again I will get back to the committee and confirm those details.

Senator CONROY—How many corporate post offices are open extended hours?

Ms Button—I would not like to guess. I will take that on notice and get back to the committee.

Senator CONROY—Does Australia Post find it profitable to extend the business hours of a corporate post office? I presume that is why you would do it.

Ms Button—It is due largely to customer demand more than anything. As to the profitability, it would vary from site to site.

Senator CONROY—What is Australia Post policy regarding opening hours when a corporate post office is located in a shopping centre that is open for extended hours or on weekends?

Ms Button—I think the requirements for us to open extended hours would largely depend on the terms of the agreement we have with the shopping centre, but I can take that on notice and confirm it.

Senator CONROY—Those shopping centres sometimes require everyone to be open all the time as part of the lease?

Ms Button—Correct. They have some core hours during which they would expect that the outlet would be open.

Senator CONROY—Has Australia Post converted any operational LPOs to franchised post offices?

Ms Button—No, not yet.

Senator CONROY—How many franchised Post shops are presently operational?

Ms Button—We have 12 under the formal franchise model and two under the pilot model.

Senator CONROY—Have there been any corporate post offices converted to franchise post offices?

Ms Button—Yes, there have been.

Senator CONROY—Would those be that 14?

Ms Button—Some would be in the 14 and there are others that are yet to be converted.

Senator CONROY—How many are yet to be converted?

Ms Button—We have 14 corporates yet to be converted. They are going through the franchise process at the moment. That means we have six that have been converted. We agreed to a total of 20.

Senator CONROY—So you have six more to come after these 14?

Ms Button—No, we have six corporates that to date have been converted and we have another 14 corporates to come.

Senator CONROY—In many rural and regional areas of Australia, Australia Post uses what it calls unattended postal facilities or repositories to store the mail prior to pick-up,

sorting and delivery, and that function often takes place during the night. When these facilities are not owned by Australia Post, how many of these facilities or repositories are at LPOs?

Ms Button—I would have to take that on notice.

Senator CONROY—How many licensees are being paid to provide this facility to Australia Post?

Ms Button—Again, I will take that on notice.

Senator CONROY—How many licensees are not being paid to provide this service?

Ms Button—My guess is that we pay them for this service, but again I will take that on notice.

Senator CONROY—If licensees are meeting the cost of providing these facilities and repositories, does this represent a breach of the community service obligations of Australia Post? I am happy for you to take that on notice.

Ms Button—I will take that on notice.

Senator CONROY—If licensees are currently not being paid for providing this facility or repository, will Australia Post view favourably any application for payment?

Ms Button—I need to take all of these on notice.

Senator CONROY—Okay. And has Australia Post calculated the contributions of licensees and mail contractors to Australia Post's meeting its community service obligations?

Mr McCloskey—I think the answer to that would be that there is a particular model in place that takes all appropriate costs into account in calculating the cost of the CSO.

Senator CONROY—Could you check that and let us know if there is a difference or variation?

Mr McCloskey—I am happy to do that.

Senator CONROY—I am happy to take your answer on that one. I refer to your question on notice No. 23 from February estimates in which you note that four licensees declined the offer of—I am guessing it is EFTPOS but do you call it EPOS?

Mr McCloskey—Is this the Bank at Post program?

Senator CONROY—Yes. Is it EPOS or EFTPOS?

Ms Button—EPOS.

Senator CONROY—If the LPO is sold and a new licensee takes over the LPO, will the new licensee be given the opportunity to take up the offer of Bank at Post?

Mr McCloskey—I think the answer to that is that that particular program is one that is funded by the government and it expires in June 2008. My expectation is that, if any licensee who had previously declined to take up the offer was replaced by another licensee who was interested in taking up that offer, the Department of Transport and Regional Services, which runs the program for the government, would allow them to take it up.

Senator CONROY—So you expect that they would be allowed to by the department?

Mr McCloskey—That would be my expectation, yes.

Senator CONROY—How many freedom of information requests have been received by Australia Post since 1 January 2006?

Mr McCloskey—I think we would have to take that on notice. Our annual report covers the numbers of such requests on a financial year basis but, from January 2006, we would need to take it on notice.

Senator CONROY—Of these FOI requests, how many were granted in their entirety?

Mr McCloskey—Again, the information on the financial year basis is in the annual report so I would have to take that on notice.

Senator CONROY—You understand the concept of grants in their entirety?

Mr McCloskey—Yes.

Senator CONROY—How many of these FOI requests were refused in part or in entirety?

Mr McCloskey—Again, I will take it on notice for the period.

Senator CONROY—If any FOI requests or parts of FOI requests were refused, on what grounds were they refused?

Mr McCloskey—Again, for all of these—if there are more there—that relate to that period, we would have to take them on notice.

Senator CONROY—Sure, and, finally, if any FOI requests were refused, did those who requested the information appeal a refusal, and what were the results of the appeal? Can you confirm that weekend mail-sorting shifts have been cut back in recent times?

Mr Newman—There have been some adjustments to weekend shifts in some states—the one that springs to mind is Western Australia—but always that is simply a process of aligning staff to the mail and the work effort required. Quite regularly we make small adjustments of staffing to make sure that we have the required people there when they are needed to make sure the service standards are met.

Senator CONROY—Did you say this was mainly in Western Australia?

Mr Newman—I know for a fact that Western Australia has made some adjustments recently. I just mentioned that because it is recent. Over a period of time, most processing facilities would make staffing adjustments to suit the mail available relative to the service standard we are required to provide. Of course, we meet that standard. Our current service standard is—

Senator CONROY—What is behind these changes? You made some reference to other changes. Is it a cost-saving measure?

Mr Newman—Cost has a big impact on that process, yes, because obviously weekend processing is an expensive process. The cost of labour on the weekend is much higher. Having said that, we still make sure that we have adequate resources there to meet the service standard commitment, which of course we are doing.

Senator CONROY—Where you have made these changes, has Australia Post subsequently ensured that there are more employees rostered on to work on Mondays to

ensure that mail posted on Fridays, Saturdays or Sundays will meet the Australia Post guarantee of next day delivery in capital cities?

Mr Newman—I think I understand the question. I will answer that generally. If we do not process mail on Sunday because it is not service committed and we then process it on Monday, adequate staffing adjustments would be made to ensure that that met the standard. The answer to that is yes.

Senator CONROY—Have you ensured that the increased amount of mail that will necessarily need to be sorted on Mondays will not have a flow-on effect into the mail sorting throughout the remainder of the weeks? In other words, because it was not done on the weekend, there will be a bigger build-up on a Monday morning, so presumably you need more staff on a Monday morning to ensure that you do not have a knock-on effect.

Mr Newman—It is a fairly complicated process that you are describing there because it really is a continuous process end to end, but the short answer to that is yes. We make sure that staff are there when—

Senator CONROY—By definition it is not continuous if you have stopped the weekend mail sorting?

Mr Newman—I meant the process itself, not the production. I will try and rephrase that. The process I am referring to is if mail is available for production, it is produced or processed at the right time for delivery on the right day. That is what I meant by a continuous process. The knock-on effect is what I was talking about. If there is a knock-on effect into Monday or any other day of changes to production to achieve service performance, we make the necessary adjustments to staff down the chain. The short answer to that is yes, we do make those adjustments.

Senator CONROY—Since the implementation of cutbacks to weekend mail-sorting shifts, has Australia Post received any complaints about the failure of mail to reach its destination by the guaranteed delivery day and, if so, how many?

Mr Newman—None that I am aware of, but I would like to take that on notice just to be sure. I would point out that our service performance, which is still running year to date, at 95 per cent, 96 per cent, which is above our required level. It certainly has not expressed itself in the service performance figures.

Senator CONROY—Appreciating the 95 per cent, 96 per cent target, what will Australia Post do to ensure that its mail is delivered where you have made these rostering changes because, as I said, it is expensive on weekends. What are you doing to ensure that you are still meeting your next day delivery?

Mr Newman—In the last two years we have made a significant investment on what we call production management or management operating systems, where facilities are now two-way production planned. We have always done that, but it is much more sophisticated than it used to be. Why do we do it? We do an assessment of how much mail we expect, we ensure that the production schedule suits the mail that we predict is coming and we ensure there are sufficient resources to process that. Once again, I think our results have shown that we consistently get that right.

Senator CONROY—Are you aware that the owners and licensees of Rylstone Post Office recently gave notice to close the post office and stated that they would take up an offer by Australia Post's area manager to purchase their licence?

Ms Button—I am aware that that has occurred.

Senator CONROY—I am presuming it is Australia Post buying back the licence, not the area manager?

Ms Button—That is correct. The licensees have indicated that they wish to sell.

Senator CONROY—The owners and licensees of Rylstone wrote to Post and to Minister Anderson—I think he might be their local member—with allegations of bullying and harassment by Australia Post management over a three-year period to September 2003, after exhausting all complaint avenues with Australia Post. Can you tell me what investigations Australia Post undertook to assess and address the licensee's concerns?

Ms Button—I will have to take that on notice. The information that I have says that we did do a detailed investigation and found no evidence to suggest that the licensee's claims were accurate. As to the nature of those—

Senator CONROY—Was that a detailed internal investigation or was the Ombudsman involved?

Ms Button—As I understand it, it was an internal investigation, but I also understand that they have been in touch with the Commonwealth Ombudsman, and Australia Post has also provided the Ombudsman with information.

Senator CONROY—Has there yet been a finding by the Ombudsman?

Ms Button—Not that I am aware. Just looking at the dates, it looks as though this was happening at the end of March, so I have not received any indication as to whether that has been finalised and, if so, what the outcome was?

Senator CONROY—If you could take on notice and come back to me with some details—

Ms Button—About the investigation?

Senator CONROY—The investigation and who undertook it? Was it undertaken by the area post manager, or was someone from outside the area brought in to investigate it?

Ms Button—Certainly, I will provide that.

Senator CONROY—If the area case manager himself was asked to investigate, I am sure it was a thorough investigation, but I am sure you have internal processes to deal with that. I have some questions about Crosby Textor. I am happy to put them on notice. I am sure you probably will not be able to answer them straightaway. Essentially, it is just seeking to ascertain if Australia Post did use Crosby Textor at any stage. As I said, I am happy to put them on notice.

Mr Walter—We have never used the services of Crosby Textor.

Senator CONROY—And you are not in any negotiations with them for services into the future?

Mr Walter—No.

Senator CONROY—I will put them on notice. They are quite lengthy and from the sound of it they will be pretty straightforward answers. I will not read them all out. I will happily put them on notice. Thank you. That is all I have for Post. Sorry; I have something when Senator Macdonald is finished.

Senator IAN MACDONALD—Mr Newman, Senator Conroy asked you a question, and, as I heard it, he suggested to you or asked you if you are aware of Australia Post staff interfering with the awarding of contracts. Your response was: ‘There have been some cases but they have been dealt with’ or something.

Mr Newman—Probably ‘interfering’ with contracts was not the right term. There have been a couple of instances—probably two years ago—where there was a potential conflict of interest in the letting of contracts. Both were declared appropriately and dealt with under the internal control mechanisms we had. As it turned out, there was no actual breach of probity or code of ethics but the intervention and the action that we took was in time and appropriate for that. They were two minor events that occurred some time ago.

Senator IAN MACDONALD—I understood from Senator Conroy’s question that there was a suggestion that interference with contracts was endemic in Australia Post. I just want to give you the opportunity, in the interests of your staff, to make it clear that that is not the case.

Mr Newman—Thank you for that. The answer to that is no, it is not—

Senator CONROY—He is welcome to ask his question but I am sure you did not take that—

Mr Newman—It is not endemic and it is not widespread. We are very confident that every so often when a staff member does make a mistake—and quite often it is just an innocent mistake—we take appropriate action.

Senator IAN MACDONALD—I thought Senator Conroy’s question was quite outrageous, and the *Hansard* will record what he, in fact, asked. If there was interference with contracts, that is a criminal matter, I suspect—not something for Australia Post but something for the police.

Mr Newman—We have our own internal mechanisms, that is right. For any activity or any response in that area, we have our internal security people assess it. If that is the case, yes, it would be referred to the DPP.

Senator IAN MACDONALD—I am quite sure, as I say, that that is not the case but I thought it was a slur on your staff that needed to be corrected. That is all I have.

Senator CONROY—I have a follow-up question. Then I think Senator Campbell and Senator Wortley both have a couple of questions. Is it correct, as reported recently in the *Courier-Mail*, that the Queensland Liberal Party have not paid their Australia Post bill since September 2006?

Mr Walter—That is correct.

Senator CONROY—How much are the Queensland Liberals indebted to Australia Post?

Mr Walter—I do not have the figure with me.

Senator CONROY—The report was that it was around \$400,000. Is that in the ballpark?

Mr Walter—I do not have the figure with me so—

Senator CONROY—You are aware of the *Courier-Mail* article which reported it?

Mr Walter—The only *Courier-Mail* article I was aware of mentioned a figure of \$50,000.

Senator CONROY—Only \$50,000, and that was then.

Mr Walter—That was what the article mentioned.

Senator CONROY—When you read that, you must have asked: ‘Oh, is that right?’ You must have asked someone if that was a correct figure.

Mr Walter—I did not ask that question, particularly.

Senator CONROY—What? You just saw a report that you were owed \$50,000 by the Queensland Liberals and you went: ‘Oh, okay. Next!’

Mr Walter—The fact is that we are a state based structure and it is a responsibility of the Queensland administration. In that case, the relationship is with them, not nationally.

Senator CONROY—So you did not seek to ascertain the truth of the article at all? You did not phone the Queensland branch to ask: ‘Is that right?’

Mr Walter—No, I have been in discussions with them. There is a figure owing, but I will have to check what that is. I do not want to mislead you.

Senator IAN MACDONALD—I think we went through this last estimates in some detail and Senator Conroy may have forgotten about it.

Senator CONROY—I am just seeing if you have paid your bill yet. It is obviously still outstanding.

Senator IAN MACDONALD—If you read the last estimates *Hansard* you would realise there is some dispute, and I think one of the officers said earlier on that next week they are meeting with the Queensland Liberals and continuing negotiations on these matters.

Senator CONROY—No, that was in reference to making sure the mail gets through, so to speak.

Senator IAN MACDONALD—It was not the evidence given, but I could suggest that—

Senator CONROY—That is what the questions were about; they were not about this issue.

Senator IAN MACDONALD—I would suggest that they are all involved, and I will ask the question when you have finished.

Senator CONROY—Are you withholding your money from Australia Post?

Senator IAN MACDONALD—It is a commercial arrangement. I have nothing to do with the organisation; I do not know what is happening, but—

Senator CONROY—Now that is a true statement.

Senator IAN MACDONALD—normal commercial operations would suggest you negotiate on these sorts of things. If you do not get service, you do not pay—that is a pretty commercial operation—but I am not suggesting that they did not get service.

Senator CONROY—Pleased to hear it.

Senator IAN MACDONALD—I am simply suggesting that negotiations—according to the evidence given before, and I will clarify it— are continuing.

Senator CONROY—Has Australia Post asked the Queensland Liberals to pay their outstanding debt?

Mr Walter—Yes.

Senator CONROY—If they do not pay, will you be taking more contracts from them? Usually with someone who does not pay, you normally do not enter into future contracts with them.

Mr Walter—That is a decision for our commercial manager in Queensland. I do not get involved in the commercial arrangements that apply, but there are things that occur—

Senator CONROY—It is standard corporate practice: if you do not pay your bills, you do not get future service.

Mr Walter—That is certainly an option with all customers, once outstanding issues are resolved one way or the other.

Senator CONROY—Can we get a guarantee from Australia Post that until all outstanding debts are paid by the Queensland Liberal Party they will not be getting future service? In other words, you are not going to deliver their mail until they pay the bill.

Mr Walter—That is a matter for our Queensland commercial manager, that is the way we operate in Australia Post.

Senator GEORGE CAMPBELL—Would you sue for recovery? Isn't it the practice of Australia Post to sue for recovery if people do not pay their bills?

Mr Walter—There are all sorts of options and, of course, that is an absolute last resort with any customer.

Senator GEORGE CAMPBELL—Sure, but do you do it?

Mr Walter—I am sure it has occurred, but I have not got details.

Senator CONROY—Would it be an option?

Mr Walter—There are all sorts of options.

Senator CONROY—The normal commercial practice is if people do not pay their bill, then you do not deliver their mail.

Senator Coonan—Senator Conroy, I think in all fairness that is—

Senator CONROY—I thought that was what Mr Walter said.

Senator Coonan—No, I think it is a bit simplistic because he said that as part of normal commercial operations there are a number of ways in which you look at some debtor to your

organisation. It is not normally that you just stop a service; it is a matter of what, in all the circumstances, is an appropriate response. I think that is what has been said.

Senator CONROY—Thank you for speaking on behalf of an independent statutory authority.

Senator Coonan—No, in all fairness, I just thought you had summed it up in a way that did not take into account those permutations that had been part of your earlier exchange.

Senator IAN MACDONALD—How unusual.

Senator CONROY—I was just trying to clarify with Mr Walter exactly what he said, and I appreciate your intervention.

Senator Coonan—I understand that, but that last question seemed to go back to one of your earlier points.

Senator CONROY—It would seem to be appropriate normal commercial practice that where companies or organisations do not pay their bill, you then do not enter into future contracts with them until they pay outstanding bills.

CHAIR—He has said normal commercial practice will apply.

Senator CONROY—That is what I am trying to establish, what the normal commercial—

Senator Coonan—It depends on the circumstances is what I think is this issue.

CHAIR—Obviously.

Senator GEORGE CAMPBELL—We are trying to find out what the variety of practices are.

Senator CONROY—Yes.

CHAIR—You must be aware of other situations.

Senator CONROY—Mr Walters is doing fine. He does not need three Liberal Party senators to help him out, he was doing just fine.

Senator GEORGE CAMPBELL—We know you are sensitive about the fact that you do not pay your bills.

CHAIR—We are just surprised at your lack of knowledge of normal commercial practice.

Senator CONROY—I am just confirming what they were.

Senator IAN MACDONALD—If you looked at the background of the questioners you would understand why they do not understand commercial practices.

CHAIR—But then in trade unions, you probably do not have to deal with it.

Senator CONROY—Has the peanut gallery finished there, Senator Eggleston?

CHAIR—We would like you to proceed. You are being a bit ponderous about this.

Senator CONROY—Really! I will get all my questions run past you in the future, Senator Eggleston. How about that?

CHAIR—If you would, that would be very helpful.

Senator CONROY—Excellent. That would be called impartial chairing I guess. Senator Campbell, I think you had some questions, and Senator Wortley.

Senator GEORGE CAMPBELL—Yes, I did to Mr Newman. The Gnangara distribution centre in Western Australia, are you aware of any claims of bullying at that centre?

Mr Newman—I am not aware of that at all. I am not aware of any issues at that facility there.

Senator GEORGE CAMPBELL—Is anyone aware of any claims of bullying at that distribution centre? It is a distribution centre in the northern suburbs up near Wanneroo.

Mr Newman—I am just not familiar with the facility, and I am not familiar with any issues from there, no.

Senator GEORGE CAMPBELL—Would you be the person who would be familiar with them?

Mr Newman—If there were any local issues on bullying, normally that would be handled by state administration, which is based in Perth. We have a state operational manager there that would normally deal with that.

Senator GEORGE CAMPBELL—Can you take that question on notice and find out for us if there have been any claims and how they have been dealt with.

Mr Newman—Certainly, I will take it on notice.

Senator WORTLEY—I think my question should be to Mr Marshall; it is regarding the mail and networks. Australia Post used to advertise next day delivery into a private box at 8 am, business sector at 11 am and householder 3 pm. Can you just tell us when that changed and what the situation currently is?

Mr Marshall—I will take the question and review it, if you do not mind. The 11 am and 3 pm targets that we have are internal targets. They are not targets that we advertise as a delivery promise. Indeed, at times like Christmas we would not be able to achieve those targets on a regular basis, but for normal operating processes we aim to achieve those targets. In relation to private boxes, they are not my area of expertise but, as I understand it, the promise in relation to private boxes does vary. Ms Button might have some further information on that.

Ms Button—All I can confirm is that they do vary, but as to how or why I really do not have that information with me at the moment.

Senator WORTLEY—When you say they vary, what time could someone with a private box expect their mail to be delivered?

Ms Button—Can I take that on notice please? I do not want to guess about this.

Senator WORTLEY—Sure.

Mr Marshall—As a general rule in the metropolitan area, my understanding is that sorting into boxes is completed by 9 am. In rural areas, my understanding is that it would be variable because it depends on what services are operating into that particular town, what time they arrive et cetera, so there is much more variability in rural areas of the time of availability of mail.

Senator WORTLEY—Your understanding is that in city metropolitan it would be by 9 am.

Mr Marshall—Yes, although I must stress that particular outlets may well be able to meet those 8 am targets.

Senator WORTLEY—Staffing would obviously be the reason for that?

Mr Marshall—No, not necessarily. Time of arrival of the mail and a range of issues.

Senator WORTLEY—Time of arrival of the mail generally relates back to staffing too, doesn't it, because it has to be delivered?

Mr Marshall—No, the time of arrival of the mail is partly to do with the extensive transport network that is required to service some of the more outlying box installations. For example, not all box installations are present at staffed facilities. They exist across the network in a varied way, so what I am talking about is not something that has any one particular solution like staffing.

Senator WORTLEY—Thank you for that. Mr Walter, I think we discussed at the last budget estimates the issue of the joint Post/AQIS/Customs facility in Adelaide.

Mr Walter—It was not me actually. I think it was one of my colleagues.

Mr Newman—It was me.

Senator WORTLEY—In your response to questions on notice from February additional estimates, it was confirmed that the feasibility study was taking place regarding incoming mail to Adelaide from New Zealand and Britain, which currently arrives on direct flights into Adelaide and then is processed at the Adelaide Post/AQIS/Customs facility. I understand that feasibility study has been completed, and I want to know what changes are planned as a result of that feasibility study.

Mr Newman—The feasibility study has been completed. I will give you a high-level rundown first and then you could ask other questions. We found that the flights into Adelaide from New Zealand are three days a week and four days a week from the UK. They only carry a very small amount of mail for South Australia. In fact, only four per cent of the mail bound for South Australia goes on those flights. The other 96 per cent go to Melbourne and Sydney in the main and have done for a long time. That is mainly due to routing arrangements with the cargo operators in London and in New Zealand.

When compared with the service that we could give our customers by just using the daily flight into Melbourne, we found that we have the ability to offer the same level of service—and certainly within our general promise of four days from New Zealand and five days from the UK—by processing it into Melbourne and then transporting it across to Adelaide. I just want to remind you that we are talking about four per cent of the mail here. We found no reason not to proceed with the change, given that we can cover our service promise easily.

The local arrangements at Adelaide that will be affected by the changes will be fairly minimal. I think there are two of our staff involved who will be redeployed in the Adelaide facility, and Customs and AQIS have advised us that they can redeploy their staff on to other more pressing matters, even though it is obviously up to them to confirm that or not. There is a small cost saving. There is certainly an accommodation issue in Adelaide at the moment.

That helps resolve the accommodation issue. All this can be achieved within the existing service standards and service commitments, so we intend to proceed with that. We have not got a date of effect yet because we have an understanding with AQIS and Customs that we will give them three months' notice. We are in discussions with them now to determine a common date for implementation.

Senator WORTLEY—What are the changes to accommodation?

Mr Newman—There is some space that we can now utilise for other processing.

Senator WORTLEY—What space specifically is that?

Mr Newman—I do not have the square meterage.

Senator WORTLEY—Are you talking about—

Mr Newman—It is a room that six or seven people sit in.

Senator WORTLEY—So it is just closing that area off.

Mr Newman—It is just closing that area off. We will reuse that for something else. It also gives us the opportunity to simplify routing into Australia, which should stop some of the confusion that happens at the moment. It also lets us utilise the high-tech facility we have just built in Sydney and in Melbourne.

Senator WORTLEY—Will it impact on only two jobs in Adelaide?

Mr Newman—Two Australia Post jobs.

Senator WORTLEY—And it will not have any impact on any other Australia Post jobs in Adelaide?

Mr Newman—No. We require staff all the time because, like any other industry, we have people coming and going. So we will just absorb those staff members into the existing operations and it will not affect them at all.

Senator WORTLEY—What was the cost saving on that? Do you have the figures for the cost saving?

Mr Newman—The cost saving is about \$100,000, which is not huge, but we also have the other benefits of accommodation, utilisation of our facilities and maintaining the service performance, so it simplifies things.

Senator WORTLEY—With the turnaround of the mail if as it is currently coming in from Britain and New Zealand, what will the changes be if it goes to Melbourne and is processed there? I assume it then has to go on a truck and drive across to Adelaide?

Mr Newman—It is a mixture. Some of it will go by air and some could go on a truck depending on what time or what day it is. The investigation showed that in fact on two days it will get there earlier because of the Melbourne Saturday processing, which will give that a boost into Adelaide. There is one day which could be a day slower—that is, Monday postings in the UK may be there on Friday instead of Thursday—but that is not taking into account any other issues that are caused by complex routing in the UK. I just want to mention that because, if you have daily services to Melbourne and Sydney and then you have a restricted service to Adelaide, the decision about what flight to put it on sometimes works against us

rather than for us. What this does is give a very clear, simple routing. Then there are another two days that, because of the Saturday processing in Melbourne, mean the Friday postings in New Zealand will be a day quicker and the Thursday postings in the UK will be delivered a day earlier.

Senator WORTLEY—When you say ‘get there a day earlier’, when the mail arrives in Adelaide, what must happen to it then? Does it need to be processed through Adelaide? When will it be delivered? What I am trying to establish is whether or not there is a difference in the delivery time from what it currently is to the entire new process that you are planning to put in place.

Mr Newman—The information I just gave you was, in fact, the delivery day. It is well within inside our general promise of four days and five days respectively from New Zealand and the UK. Those were the delivery days that I have just given you. In fact, because there is a daily dispatch to Melbourne, you get a more constant flow. The mail that goes to Adelaide, albeit a very, very small amount now, gets that confused—‘We are not sure which way to send it’—and, as it turns out, there is virtually no effect at all.

Proceedings suspended from 10.47 am to 11.06 am

Senator CONROY—There was some confusion due to some commentary about the line of questions I was asking, so I just want to confirm a couple of details. Mr Walter, you believe at the stage when you saw the newspaper article that \$50,000 was owed by the Queensland Liberal Party?

Mr Walter—No, I just do a scan of the national papers, and that is what the paper said. That is all I am saying. That was the figure that stuck in my mind.

Senator CONROY—I know we just had a morning tea break; is it possible for you to establish that that is the correct figure?

Mr Walter—All I did was have the cup of tea, so I did not do anything.

Senator CONROY—Perhaps one of your offsidiers could make a call to Queensland, just so we can establish that it is \$50,000 and has possibly grown since then, because it is an article from a while ago.

Mr Walter—We can certainly make that endeavour.

Senator CONROY—I have many questions. I can be here for another hour or two with questions or I can be here 10 minutes.

Mr Walter—It is just a question of getting hold of the right people, that is all, and it is always an issue.

Senator CONROY—I am sure you know who is the right person to call.

Mr Walter—It is commercial division in Queensland.

Senator CONROY—Yes. I am sure someone sitting behind you has heard your request and can pass you a piece of paper in the next few minutes, because I would like to know whether it is more than \$50,000, whether it has grown. It is eight months overdue; is that correct?

Mr Walter—I do not have the exact details, but I said that there was an amount overdue from last September. I am aware of that in a general sense.

Senator CONROY—So it is eight months—September to now?

Mr Walter—From September—whatever.

Senator CONROY—You are aware the Queensland Liberal Party are reported to be \$400,000 in the red?

Mr Walter—I do not know that.

Senator CONROY—It has been reported. In fact, it has been leaked by—

Senator IAN MACDONALD—That is not a question for this witness. He would not have a clue.

Mr Walter—That is true, actually; I haven't got a clue.

Senator CONROY—No, I was not asking you to confirm it as a fact; I was asking you whether you are aware.

CHAIR—Senator Conroy, you said, 'Are you aware?'—assuming that he was—and that is not a relevant question.

Senator WEBBER—That is the question he asked, and he said no.

CHAIR—It is not the business of Australia Post to know the financial status of Liberal Party business.

Senator CONROY—It is, actually, if they are dealing with a bankrupt company—

CHAIR—You might ask about some ALP divisions and see whether any ALP divisions owe money to Australia Post.

Senator Coonan—Make that suggestion.

Senator IAN MACDONALD—We know the ALP is floating with union money from special levies, but we cannot go into that, either. This is not the appropriate forum. You do not ask Australia Post how much the Labor Party rips off the unionists; it is not their business.

CHAIR—We have not even asked whether they owe money to Australia Post, Senator Conroy, but that is a line you might go down.

Senator WEBBER—Yes, we have.

Senator CONROY—Who has not even asked? I have asked.

Senator WEBBER—You may not have asked, but Senator Conroy has been asking.

Senator CONROY—I am asking whether it is true that Australia Post are owed \$50,000 or more for the last eight months by the Queensland Liberal Party, which, it is reported by leaks from colleagues of Senator Macdonald, is \$400,000 in debt.

CHAIR—Your question to Australia Post was 'As you are aware.'

Senator WEBBER—'Are you aware?'

CHAIR—He said, 'As you are aware.'

Senator CONROY—Are you aware of the difficult financial circumstances of the Queensland Liberal Party?

CHAIR—That is not the business of Australia Post.

Senator Coonan—That is not a permissible question.

Senator CONROY—That is a perfectly reasonable question.

Senator Coonan—It has nothing to do with the operations of Australia Post.

Senator CONROY—It has absolutely everything to do with the operations of Australia Post. If the Queensland Liberal Party are \$400,000 in the red then they are not going to be able to pay their bill.

Senator Coonan—Mr Chairman, the question is asking Australia Post for their opinion as to the financial position—

Senator CONROY—No, it was not.

Senator WEBBER—Whether they were aware of something.

Senator Coonan—As to their view—

CHAIR—There was a presumption—

Senator Coonan—Excuse me, stop shouting and let me make my point.

Senator GEORGE CAMPBELL—Stop getting excited! You can tell you have been sprung.

CHAIR—The minister has the floor. Senator Campbell, the minister is making a comment.

Senator GEORGE CAMPBELL—She is getting excited.

Senator Coonan—Thank you, Mr Chairman. I am entitled to ensure that the questions put to the officers are permissible questions. The senators at the table are perfectly entitled to ask about the operations of Australia Post. They are not entitled to seek the views of Australia Post about the Liberal Party of Queensland.

Senator CONROY—We are entitled to ask them about a client of theirs who owes them \$50,000 and whether or not the pack of spivs, the Queensland Liberal Party, are \$400,000 in the red and struggling to pay their bill.

Senator Coonan—That is not an established fact, Senator Conroy, and you cannot put that as an established fact to the officer.

Senator IAN MACDONALD—Mr Chairman, you would almost think that Senator Conroy used the break to ensure that Queensland media might come and report on his stunt.

Senator GEORGE CAMPBELL—We have hit a raw nerve.

Senator IAN MACDONALD—Well done, Stephen.

CHAIR—It is not the business of Australia Post to go into the financial situation or understand that.

Senator George Campbell—We have hit a raw nerve.

Senator CONROY—If they have got a client who is facing bankruptcy then they do have to take this into account.

Senator Coonan—There is no suggestion that Australia Post has the view that the Liberal Party of Queensland is facing bankruptcy, so you cannot put that as a question or, for that matter, a comment.

Senator CONROY—It is just that some members of the Queensland Liberal Party who are putting that about.

Senator RONALDSON—Chair, this discussion is totally out of order.

CHAIR—Senator Conroy, we have said those questions are out of order, so stick to questions that are in order, in accordance with what you have been advised by the minister.

Senator CONROY—Have we had any progress yet, Mr Walter, or received an answer from Queensland commercial division.

Mr Walter—No, we have not.

Senator CONROY—Have you had anyone chase it up yet? It is coming; thank you. I think Senator Wortley or Senator Webber had some questions.

Senator IAN MACDONALD—Chairman, who is chairman here? Is it Senator Conroy?

Senator CONROY—They have questions.

Senator IAN MACDONALD—I also have questions.

Senator CONROY—Excellent.

CHAIR—Senator Macdonald has questions and, at the beginning of today, we said we would do this in a three-minute rotation.

Senator IAN MACDONALD—Mr Walter, you would concede, wouldn't you, that the Queensland Liberal Party dispute the total bill that has been given to them? I think you told us that at the last Senate committee hearings when this matter was raised? You would concede, following Senator Conroy's concession, that the Queensland Liberal Party have disputed that the amount claimed is owed by them?

Mr Walter—There have been some outstanding issues, but I understand there will be a meeting very shortly to pursue—

Senator IAN MACDONALD—You said that before, and we went through this at some length at last estimates. It is a commercial dealing, as I understand—correct me if I am wrong; this is a question to you—it is a commercial arrangement between Australia Post and this particular customer on whether they received value for the money they have been charged. Is that right?

Mr Walter—I am sorry, Senator, I got distracted by people who disturbed me.

Senator IAN MACDONALD—As I understand it from your answers, or someone's answers, to the last series of estimates when this matter was raised, there is a dispute between you and this particular customer as to what value was given for the bill charged and whether the bill charged is an accurate reflection of the services given. That is the commercial dispute, isn't it?

Mr Walter—Yes, there have been a range of issues that have been—

Senator IAN MACDONALD—I am not suggesting the Queensland Liberal Party is right, and I am not suggesting you are right, either. But I am suggesting that, from the evidence you gave last time, there is a dispute between you and a customer on whether money is owed and, if so, how much.

Mr Walter—That is right. There has been a series of meetings, detailed, I think, in the questions on notice—

Senator IAN MACDONALD—That is right.

Mr Walter—between Australia Post and the Liberal Party in Queensland on those issues. Clearly, our Queensland commercial people are seeking to bring that to a resolution,.

Senator IAN MACDONALD—Of course, which is a normal commercial arrangement. I am not suggesting that the Queensland Liberal Party is right, but I think you told us last time that they dispute that they received value for the bill that has been rendered and for that reason they are not paying.

Mr Walter—We talked at length, I think, last time about the unaddressed mail service. Most of the dispute is around that service and, in our view, an unreal expectation of that service, but that is what is being discussed.

Senator CONROY—Yet you reject that?

Senator IAN MACDONALD—Hang on, this is my question.

CHAIR—Senator Conroy, Senator Macdonald has the floor.

Senator GEORGE CAMPBELL—An unreal expectation, it was not given for nothing.

CHAIR—Senator Campbell, Senator Macdonald has the floor.

Senator IAN MACDONALD—If it transpired—and I am not suggesting it would—but if it transpired that Australia Post did not give any service, you would not expect your customer to pay for it, would you? If you did not give a service, you would not expect a customer to pay for it?

Mr Walter—If we did not give a service but—

Senator IAN MACDONALD—I know in this instance you said you did, but that is disputed—and I am not going into the rights or wrongs of it.

Mr Walter—In the general sense, if a service has been booked and we do not do it at all, of course, you could not pay for that.

Senator IAN MACDONALD—Or if it were booked and only half the service was delivered, you would not expect the full price?

Mr Walter—That is a bit too hypothetical. Occasionally, what will occur is a situation where an electorate, for the reasons I explained earlier to Senator Ronaldson, does not get the full number of pamphlets—either the number of pamphlets has been undersupplied or oversupplied, and that is where the—

Senator IAN MACDONALD—I do not particularly want to go into that issue.

Senator CONROY—I am sure you don't.

Senator IAN MACDONALD—I understand it is a matter of commercial negotiations, and there are allegations by one side and there are allegations by the other side—a normal commercial dispute.

Senator CONROY—Allegations by Australia Post, but Australia Post reject your paranoid allegations.

Senator IAN MACDONALD—Do I have to put up with this interference, Mr Chairman?

CHAIR—No, you do not. Senator Conroy, just sit and listen.

Senator IAN MACDONALD—Mr Walter, if a customer came to you and asked you to do a certain service and paid you for it or incurred the bill and then you only delivered half the service, you would not expect the full price to be paid, would you?

Senator CONROY—He is trying to verbal you.

CHAIR—It is a matter of principle, Senator Conroy.

Senator CONROY—He is trying to verbal you.

Mr Walter—Unfortunately, Senator, that is too hypothetical.

Senator CONROY—Would you like to rule it out then?

Mr Walter—It is around the edges.

Senator CONROY—Hypothetical questions are okay?

CHAIR—We re talking about a principle of performance of a contract.

Senator CONROY—Chair, it is hypothetical. Mr Walter has described it as hypothetical and you have constantly ruled hypothetical questions out.

Senator WEBBER—And you are directing him to answer, are you, Chair?

Senator IAN MACDONALD—Chair, should we have a break so that Senator Conroy can go and get the television cameras here as well.

CHAIR—Is your press release ready, Senator Conroy? That is not a hypothetical question? Please continue, Mr Walter.

Mr Walter—As I understand it, the matters that are in dispute are around the edges of unaddressed mail service. It is not about 50 per cent; it is about several hundred out of tens of thousands, or something like that. That is the situation.

Senator CONROY—You have to ask, Macca—well done.

Senator IAN MACDONALD—That is your view.

Senator CONROY—Well done, Macca.

Senator GEORGE CAMPBELL—Pay the bill.

Senator CONROY—Just pay up.

Senator IAN MACDONALD—That is your view.

Senator Coonan—Just shut up!

Senator CONROY—Oh, Minister! Dear oh dear!

Senator GEORGE CAMPBELL—Did she just tell them to shut up?

Senator WEBBER—Yes, she did.

Senator IAN MACDONALD—Mr Chairman, are we going to continually have four cockatoos here screeching when I am trying to ask questions and when Mr Walters is trying to answer.

CHAIR—You just continue with your questions.

Senator GEORGE CAMPBELL—You are making a fool of yourself.

Senator RONALDSON—That is a significant denigration of one of our indigenous birds.

Senator IAN MACDONALD—I apologise.

Senator GEORGE CAMPBELL—You should talk about denigration.

CHAIR—Just proceed with the questions, Senator Macdonald.

Senator CONROY—I think he has run out of questions and now he is trying to verbal the witness.

CHAIR—He has 20 minutes, Senator Conroy.

Senator IAN MACDONALD—In a commercial dispute, if someone claimed that the service was not delivered, you would not expect full payment, would you?

Mr Walter—We would expect a face to face discussion with the customer about the issue, with a view to resolving it. We would be mindful of the service that has been commissioned and delivered.

Senator IAN MACDONALD—So this is a normal commercial negotiation? I understand it has been going on since at least the last estimates committee, and that is what is happening now.

Mr Walter—Yes, we have been waiting for substantive backing of the claims made by the Queensland Liberal Party.

Senator CONROY—After eight months, you have no substantive backing whatsoever.

Mr Walter—What has occurred is this, as I said in the questions on notice. There has been a series of meetings. What occurred—and I mentioned this last time at Senate estimates—is that the claims were added to. Each time there was a meeting, there were further claims made and we had to investigate them. I understand that, in a very short space of time, there will be a further session.

Senator GEORGE CAMPBELL—They normally call it ‘stalling’.

CHAIR—Just continue, Mr Walter.

Mr Walter—There is an aim to resolve this matter once and for all with a further meeting of the Queensland Liberal Party. I understand that the state director is overseas at the moment, but there is a view to a meeting in the next few weeks.

Senator IAN MACDONALD—I think that is all. I just wanted to put it in perspective. I am sure you have lots of customers around Australia who claim that they do not get what they paid for.

Mr Walter—We provide an excellent service for all customers. The difficulty with elections—and this is what I was trying to explain about the federal election—is that the unaddressed mail service is not designed for electoral boundaries.

Senator IAN MACDONALD—That is very interesting, but that was not my question. Are you telling me that Australia Post does not have any disputes with any customers, other than the Queensland Liberal Party, about paying for a service which has not delivered?

Mr Walter—No, of course not.

Senator IAN MACDONALD—So they are the only ones?

Mr Walter—Maybe I was a bit convoluted. I was coming to that. Of course there are disputes from time to time with customers right across the board but what I was trying to say was that—

CHAIR—He asked you a specific question, Mr Walter.

Mr Walter—in view of the volumes and the range of services—21 million items a day, a million customers through outlets every day—it is at a very low level. But, of course there are disputes with customers—big commercial customers, small customers and individuals. It is just the nature of the volumes and the extent of the way we touch Australian business and Australian people every day, that there will be disputes.

Senator IAN MACDONALD—Exactly. The suggestion by Senator Conroy and his cohorts that this is an unusual event is simply not accurate in a business as big as Australia Post, which deals with lots of customers and has lots of activity and services every hour of every day, I assume.

Senator CONROY—Don't be verbally.

Mr Walter—We have disputes with customers. Some of them resolve very quickly; others take a longer time. What we want to do is work with our customers to come to a reasonable resolution of any dispute—

Senator IAN MACDONALD—Which is what you are doing.

Mr Walter—We do it with any customer. As I said, we treat customers in a respectful way. We want to get a result that is useful to us all.

Senator CONROY—I want to follow up on that line. My colleagues are more than happy for me to.

CHAIR—I think it would be better if we moved onto another subject.

Senator WORTLEY—Hang on!

CHAIR—If you want to discuss the number of disputes Australia Post is engaged in with clients, please go ahead.

Senator CONROY—Thank you, because I would not want the committee to be gagged by you just because you are embarrassed about the Liberal Party in Queensland.

CHAIR—I am not embarrassed, Senator Conroy.

Senator CONROY—I am looking to get a guarantee that normal commercial practices are going to be applied here—that, just because the Queensland Liberal Party are involved, there will not be any lenient treatment for them in a commercial sense.

Senator IAN MACDONALD—It is an outrageous slur on the officers of Australia Post to suggest that they would be doing anything other than the normal commercial operation. It is an outrageous slur, and I object to the question.

Senator CONROY—It is not a slur.

CHAIR—Senator Conroy, there are rules, regulations and procedures to follow. It is an appalling thing for you to suggest that they would not be doing that.

Senator CONROY—I am just asking them to confirm that they will be.

CHAIR—By implication, you are suggesting they will not.

Senator RONALDSON—Chair, how many times does Mr Walter have to say that this is a normal commercial matter? He has said it now on at least half a dozen occasions, and no amount of questioning from Senator Conroy to get him to change his mind is going to change it. He has said it six times. I hope your reporter has taken note of that, Senator Conroy.

Senator GEORGE CAMPBELL—They keep stalling.

CHAIR—No, they are in negotiation.

Senator CONROY—What was the size of the mail-out?

Mr Walter—I do not know.

Senator CONROY—You mentioned that the dispute is around a few hundred pamphlets.

Mr Walter—In the questions on notice and in our issues register there were 98 issues, not disputes, that arose during the campaign. As I said, that relates to things being said like, ‘We are 200 items short for this electorate; send us 200 more items so we can deliver those.’

Senator CONROY—So they did not actually supply you with enough pamphlets to deliver?

Mr Walter—Sometimes the fault was on our side on that issue because it is a movable feast. If I am addressing a piece of mail to you, Senator Conroy, at wherever you live, it will get to your house because it will have an address on it. Whereas, with an unaddressed mail item, there are movements of 68,000 or however many people might be in an electorate that mean you cannot get a final accurate figure. You might be a couple of hundred under or a couple of hundred over. We provide a figure that is our best estimate and that is the amount that the political party, be it Labor or Liberal, will provide us with for delivery. But if we are doing our job and it is under the required amount, we will immediately identify that and say to the Labor Party or Liberal Party, ‘We want 200 more pamphlets so we can—

Senator CONROY—I am talking about what has gone on in this case, okay?

Mr Walter—Okay.

Senator CONROY—Mr Macdonald opened it up, not me.

Mr Walter—I thought you were asking in a general sense about—

Senator CONROY—No. Mr Macdonald asked you some specific questions. I did not. Mr Macdonald opened up—

Senator IAN MACDONALD—Do you mean Senator Macdonald?

Senator CONROY—Yes, sorry. Senator Macdonald opened this up by asking you some detailed questions.

Senator IAN MACDONALD—I only raise it because there is a Mr McDonald sitting at the table.

Senator CONROY—Yes, I know. Senator Macdonald has kindly opened this up, so I just wanted to follow up on a couple of your answers.

Senator IAN MACDONALD—I thought you delayed this until after morning tea so that you could make a phone call or two, Senator Conroy.

CHAIR—Senator Conroy, just get on with your questions.

Senator CONROY—I would if you would call Senator Macdonald to order. I am just waiting for him to finish.

CHAIR—You just proceed.

Senator CONROY—Thank you. Mr Walter, I think you said that continually there had been no substantive backing of the claims, they kept adding to the claims.

Mr Walter—We wanted some detail that we could investigate. I think it is fair to say that we deal with all clients in a collaborative way and if any customer—customer or client, they are the same I suppose—comes to us and says, ‘This didn’t happen and that didn’t happen,’ we will want some detail. In some instances we require further detail.

Senator CONROY—You used the words ‘substantive backing’.

Mr Walter—Yes. I think what happened in Queensland was that the state director had debriefings with candidates—this is what was put forward to us—and some of those occurred a substantial time after the election; he had to get through all through all of the candidates. We would much prefer that, if a candidate has an issue, they raise it during the election campaign so that we can rectify it. But if, in the heat of the moment, they do not do that and then along comes a state director to talk to them about any issues they had during the election campaign, they might say: ‘We weren’t very happy with this particular issue. We would like to have that investigated.’ We had a number of those situations.

In the overall scheme of things—and I think I said this last time—over 99 per cent of unaddressed mail deliveries were done and done very well. You are talking about a service that saturates a post code; everybody in the post code should get one. When we try to adapt that to assist the political process during an election campaign it creates difficulties. I brought you down to the level of an individual postie who delivers on the same round every day. During an election campaign that person has to adapt their round and perhaps go up one side of a street but not down the other. It is humanly possible to make errors in that way too. There can be issues of that sort. It is quite a complex situation. It is not like a big corporation doing a mail-out on a particular product for a particular period. This is a massive volume over the

period of an election campaign, so it is understandable that there are issues that would require resolution.

Senator CONROY—What actions would Australia Post usually take for a dispute that has been ongoing for six months?

Mr Walter—I am not the commercial expert on that, but it would be the usual commercial approach.

Senator CONROY—That is why I am asking what it is. Are you telling me that you allow all your companies to be six months or eight months in arrears?

Mr Walter—It depends on the circumstances. My understanding is—and I must admit I have never worked on the commercial side of the business—we always engage with our customers and see what the issue is. There are a whole range of activities that go from there. We would want to exhaust every possible avenue to ensure that everything has been investigated thoroughly. If it has and there are—

Senator CONROY—Do you charge late fees?

Mr Walter—Not to my knowledge, but I would have to check that for you.

Senator CONROY—How long will you allow it to go on for before you seek legal redress?

Mr Walter—We think it should be resolved—we believed our last response covered any further issues. None have come up since. Once the Liberal state director returns, our commercial people in Queensland will meet with him and hopefully we will have a resolution there and the account will be finally paid.

Senator CONROY—I saw that you had a note passed to you a little earlier. Are we able to confirm the \$50,000?

Mr Walter—No, we have got a phone call in. Customer information is quite confidential. There are only a couple of people in Queensland who would be aware of it. We have a phone call in.

Senator RONALDSON—I presume these are commercial-in-confidence matters as well, Mr Walter.

Mr Walter—Yes.

Senator CONROY—Senator Macdonald opened it up, not me.

CHAIR—It is quite all right, Senator Conroy.

Senator IAN MACDONALD—You opened it up when we came back from morning tea, Senator Conroy, after you had made a couple of strategic phone calls.

Senator CONROY—Are you anticipating that you will receive the full \$50,000, or the full amount if it is more than \$50,000, in the next few weeks?

Mr Walter—Whatever the amount is our desire will be to receive it. We believe a further meeting will resolve that. In a couple of cases—I cannot remember the exact details; I think one was in Noosa and one was in another area—there has been some concessions on our part in the previous investigations.

Senator CONROY—Were they major or minor concessions?

Mr Walter—Relatively minor. I do not know the amounts.

Senator CONROY—So you would be anticipating getting almost 100 per cent of the money?

Mr Walter—That is our view, yes.

Senator CONROY—And if you do not receive it, as is normal commercial practice with other clients, would you be in a position then to withhold your services until you receive it? Is that normal commercial practice?

Senator Coonan—That is hypothetical.

CHAIR—That is a hypothetical question and it is out of order.

Senator CONROY—If a company does not pay its bill—

Senator Coonan—That is hypothetical. It depends on the circumstances.

Senator CONROY—What is your normal commercial practice if a company does not pay its bills?

Senator Coonan—It would depend on the circumstances. It is a hypothetical question.

Senator GEORGE CAMPBELL—No, you can tell your friends over here to shut up; you cannot tell us to shut up.

Senator RONALDSON—How can this witness possibly answer that question?

Senator Coonan—No, what I was referring to was the four of you all shouting and heckling the witness. That is what I was referring to.

Senator CONROY—What?

Senator GEORGE CAMPBELL—No.

Senator CONROY—They were shouting and heckling the witness.

Senator GEORGE CAMPBELL—They were shouting at him.

Senator CONROY—Mr Walter, is it normal commercial practice, if a company fails to pay its bill, that Australia Post would withhold its services until the bill was paid?

Mr Walter—We will consider our options after that.

Senator CONROY—Is that one of the options?

Mr Walter—It is one of the options. There are many options.

Senator CONROY—Can you give us a guarantee that if this bill is not paid to your satisfaction—

Senator Coonan—That is an inappropriate question.

Senator CONROY—that the company involved will not be able to proceed with other services?

Senator Coonan—That is an impermissible question.

CHAIR—That is hypothetical and it is inappropriate and it is out of order. Australia Post has told us its procedures and I am sure it will follow them, Senator Conroy.

Senator CONROY—You will not let him even explain what the normal commercial procedures are.

Senator WEBBER—No, because apparently that is hypothetical!

Senator CONROY—Yes, normal commercial procedures are now apparently hypothetical.

Senator Coonan—No, normal commercial procedures based on your question. It is a hypothetical question because you are referring to that particular case. In normal commercial procedures there are many options that are open to any business, one of which is to continue ongoing business.

Senator CONROY—Would you be able to bring the cheque to the next estimates hearing, Mr Walter, so that we can see that you have had it paid in full?

Senator Coonan—That is a frivolous question.

Senator GEORGE CAMPBELL—Just a copy of it.

Senator CONROY—Yes, just a copy.

CHAIR—You are getting very trivial, Senator Conroy.

Senator CONROY—Make sure you bite it first.

Senator Coonan—Chair, are these estimates serious or are we going to be playing games all day?

CHAIR—We are just wasting time at the moment. I suggest we go on to something more—

Senator CONROY—I am sorry, but Senator Macdonald spent an hour on this last time, and that was okay.

Senator IAN MACDONALD—That is simply not correct.

CHAIR—Never mind that, Senator Conroy. This is this time. We are not dealing with substantial issues anymore, so let us move on to something—

Senator CONROY—That is your opinion because you are chair, but I am happy to cede to Senator Webber or Senator Wortley.

CHAIR—Then let us go to Senator Webber. Come on, Senator Webber.

Senator IAN MACDONALD—Chair, I have some questions for SBS. Most of these questions in relation to this issue were answered on notice and they are being brought up for obvious political reasons. The answers are all there on notice.

Senator RONALDSON—And there are only so many pages to fill.

Senator CONROY—Just pay the bill, Macca! Just pay the bill and it goes away. Pay the cheque. Cough up.

Senator RONALDSON—How many pages of the *Courier-Mail* do you want to fill?

Senator WEBBER—I want to return to the issue of the Gngangara delivery centre. I am sorry, I was not in the room at the time. My colleague Senator Campbell asked some general questions. From what I can tell, you were not aware of any specifics of that?

Mr Newman—I asked for clarification of whether it was Wangara rather than Gngangara.

Senator WEBBER—Yes. I am from WA, so—

Mr Newman—So it was Wangara?

Senator WEBBER—Yes. So are you aware of some issues there?

Mr Newman—No, I am not. As it turns out, I was at that centre two weeks ago. I spent some time with some people there and I did not detect anything at the time. That is not saying that there are not some issues, so I would need to take that on notice. I have no knowledge of it and there was nothing evident on the day I visited.

Senator WEBBER—It is my understanding that this has been an ongoing issue for some months. There are about 50 staff there being, they feel, bullied into working extended hours, and there are particular concerns about those coming back from medical time off who need rehabilitation and who are being forced to spend 12 hours on a motorbike.

Mr Newman—I do know that Wangara, along with other delivery centres in Western Australia, is suffering from staff shortages due to unemployment being so low over there.

Senator WEBBER—Yes.

Mr Newman—As for bullying, I was not made aware of that but I am happy to provide information on notice.

Senator WEBBER—I will put a number of specific questions on notice, because whilst it may not be well known to you through your visit it is well known through the other, perhaps lower than management, sectors of Australia Post. It is seen as being a particularly bad delivery centre at the moment and there is a real problem with management there.

Senator WORTLEY—Is Australia Post currently contracting out the delivery of mail in new and expanding suburbs of Australia?

Mr Newman—The new?

Senator WORTLEY—New and expanding suburbs. Is the delivery of mail being contracted out or is Australia Post—

Senator Coonan—What areas are you referring to specifically?

Senator WORTLEY—Households and delivery of Australia Post mail.

Mr Newman—I can give you a generic answer on that. The general approach we take is that in fringe growth areas we tend to use street level delivery contracts. We have done that for many years. There is no change to that policy. The normal process is that on the growth corridors it is quite common for that growth to be delivered by contractor mail because it is a bit more flexible and we can usually organise it. Then over the years that tends to be backfilled with corporate staff. That is a very general answer. I do not know of any specifics that you may be referring to at the moment.

Senator WORTLEY—You will probably have to take this one on notice, although you may have the figures. Can you tell us how many household delivery posties are employed in each of the states and territories in Australia?

Mr Newman—In each of the states? Yes, I would need to take that on notice.

Senator WORTLEY—I understand that Margate is a rapidly expanding suburb of south Hobart and that currently Australia Post uses two part-time posties to deliver to the households there. I understand also that Australia Post is in the process of contracting out these two positions. Do you know anything about that?

Mr Newman—I would have to take that on notice. I have some knowledge of that. I believe this was some time ago, or started some time ago. I would need to take that on notice. I do not have that information with me.

Senator WORTLEY—Other concerns that were raised, in particular on this expanding suburb, were security of mail, community service obligations and standards of service for contracting out postie positions. Do you have a policy on that, and would you be able to provide that as well?

Mr Newman—Yes, certainly. Whether a contractor or an Australia Post employee does growth fringe areas, the standard of service is no different. That is a general response to that, but I will give you detail on notice.

Senator WORTLEY—Thank you.

Senator ALLISON—I have some questions about Australia Post's practice in identifying people where personal identification is necessary. Is it the case that Australia Post requires a drivers licence for identification for certain services?

Mr McCloskey—Are you referring to identification where it is not on the parcel for carriage?

Senator ALLISON—I am asking why you ask for identification, in what circumstances and for what purpose?

Mr McCloskey—There is a security requirement for us to record identity of people lodging parcels for transport overseas. A drivers licence would be one of a number of forms of identification which are acceptable for that. It can be any form of photographic identification, such as a drivers licence, passport, or something that can be signature identified, such as a credit card or debit card.

Senator ALLISON—When you say that this is a security requirement, by whom is it required?

Mr McCloskey—It is a requirement of Australia Post under our transport security program, which was approved by the Department of Transport and Regional Services under the Aviation Transport Security Act. It was originally introduced as a directive by that department under particular regulations about five or so years ago. It has since been incorporated into this transport security program, which is what we are obliged to observe for all of aviation security and the like.

Senator ALLISON—Can you be precise about what that directive was with regard to what constituted an acceptable identification for this purpose?

Mr McCloskey—As I was seeking to explain earlier, it is a drivers licence, passport or some photographic identification, or where a signature can be verified by a credit card, debit card, social security card or something like that.

Senator ALLISON—What happens for a person who does not have a drivers licence, passport, credit card or social security card?

Mr McCloskey—They can still lodge the parcel, but it will be subject to special security procedures, which may entail a delay of some time before it is dispatched.

Senator ALLISON—What happens during the delay?

Mr McCloskey—It is subject to security requirements.

Senator ALLISON—What does that mean?

Mr McCloskey—It means that its dispatch is delayed for security purposes.

Senator ALLISON—What is the purpose of the delay?

Mr McCloskey—It is the requirement that was put on us by the Department of Transport and Regional Services.

Senator ALLISON—What do you do during the delay?

Mr McCloskey—It is held, as I understand it, in a particular isolated area until a particular time elapses, after which it can be dispatched.

Senator ALLISON—What is the purpose of that?

Mr McCloskey—It is a security requirement imposed on us by the Department of Transport and Regional Services.

Senator ALLISON—I understand that; you said that.

Mr McCloskey—I am not a security expert. It is their security requirement of us.

Senator ALLISON—Is the theory that if it is an explosive then it will go off?

Mr McCloskey—It is a question that would need to be asked of the department.

Senator ALLISON—How frequently does this occur?

Mr McCloskey—I do not have any figures on that. My impression is that in the vast majority of cases the acceptable identification is provided and there are no delays.

Senator ALLISON—Which department issued the directive?

Mr McCloskey—It is from the Department of Transport and Regional Services.

Senator ALLISON—This directive specifically includes a drivers licence as a—

Mr McCloskey—I think it allows a number of possible forms of identification to be produced, which would include a drivers licence, as being acceptable.

Senator ALLISON—Does it specify a drivers licence among the other items or not?

Mr McCloskey—As I understand it, it includes it as a form of identification that is acceptable. It is one of a number of forms of identification that is acceptable for these purposes.

Senator ALLISON—Nonetheless, the department has a drivers licence in writing as part of this directive. I am sorry; I am at a disadvantage because I do not have it in front of me.

Mr McCloskey—I am at somewhat of a disadvantage as well. Somewhere there would be something in writing that includes reference to a drivers licence.

Mr Marshall—I do not have a copy either, and it was a long time ago, but my recollection is that the words would be something like ‘photographic identification’ or ‘signature identification’.

Senator ALLISON—Is there in anything in your instructions to your staff in the directive from the department to do with regimes for licence provision which stipulates that a licence cannot be used for identification purposes?

Mr McCloskey—I would have to take that question on notice.

Senator ALLISON—It is already on notice. I put this question on notice on 14 March and it has not been answered. The case I am referring to relates to South Australia. It indicates that licence identification is illegal in that state. My question to you is: does Australia Post consider this, care about it, take it into account in its practice of demanding identification?

Mr McCloskey—I would have to take that question on notice; I do not know enough about the local circumstances in South Australia.

Senator ALLISON—Can you guarantee that in South Australia, as elsewhere, all those people who present with an international parcel are given the full range of options for identification?

Mr McCloskey—Certainly, our staff have the full options available to them in terms of what can be accepted if presented as a form of identification.

Senator ALLISON—That was not the question.

Mr McCloskey—I am sorry, can you repeat the question?

Senator ALLISON—Can you guarantee that your staff offer the full range of identification options when people want to send international parcels?

Mr McCloskey—I have no doubt that that is the case.

Senator ALLISON—You have no doubt?

Mr McCloskey—Yes.

Senator ALLISON—So you would be surprised to know that in South Australia people are told they must produce their drivers licence?

Mr McCloskey—I would be very surprised if that were the case. If we were aware that that was the case, I think we would take appropriate action on that basis.

Senator ALLISON—Are you aware that South Australia prohibits the use of a drivers licence for identification?

Mr McCloskey—I am not personally aware of that.

Senator ALLISON—Is anyone else? Mr Marshall?

Mr Marshall—No.

Senator ALLISON—What happens to the identification data collected by Australia Post?

Mr McCloskey—It is maintained for a specified period and then removed or destroyed.

Senator ALLISON—What is the period?

Mr McCloskey—I understand that is a security issue and that it is not within our bailiwick to reveal that.

Senator ALLISON—You cannot reveal how long it is maintained?

Mr McCloskey—It is a security issue, as I understand it; we are required not to reveal that sort of information.

Senator ALLISON—You are not allowed to reveal the length of time that you keep the data?

Mr McCloskey—That is my understanding.

Senator ALLISON—How is the data held and by what authority?

Mr McCloskey—The authority would be the particular directive of the Department of Transport and Regional Services. More recently it would be under the authority of our transport security program. It would be held at the local office, I think, but I would need to take that question on notice.

Senator ALLISON—Who within Australia Post's agencies or centrally has access to that database?

Mr McCloskey—I would need to take question on notice.

Senator ALLISON—What information is kept on the database?

Mr McCloskey—As I understand it, the identity of the sender and the corresponding reference to the form of identification that has been presented.

Senator ALLISON—In the case of a licence, what would that be?

Mr McCloskey—It would be, I presume, their licence number.

Senator ALLISON—Just the licence number?

Mr McCloskey—That is what my assumption is, but I could confirm that.

Senator ALLISON—Is the address also on the database?

Mr McCloskey—I would not have thought so, but I may be wrong, so I would need to take that on notice.

Senator ALLISON—Gender?

Mr McCloskey—I would not have thought so but, again, I can provide all of the detail on notice.

Senator ALLISON—Is the database available for any other purpose?

Mr McCloskey—No, it is not.

Senator ALLISON—How is it protected from hackers, or what sort of security applies to its maintenance?

Mr McCloskey—I would need to take that on notice.

Senator ALLISON—From what you know so far of the access card, how do you see this process of identification working with the access card?

Mr McCloskey—I do not know that any consideration has been given to that.

Senator ALLISON—You have not been consulted by the relevant department?

Mr McCloskey—As to how this particular process would work if an access card was in the community—is that the question?

Senator ALLISON—We have got the legislation, so most of us are assuming that it will be introduced shortly and put in place.

Mr McCloskey—But you are asking about this specific process that we have for overseas mail?

Senator ALLISON—Correct.

Mr McCloskey—It is subject to confirmation, but I have not heard anything to suggest that we have been consulted on that particular issue.

Senator ALLISON—Australia Post has not considered the matter?

Mr McCloskey—Not to my knowledge.

Senator ALLISON—Do you have an opinion about whether this would make it an easier identification document than a licence?

Mr McCloskey—I do not have any such opinion. Whatever was an acceptable form of—I think as Mr Marshall said—a photographic or signature identification, if it fell into that category, presumably it would be acceptable.

Senator ALLISON—Acceptable by whom?

Mr McCloskey—As part of the process that we are required to undergo, but time will tell in relation to that.

Senator ALLISON—You have not been consulted by the department developing the access card?

Mr McCloskey—On this issue, certainly not as far as I am aware.

Senator ALLISON—In any other way to do with the access card?

Mr McCloskey—There has been some contact in terms of our ability to use our outlets for registration and identification as part of the issuing process for the access card.

Senator ALLISON—Registration for what purpose?

Mr McCloskey—For the identification process.

Senator ALLISON—For what purpose?

Mr McCloskey—Prior to issuing the access card to individuals, if it is implemented.

Senator ALLISON—I see. So Australia Post agencies might be part of the arrangement?

Mr McCloskey—The implementation process, that is correct.

Senator ALLISON—Yes, I understand. But not for the operations of Australia Post per se?

Mr McCloskey—No, purely acting as an agent on behalf of the issuing authority in terms of the identification process of individuals who might be issued with an access card.

Senator ALLISON—Just to check again, Australia Post only requires identification for international mail—is that correct?

Mr McCloskey—That is correct, and I think, just to be absolutely clear, it is for international mail that will be travelling by air, so it is not for sea mail.

Senator ALLISON—Not for sea mail.

Ms Button—Excuse me, Senator, I might just add that we do actually act on behalf of other people to do 100-point checks—so for the opening of bank accounts and the issuing of working-with-children cards and the like we do undertake 100-point checks—but the evidence that is required is dictated by the agency in question; it is not something that we would articulate.

Senator ALLISON—Do you nonetheless record those details?

Ms Button—They would be recorded on the forms, which are then sent away to the agencies, so that is not our information.

Senator ALLISON—You do not have a database on the subject?

Ms Button—No, we do not.

Mr McCloskey—I may have not been fully accurate when I said it was not required for any other purposes. There can be situations, for example, mail redirection, where if you wish to put in a mail redirection application with Australia Post then identification is required as part of that process.

Senator ALLISON—Why is that?

Mr McCloskey—It is to ensure that the person whose mail is to be redirected is in fact the person who is lodging the application.

Senator ALLISON—And what happens to that data?

Mr McCloskey—That data would be retained for a period and subsequently deleted.

Senator ALLISON—That data is not part of the international security issue?

Mr McCloskey—No, that is quite separate. It is just that you asked about Australia Post, and that is another instance. There may be one or two other similar instances where identification is required. For example, if you are opening a private box, as far as I am aware you have to produce some identification.

Senator ALLISON—And all of those previously cited documents are applicable for those cases too?

Mr McCloskey—Yes, as far as I am aware. I will need to check exactly what forms of identification are acceptable, but to my knowledge that would be the case, yes.

Senator ALLISON—And this database is kept centrally in Australia Post?

Mr McCloskey—I would need to take that on notice.

Senator ALLISON—And can you also take on notice who has access to it.

Mr McCloskey—Yes, I would be happy to do that.

CHAIR—That concludes Australia Post. We thank you for your appearance today.

[11.57 am]

Special Broadcasting Service Corporation

Senator CONROY—Colin Alston, SBS's senior transmission engineer, announced at a standards meeting, and again at a DBA meeting a few weeks ago, that SBS would begin broadcasting in MPEG4 as of 1 January 2009. Is that correct?

Mr Brown—That decision has not been made. It is something under consideration.

Senator CONROY—So he did not announce it. Perhaps he said you are considering it instead.

Mr Brown—I am not aware of the meeting that he attended; Mr Broderick might be. I can say that that is a matter under consideration, but there has not been a final decision made.

Mr Broderick—I am not aware of the exact words, but we are considering MPEG4 as a transmission standard going forward.

Senator CONROY—Were you at the standards meeting or at the DBA meeting?

Mr Broderick—No, I was not.

Senator CONROY—Anyone else? I was going to ask when the decision was made, that was all. It is a big call.

Mr Brown—It has not been made; it is under active consideration as part of our move to high-definition, 720p, and to try to obtain the very best usage of the available bandwidth to position SBS in the future to provide more channels.

Senator CONROY—Are you having discussions with ACMA about this?

Mr Broderick—We have had a brief discussion with the department, but not with ACMA at this stage.

Senator CONROY—Is it possible to do it unilaterally? Do you need everyone to go to this standard, or can you do it unilaterally?

Mr Broderick—My understanding of it is that we can have a joint transport stream, which would have MPEG4 and MPEG2, which is what we have started to discuss with the industry.

Senator CONROY—So when you say joint, you mean a dual broadcast?

Mr Broderick—In the digital broadcasting space there is a transport stream which carries the signals. At the moment, both the higher definition and the standard definition signals are carried as an MPEG2.

Senator CONROY—The reason I am asking this is, as I am sure you are aware, that there are potential legacy issues.

Mr Broderick—That is correct.

Senator CONROY—So consumers with digital televisions that are not MPEG4 compatible would not receive that transmission?

Mr Broderick—They would not be able to decode it; they will not get a picture.

Senator CONROY—They can receive the transmission, but it will just be blank.

Mr Broderick—Yes.

Senator CONROY—Obviously that is a consideration. Even if you are able to do the MPEG4 and MPEG2, would they get a signal? Would they get the screen? Or not?

Mr Broderick—The way our discussion is going is that we were looking at MPEG4 for the high definition and MPEG2 for the standard definition. As we currently simulcast, and if we continued to simulcast during that period, they would still get the signal as standard definition in MPEG 2. They would not be able to decode the MPEG4 high definition.

Mr Brown—It would not necessarily disadvantage the consumer, because at the moment there is not a genuine native HD signal available for them. So, if it were to be on MPEG4, the worst-case scenario would be that a consumer would be watching the high definition in standard definition. So they would be no worse off. But the legacy issue is a real issue. Of course, every day that one delays, there is an increase in the legacy issue.

Senator CONROY—I am just concerned that I will not be able to receive replays of Chelsea winning the FA Cup, having sat up and watched your excellent coverage on Saturday night. I would be very concerned if I were not able to receive those regular replays I know you are planning on showing! Weekly will be fine. In his second reading speech for the SBS Act in 1991, the then shadow minister for communication, Mr Warwick Smith, said:

There is no definition of natural program breaks, but the SBS provides an example of such as being the half-time in a soccer match. So in effect what will happen is that advertising will top and tail programs ...

In Senator Alston's second reading speech, when changes were made, he said:

... it is not too difficult to identify what the channel ought to have in mind, and clearly the half-time break in football and other sporting programs is a fairly common occurrence. The topping and tailing of programs so that good quality films are not massacred by advertisements is something that most people will readily identify with and recognise the breach of very quickly.

Do you accept that the interpretation placed on the meaning of 'natural program breaks' by both Senator Alston and the then shadow communications spokesman, Mr Smith, confirms the legislation's intent that ad breaks during natural breaks in programs meant simply during such intervals as half-time in a sporting event or the start and end of a program?

Mr Brown—I am not in a position to know exactly what Mr Smith had in mind, but I would take issue with the fact that there is no definition of 'natural breaks' because there clearly is a definition within the television industry. It is a term that is used internationally.

Senator CONROY—Certainly Senator Alston and Mr Smith appeared to have a fairly clear and concise definition. For most of the last 10 or 15 years, there has been a generally understood definition of natural program breaks—and they are not even in our party.

Mr Brown—Yes, except that in that intervening period radio has been carrying commercials and natural program breaks within each hour. So, even from 1991, there was an acknowledgement that there was not an absolute position on that.

Senator CONROY—Senator Alston said that, if SBS overstepped the mark, audiences would object. At Senate estimates in February, you said:

I would have to say that the level of complaints—

about the introduction of in-program breaks—

is lower than one might have expected, and that is possibly because there is a recognition of the rationale behind it.

In response to question on notice 81, SBS acknowledged that it received in the vicinity of 6,000 complaints regarding in-program breaks. This does seem to me to be quite a large number and indicates that it is not a recognition of the rationale behind it but a sign of resentment and frustration that it was done at all. I would have to say to back this up that I was a little frustrated with the FA Cup coverage when you broke out of it right at the end of interview people just as the Chelsea celebrations were starting, and I say that almost seriously rather than just being a biased Chelsea fan. You crossed back to the studio, just at the good bit, for discussions and possibly an ad break. So I was a little frustrated by the ad breaks that took place a couple of times during your coverage on the night. So you can record me as 6,001 if you like. Do you really consider that 6,000 as the number of complaints is lower than you were expecting and that it is a reasonable measure?

Mr Brown—I make it about 5,000.

Senator CONROY—Between 4,000 and 6,000. I think I said about 6,000.

Mr Brown—Yes, I do, because we are talking about complaints that took place over a period of months, rather than a single instance.

Senator CONROY—Let us be fair, you phased it in over a period of months.

Mr Brown—Absolutely. My expectation would have been that the complaints could have been, and probably should have been, much higher than that. In response to your question, we added it all up. I felt that that justified my original answer that this was a lower level of complaint. Currently we are tracking at about two complaints a day. As we said previously, we are not able to really track whether or not it is the same people complaining. People who feel very strongly will complain rather more often, so it may well not be the case that it even amounts to 5,000 individuals.

Senator CONROY—But you have no idea whether there is any double-up or not; you are just saying there could be.

Mr Brown—No, I have no evidence one way or the other, but I believe there would be. I said that I thought it was, in part, an acceptance of the rationale behind the decision, and some of the complainants have been referred to an on-line resource where that is dealt with in greater detail than they might have picked up in general media coverage, I did say then that from time to time we would get a response—I even saw one in the phone log yesterday—saying, ‘Keep the ads, but could you have better quality; keep the ads because we understand why you need them.’

Senator CONROY—You have to stop your mum phoning in, Mr Brown! What figures do you have on ratings for SBS news since the introduction of in-program breaks?

Mr Brown—The full implementation of in-program breaks was virtually simultaneous with the launch of the new news hour. Ratings would be an indication possibly of an attitude towards the commercials, but they are more likely to be an indication of reaction to the establishment of a news hour. I do not have the numbers—and I am certainly happy to take that on notice and give you the numbers—but my general sense is that, in the period since January 22, ratings for the hour are ahead of ratings for the hour at the same time last year. At some stage they have dipped below, and at some stage they have risen above, but on average I would believe that they are tracking above where they were last year.

One of the issues in varying anything in news and current affairs is the intense loyalty and relationship that audiences build up to an existing product. I think it could be demonstrated internationally that whenever you change a news format there is a fair degree of negative reaction first and then, providing the product is good, a gradual engagement and attachment of loyalty to the new product—and that is what we are seeing.

Senator CONROY—I should at this stage congratulate you on winning a Logie.

Mr Brown—Thank you.

Senator CONROY—I would like to put on the public record that I was lucky enough to be there on the night, so I got to congratulate the team for their great coverage. I did want to put on the record the fantastic coverage and the nationwide recognition for winning the Logie for your sports coverage. If you could pass that onto your organisation—I am sure the committee would agree—that it is a great result.

Mr Brown—Thank you, I will.

Senator CONROY—However, I cannot believe you would win a Logie if you are going to have really terrible commentators who did not seem to know the rules of football. Perhaps they thought they were commentating on a Rugby match that was taking place because if a player tackles someone like a goalkeeper and pushes him over the line and then it is claimed that it was a goal, I think you have to look at who your commentators are in the future. Clearly, there was some shocking bias taking place from your commentary team on the night.

Mr Brown—I will pass that on too.

Senator CONROY—I have to say it was not from all of them. Your genuine experts knew immediately that a crash tackle is not actually a way to score a goal in football; it is more appropriate in a Rugby match. I will leave you to pass those comments on as well.

Mr Brown—I will.

Senator CONROY—How much revenue has been raised by SBS since the introduction of in-program breaks?

Mr Brown—Revenue is currently tracking ahead of budget. I think I reported that at the last estimates hearing.

Senator CONROY—Do you have a figure?

Mr Brown—I will need to take that on notice. We do have an increase in revenue.

Senator CONROY—I would hope so. I hope you have gone from zero to—

Mr Brown—It is somewhat more than we had budgeted for. It is overperforming. The question for us is identifying whether that overperformance is due to the introduction of in-program breaks, the general lift in marketing conditions that has occurred in the last year or the lift in ratings that we have had at SBS. There are three things at play and I do not think you would ever be able to peel off exactly what is driving the—

Senator CONROY—The ratings could have gone up more if you had not introduced the in-program breaks. It could be a net plus and a net negative and you have—

Mr Brown—In the long term, I doubt that, because the money that is attained from in-program breaks will allow us to either acquire or commission and produce more and better programs for SBS.

Senator CONROY—Do you have programs in line yet? Can you give us an indication of what you are going to be able to produce with this extra revenue?

Mr Brown—At the moment, and I have a meeting on this tomorrow, we are looking particularly at the local production slate, because that is where the majority of the \$10 million that we forecast has gone. Some of it has gone to news. Later this year we will be airing three dramas, and that is unprecedented. They are: *The Circuit*, *Kick* and *East West 101*. We have a number of other dramas in development and the fact that we have this additional funding means that the chances of those also proceeding is greatly enhanced. We have a major series called *Who do you think you are?* that is in production. It is a very exciting program, based upon a format in Britain, that investigates the ancestry of various individuals. That plays very strongly to our charter. I think we are really on the verge of delivering an unprecedented volume of Australian productions on SBS.

Senator CONROY—I am aware that this weekend the Socceroos have a match at home playing Uruguay. What time does your coverage start?

Mr Brown—I think it is next weekend—1 June.

Senator CONROY—What time is your coverage starting?

Mr Brown—I think you know that we do not have the rights to any more Socceroos games.

Senator CONROY—Minister, did you hear that? The Socceroos, our national team, are playing in Australia in a couple of weeks and the game is not being shown on SBS.

Senator Coonan—I heard.

Senator CONROY—Were you surprised by that?

Senator Coonan—I know the facts.

Senator CONROY—The facts are that you will not put Socceroos matches on the antisiphoning list.

Senator Coonan—Those are not the facts.

Senator CONROY—That is a fact.

Senator Coonan—That is not a fact.

Senator CONROY—With a quick note from your own pen, you can put Socceroos matches back on TV so Australians can watch them.

Senator Coonan—I am not going to engage in this game. You know the facts—

Senator CONROY—That is a fact.

Senator Coonan—and that is the position.

Senator CONROY—The position is that you will not put them on the list.

Senator Coonan—The position is that they are not on the list—

Senator CONROY—And 75 per cent of Australians will not be able to watch the Socceroos when they play a home match in a couple of weeks.

Senator Coonan—I am not going to engage in this game. Move on.

Senator CONROY—I thought I would just check when SBS were showing it, but clearly the minister does not care. I will move on. How much was spent on marketing in 2005-06 and in 2007-08 to date?

Mr Brown—Do you mean marketing of television content?

Senator CONROY—Yes.

Mr Brown—I will have to take that on notice.

Senator CONROY—Can you also take on notice what percentage increase it was on the previous year?

Mr Brown—All I could say is that we have been increasing our marketing spend over the last three years, but it is still at a level which is nowhere near enough, frankly, to attract audiences to SBS. One of the great challenges for SBS is that it has an amazing and rich range of content, but too many Australians have not engaged with it and do not recognise that it is there. I think I have often said that members of the public, when you tell them about a particular documentary or an event that was covered in previous days, will say, 'Wow! I wish I had known that, because I would have watched it.' So that is a big challenge. Most networks that enjoy a far bigger share than us are able to inform their audiences through effective on-air promotion at virtually zero cost. When you have a low audience share, you are obliged to find other ways of communicating with all Australians using other sources, which costs money.

Senator CONROY—Minister, will you be going to see the Socceroos play? Have you got a ticket or have you been invited?

Senator Coonan—I cannot recall.

Senator CONROY—Are you interested in going to see the Socceroos play?

Senator Coonan—I do not know that that is a policy question.

Senator CONROY—I was just wondering if you are going—if you had been invited.

Senator Coonan—I do not know that that is a policy question for estimates.

Senator GEORGE CAMPBELL—If you haven't got any serious questions, perhaps we could finish the estimates.

Senator CONROY—It is very serious. Let me assure you that there are hundreds of thousands of football fans out there who are very serious about this issue. I was just wondering if the minister might be lucky enough to be at the ground, so she would be one of the 25 per cent of Australians who got to see the Socceroos play.

Senator GEORGE CAMPBELL—Chair, if there are no serious questions, we should shut this down and go to the Greek dinner.

Senator Coonan—That would be nice.

Senator CONROY—Is that where you are hoping to get posted? Because Mandy has got Italy, you are out for Greece—is that the call?

Senator Coonan—Senator Conroy, please stick to the estimates. We all want to get through them.

Senator GEORGE CAMPBELL—I am here for the next seven years, Senator Conroy.

Senator CONROY—That is your story. When did SBS start to use Open Dialogue, a marketing company, to promote its ratings?

Mr Brown—It has not used it to promote its ratings. Open Dialogue is on a short-term contract—I think for the last three months—specifically employed by the Commercial Affairs Division as a trade marketing activity to inform advertisers and the business media of performance, particularly in relation to intraprogram breaks, so that we do realise the full value of intraprogram breaks.

Senator CONROY—They have been on for three months. How long is their short-term contract in total?

Mr Brown—I will have to take that on notice.

Senator CONROY—How much are we paying them for the term of their contract?

Mr Brown—I will take that on notice as well.

Senator CONROY—Do they get a percentage of revenue generated?

Mr Brown—No.

Senator CONROY—It is just purely fee-for-service?

Mr Brown—Yes.

Senator CONROY—Did SBS previously use any marketing firms to promote its advertising opportunities?

Mr Brown—I do not believe so.

Senator CONROY—Could you check that on notice. If the answer is different, you can let us know.

Mr Brown—If the answer is no, as I suspect it is, the fact that we have chosen to this time is probably indicative of how serious we are in trying to extract the very maximum value we can for our limited commercial opportunity.

Senator CONROY—It depends on what you are paying them. You could be paying them 20 per cent of your total increased revenue, which would almost be self-defeating.

Mr Brown—There is no risk of that, but we will take that on notice.

Senator CONROY—What budget is now allocated to consulting in total for, say, advertising and the like? How many consultants are you using? Are they the only ones? Have you brought anyone else to help in this area?

Mr Brown—They are the only ones.

Senator CONROY—They are the only budgeted consultancy in this area?

Mr Brown—They are the only ones involved in the advertising issue. We have an advertising agency that we use for routine marketing activities, but that is differentiated between viewer and trade marketing. Viewer marketing is communicating to our audience. It is about upcoming programs and events. Trade marketing is an activity that is specifically there to engage the advertising industry and encourage them to place ads. That is the only consultancy that is involved in the advertising side.

Senator CONROY—What line item is it? How do you classify your expenditure on marketing for this advertising—what does it fall under in your budget?

Mr Brown—It would fall under a trade marketing budget. Trade marketing budgets may be used to create research into the markets or occasionally stage special events that maintain the interest of advertising agencies and, in this case, a specific consultancy with open dialogue.

Senator CONROY—Mr Chair, I do not want to be accused of hogging—I appreciate you have got your 20-minute criteria—so I am just wondering how much longer I have to go, because I note that Senator Fierravanti-Wells is not at the desk there, and I do not want to be caught in a position where I am accused of taking her time. I am more than willing to, but I do not want to be accused. How long have I got to go in my 20 minutes?

CHAIR—I would suggest that you continue.

Senator CONROY—Has there been any change in the proportion of language-other-than-English programming aired on SBS since the introduction of in-program breaks?

Mr Brown—The answer is no, there has not been any variation in that. On the main channel, the balance between languages other than English and English roughly runs at fifty-fifty. It has done and it continues to.

Senator CONROY—You can understand the concern—and this comes down to the whole issue of advertising and what is potentially more attractive to an advertiser; and people will be watching closely, given your charter and your specific remit in this area, which is unique. If a proportion started to change because some shows were more attractive to advertisers than others, that would be the area where people would really begin to worry about the impact of the change.

Mr Brown—I appreciate that. Our codes, which have only just been revised, require us to maintain a balance between the two categories of languages, so that is monitored and adhered to.

Senator CONROY—It is also the number of shows and what time. It is possible to put something on at four o'clock in the morning and maintain fifty-fifty, so it is whether there has

been a balance at the times which would be defined as advertising-rich times, so it is a subset of that as well. If, all of a sudden, the only shows that appeared in the times when advertisers might be more potentially interested were all of a mono type, that would really be an area where people would start to express concerns around the charter and your codes.

Mr Brown—I think one of the programs that are probably most in demand from advertisers is *Inspector Rex*.

Senator CONROY—Absolutely, it is one of my favourites.

Mr Brown—It does not necessarily follow—

Senator CONROY—The pet food advertisers would be in there like—I am sure we can guess. But I am just really flagging that, as that would be an important ongoing test of whether or not the change to allow more advertising was having an influence on programming. I just wanted to raise that and flag that that is a sort of threshold type issue.

Mr Brown—I understand.

Senator CONROY—There is an argument that since the introduction of in-program advertising there has been a change in the percentage of LOTE programming scheduled in prime time. Can you check into that. I know you said that roughly, as far as you know, the total is still fifty-fifty, but it is a change in scheduling in prime time. Since the introduction of in-program advertising, has the percentage of Indigenous programming scheduled in prime time altered, and, if so, how much?

Mr Brown—I think it has increased, but I think *Living Black* moved into a six o'clock timeslot last year when it had previously been off peak.

Senator CONROY—It would be helpful if you could come back to us with some figures. As I said, there is a perception that there has been an increase in English programming in prime time over the past year and that it has been specifically related to the introduction of in-program breaks. So even though you say that you can find an example, there is a perception that you can draw more audience with an English program than not and therefore that is more attractive in prime time as it advertises. If you are able, can you come back to us with any information on that since the introduction so that, if there was a clear timeline issue, we can see what it was. I appreciate that scheduling changes will always happen, but scheduling changes that suddenly schedule all English programming is going to be an issue that raises questions.

Mr Brown—Is your question related to when in-program breaks first began partially?

Senator CONROY—Yes.

Mr Brown—That is since October last year.

Senator CONROY—Does SBS allow advertisers to have any influence over program purchases, program content or scheduling?

Mr Brown—No.

Senator CONROY—Have any meetings been held between any advertising agents and any program making staff at SBS?

Mr Brown—I would have to take that on notice. I am not aware of any.

Senator CONROY—What protocols and procedures have been put in place to protect SBS programming from it being subject to undue commercial influences of that type? I know you said you have just reviewed the codes, but you probably started that review process before you had the in-program breaks. Is there a code, or are you looking at some guidelines to look at this specific area? It is a relatively new area which probably post-dates when your guidelines were put down.

Mr Brown—The codes have been updated, but the principle remains the same, regardless of where the ads were, because the argument could have been put that, even with ads between programs, there might have been commercial pressure. In a nutshell, the decision making process is that a program has to be approved for commissioning or purchase on the basis of its appeal to the audience and its fit with the charter, and not with its commercial appeal. It would be impractical, and silly frankly, to embark upon obtaining the rights and finding the production funds for the World Cup if we did not know what additional revenue it would bring in. It is not possible to totally distance the two but, in terms of general programming such as buying documentaries or commissioning dramas, the commercial aspects are not a consideration.

Senator CONROY—I appreciate the point you have made. It is a very valid point. Have you met with any advertising agencies and, if so, have the agents discussed their preferred programming?

Mr Brown—I have not met with any advertising agencies and I am not aware of anyone in the programming side who has. Advertisers will declare what they like at any time, but they do not have—

Senator CONROY—It is a great challenge for you. You know that if you run X program at X time you can get an increase. That is where you really have to try to find that balance to protect your charter. That is really what I am trying to tease a discussion around.

Mr Brown—I understand that the decision to introduce advertising in the middle of programs has focused this issue internally and externally, but in reality the issue probably exists as a balancing act for SBS—as it does for most broadcasters, even the ABC. The balancing act is really between finding a way to attract larger audiences, regardless of whether it is for a commercial benefit or simply for the benefit of remaining relevant and delivering value to your audiences, versus remaining true to the charter, which may not in itself direct you to major audiences. In our case, the charter requires us to reach out to all Australians. We have a purpose that is endorsed by our charter in trying to grow the size of our audience. But that is not intended to be for a commercial purpose; that is intended to make SBS more relevant and to be more effective in the delivery of the charter.

Senator CONROY—I am conscious that Senator Fierravanti-Wells is back and I would not want to be accused of hogging. How long have we got before lunch?

CHAIR—We have half an hour.

Senator CONROY—Should we let Senator Fierravanti-Wells keep her promise and be finished by lunchtime and then I will come back after lunch?

CHAIR—Do you have more questions for SBS?

Senator CONROY—I do, but not a lot.

Senator FIERRAVANTI-WELLS—Senator Conroy, I think we can finish my questions and yours before lunch.

Senator CONROY—Okay, then I will throw it to you.

Senator FIERRAVANTI-WELLS—Mr Brown, I want to say at the outset that I did read the answers that you gave to the questions on notice and I do not believe that you have answered them accurately and correctly. In fact, the tone and manner of some of your responses demonstrates a degree of contempt for the processes of the Senate. I intend to write to the minister formally about it and I also intend to write to your board about it. This is not the first time, but it is indeed the time that I will take issue with it.

Mr Brown—I am happy to respond to any specific allegations of shortcomings.

Senator FIERRAVANTI-WELLS—Mr Brown, I will do that formally in the manner that I have indicated.

Mr Brown—Senator, if you allege that I am treating this committee with contempt, I should have the opportunity to respond to that.

Senator FIERRAVANTI-WELLS—I do not believe the answers are full. In fact, there was not the sort of detail that I think was necessary, particularly on some of the responses. But, given the time that we have available here, it is probably more appropriate—I would like to let the minister formally know, but I also think it is appropriate that your board knows. I am not sure if you brief your board in relation to matters that are raised at estimates, but this has been an ongoing problem with SBS.

Mr Brown—The board receives a full transcript of these proceedings as a matter of course.

Senator FIERRAVANTI-WELLS—Well perhaps they will, in this instance, receive a bit more correspondence from me. I will take you, however, to a couple of the responses because they raise other issues as well. In particular, question 90. This was in relation to a *Dateline* program relating to ‘The worst Ramadan’. I note that you admitted a number of faults, including lack of fairness and balance and inappropriate comments by Mr Negus about a massacre. The gist of my question, Mr Brown, went to what action you were going to take to correct the record as far as your viewers were concerned. You tell me that you have counselled the staff. This seems to be an ongoing thing at SBS; you seem to counsel staff but they seem to continue to indulge in unfairness and imbalance. I want to put that on the record. But I also want to ask: why is the position of the executive producer of *Dateline* being thrown open and Mr Carey forced to apply for his job? Have there been complaints received about *Dateline*?

Mr Brown—I think you know the answer to ‘Have there been complaints received about *Dateline*?’ because you have lodged some.

Senator FIERRAVANTI-WELLS—Apart from my complaints about *Dateline*, Mr Brown.

Mr Brown—There must have been complaints because we are talking about an uphold here, but they are not related. I would expect most news and current affairs programs to attract complaints. It goes with the business. There is a huge volume of output from these

newsrooms. Broadcasters around the world would have an entirely similar situation. There is no connection to the fact that there are occasional complaints about *Dateline* and the decision to readvertise the position of executive producer. That decision relates to a decision to review *Dateline*. It is our intention to, if we can, increase the investment in *Dateline* and improve its resources. It is a very important program. Staff on *Dateline* are more often than not employed on fixed term contracts, which indicates that at any given moment SBS reserves the right to renew or find new talent, whether it is in leadership or on air or whatever, to ensure that the program continues to grow and improve.

Senator FIERRAVANTI-WELLS—So do I read into this that you are not happy with Mr Carey?

Mr Brown—The way I would characterise it—you would be aware that at the same time there was a decision made not to renew another senior producer on the team—is that we believe it is appropriate this time to test whether or not we can lift the performance of *Dateline* through the recruitment of new personnel. In the case of the executive producer, that is a key leadership position, and it is not uncommon and not inappropriate to say, ‘Well, let’s test the market’. That is not to suggest that Mr Carey is not a strong candidate, because he is a strong candidate, and he has indicated that he will be seeking this position again. But really all we are doing is testing his candidacy against others in the market.

Senator FIERRAVANTI-WELLS—The basic complaints about *Dateline*—when you go back and look at the complaints—all seem to revolve around the lack of fairness and balance. That is it in a nutshell. So I really do hope that we are going to see in this process somebody appointed to that position who is going to be very mindful that that has been a problem with *Dateline* in the past. I hope that your new producer will have that foremost in his or her mind, because it certainly has been one of the major problems, certainly from my perspective, as far as *Dateline* is concerned.

Mr Brown—I am aware of your views on that. Firstly, there may not be a new producer. I think I have indicated that Mr Carey is a candidate. Secondly, I really want to emphasise that this process is in no way related to any complaints made about *Dateline*. Neither do I believe that there is evidence of systemic bias on *Dateline*. There are lapses from time to time, and we identify them and take appropriate action.

Senator FIERRAVANTI-WELLS—We can agree to disagree on those issues. I will take you to answer No. 2 about the al-Qaeda terrorist jailed for life in Britain for plotting to kill thousands of people in London with a so-called ‘dirty bomb’. This clearly is a person who is a terrorist. He has been convicted. The gist of my concerns here is that, instead of simply referring to him as a terrorist, you refer to him as a ‘terrorist’ in inverted commas. It really amazes me that you are not prepared to call somebody a terrorist unless somebody else calls them a terrorist, and then you put it in inverted commas. We have been round and round on this issue for quite some time. Isn’t it time that management looked at this? Or is this just reflective of a reluctance by SBS to clarify this? If a person is a terrorist, they are a terrorist. Why are you qualifying it by putting it in inverted commas and saying, ‘Well, nobody else calls them a terrorist’. You have to rely on somebody else to refer to them as a terrorist. I just do not understand that. It just demonstrates a particular culture at SBS that seems to infer this reluctance to call a spade a spade.

Mr Brown—I do not accept that it is an issue that relates specifically to SBS. It is an issue that news organisations around the world wrestle with. Our guideline is very much in accordance with that adopted by other public broadcasters. We acknowledge the use of the word ‘terrorist’ when it is a quote, but you say, ‘Why don’t you just call a terrorist a terrorist?’ The fact is that there is inevitable dispute about who is a terrorist. Yes, I know you can point to one extreme of the argument where it may be obvious, and certainly anybody who claims to be a terrorist is so described, but to say that journalists on a day-to-day basis make the judgement of who is a terrorist and who is not is frankly to open the door to even greater problems. So our preferred position is to use the word ‘terrorist’ when either it is a self-description or a claim by another party.

Senator FIERRAVANTI-WELLS—But this person was jailed for life. This person was convicted. I just do not understand. That argument just does not stand. Somebody is convicted, they are jailed for life because they are a terrorist, and SBS puts it in inverted commas in some sort of qualifier?

Mr Brown—It would be quoted as being somebody convicted of an act of terrorism. That is a fair quote.

Senator FIERRAVANTI-WELLS—You have put it in inverted commas. This person is a terrorist. Why have you put it in inverted commas?

Mr Brown—With respect, for every example you can throw up where it looks very obvious I can think of examples where it is not. In court proceedings in countries which you would not respect, you could find somebody described as a terrorist and we would not simply endorse that judgement; we would simply report it. That is not to say that we are denying that they are terrorists; we are leaving that judgement open to the audience with all the facts made available to them. We have tested this, I know, on a number of occasions and I want to assure you that this is not something that we adopt lightly and then turn our face against criticism. It is something that we continue to discuss. But right now, in common with other broadcasters and news organisations around the world, this position of neutrality in the way in which we use the language seems to us to be the most sensible and safe option which is in the audience’s interests.

Senator FIERRAVANTI-WELLS—Might I perhaps suggest that there are other broadcasters who have. This has been an issue in the past certainly with the ABC, and certainly their revisiting of their guidelines and rules has improved the situation at ABC, but it does not seem to have improved the situation at SBS, so if you are adopting—

Mr Brown—But not to your satisfaction at the ABC either, is it? I have heard ABC attacked for very much the same thing.

Senator FIERRAVANTI-WELLS—Perhaps my satisfaction with the ABC is better than my satisfaction with SBS. This is another example along the same line: question on notice 94. This was another classic. This time it was about Basque terrorists who blow people up. They commit blatant terrorist acts, but when one of your reporters rightly describes them as terrorist acts they get a reprimand. Your response was to reprimand the reporter. Isn’t this part of the same sort of culture, the same willingness?

Mr Brown—What would you expect? If a member of our staff breaches our codes or guidelines, you would expect us to take the appropriate action. What you are dissatisfied with is the guidelines, not the action that is taken as a consequence of them. Otherwise, what you are basically saying is that there should be some sort of simple discretion that management exercises about what guidelines and codes it observes and which ones it chooses not to observe.

Senator FIERRAVANTI-WELLS—This has been a bone of contention. Isn't it time that management took some decisive action to address this issue?

Mr Brown—The decisive action was taken about three years ago in the introduction of this guideline after international research.

Senator FIERRAVANTI-WELLS—I do not think it is decisive enough. Why don't you produce that, because I would be very interested to see your analysis of where you say that SBS is parallel with international and other broadcasting standards. I would be very interested to see that. I will not pursue the matter further; I will go, as I indicated, to the minister and the board. I have no other questions.

CHAIR—There is one thing I would like to do before we adjourn for lunch, which is to congratulate SBS on its series of programs with Cathy Freeman visiting Indigenous communities. I have seen them a couple of times while flying on Qantas and I am very impressed with them.

Proceedings suspended from 12.45 pm to 2.03 pm

Senator RONALDSON—Good afternoon. These times do not come around quickly enough. They should make it on a monthly basis.

CHAIR—There may be some discussion about that.

Senator RONALDSON—I have in front of me an SBS divisional structure from the SBS annual report. It was on page 6. Does that chart reflect the divisional management structure of SBS as it stands today?

Mr Brown—Yes, the structure is the same.

Senator RONALDSON—The structure is the same?

Mr Brown—Yes.

Senator RONALDSON—When you say the structure is the same I presume you are talking about the board, the managing director, the corporate council, the audience affairs manager and then the nine directors under that?

Mr Brown—That is correct. When I said the structure is the same I meant that some of the names might be different underneath the structure, but the structure is the same.

Senator RONALDSON—Are all those positions, some 64 of them, the same now as they were in that table?

Mr Brown—Not totally, no. There have been some changes there.

Senator RONALDSON—Can you describe the current divisional structure and perhaps provide the committee with a copy of it?

Mr Brown—Those that directly report to me are as per the chart. The number and nature of the reports to the individual directors varies, as you would expect. For instance, there is no manager of community relations underneath the director of strategy and communications. There is no TV marketing manager. So some positions have either disappeared or changed as a consequence of the restructuring that took place at the top level.

Senator RONALDSON—So there has been a change to the divisional structure?

Mr Brown—Within each division, yes, in some cases.

Senator RONALDSON—It is headed ‘SBS Divisional Structure’, which has all those positions in place. So there have been changes to that structure that you have in front of you?

Mr Brown—Yes.

Senator RONALDSON—Can you describe those now and also provide a copy of the change, to the committee?

Mr Brown—Yes. By way of context, you will recall that there was a fairly significant senior management restructure last year, so the areas in gold represent the new structure, and that is correct. Underneath that are a number of positions reporting in, which were inevitably going to be the subject of further consideration, because the new directors were coming on board to consider that. If I look across from the left I can see the director of content television and online. There have been some name changes there—the personnel— but the structures remain the same broadly. Is it easier for me to put this in writing?

Senator RONALDSON—I would be happy for you to take that on notice rather than going through it. There are 64 positions listed there. Do you know off the top of your head whether that is still the situation, or are there more or fewer positions? I am talking about these under the divisional heads?

Mr Brown—I would have thought it would be similar if not the same.

Senator RONALDSON—How many of those positions are based in Melbourne?

Mr Brown—No director positions are based in Melbourne.

Senator RONALDSON—Just so I am clear, none of those gold positions is based in Melbourne?

Mr Brown—No. Four of the positions listed under radio are; none of the positions in news and current affairs; and one of the positions in commercial affairs.

Senator RONALDSON—How many of those positions are based in Victoria, if they are not in Melbourne?

Mr Brown—There are no positions in Victoria that are not in Melbourne. If they are in Victoria they are in Melbourne.

Senator RONALDSON—Those positions in Melbourne, do you know what they are as a proportion of all the positions listed?

Mr Brown—As a proportion of this only or the staffing overall?

Senator RONALDSON—No, of this divisional structure.

Mr Brown—I do not know, but if you say there are 64 then I would imagine that somewhere between 10 per cent and 15 per cent would be Melbourne.

Senator RONALDSON—Will you take that on notice?

Mr Brown—Yes.

Senator RONALDSON—Have the numbers of managers and directors who are based in Victoria increased or decreased over the last 12 months?

Mr Brown—I believe it has stayed the same.

Senator RONALDSON—Will you take that on notice?

Mr Brown—Yes, I will confirm that.

Senator RONALDSON—Can you also take on notice the number of positions based in Sydney, under the new divisional structure?

Mr Brown—Yes.

Senator RONALDSON—I take it that you would also want to take on notice my question of what this is as a proportion of all the positions listed?

Mr Brown—Yes.

Senator RONALDSON—Are there any positions in New South Wales that are based outside Sydney or are all these positions based in Sydney?

Mr Brown—They are all based in Sydney.

Senator RONALDSON—All based in Sydney?

Mr Brown—Yes.

Senator RONALDSON—How many positions are based outside both Melbourne and Sydney?

Mr Brown—Management positions?

Senator RONALDSON—On this list.

Mr Brown—I am not sure any of them are, unless the Canberra bureau head is. That person is not listed there.

Senator RONALDSON—When was this restructure?

Mr Brown—In the first half of last year, so it was in place by the end of the last financial year.

Senator RONALDSON—Those divisional heads that you refer to were all based in Sydney. Were any of those based in Melbourne prior to the restructure?

Mr Brown—No.

Senator RONALDSON—None of them?

Mr Brown—No.

Senator RONALDSON—Do you know how many positions on the new management structure are currently vacant?

Mr Brown—Radio is currently undergoing a restructure, so there are a number of positions there which have been advertised. Apart from that, I think there would be one or two positions—the normal, occasional vacancies occurring. Radio is the only area left that is still completing its second-level restructure.

Senator RONALDSON—Will any of those positions be based in Melbourne?

Mr Brown—The exact structure has not been determined below the new director of radio but I am saying that some positions will be in Melbourne, although I am not in a position to identify how many or which ones, because the structure has not been finalised.

Senator RONALDSON—I would like to go back a little. I appreciate this is a bit difficult for Hansard, but you know what I am talking about with this structure?

Mr Brown—Yes.

Senator RONALDSON—You indicated to the committee that the proportion of these positions based in Melbourne 12 months ago or since this restructure has not changed?

Mr Brown—Yes, that is my understanding.

Senator RONALDSON—Do you know how many changes there have been in personnel in management and director positions in the last 12 months?

Mr Brown—The director positions or those positions that sit below the director or both?

Senator RONALDSON—Both.

Mr Brown—The whole thing on that page?

Senator RONALDSON—Yes.

Mr Brown—We will take that on notice.

Senator RONALDSON—Are you able off the top of your head to indicate the managers and directors that might have changed in the last 12 months? Has there been a high turnover of managers and directors in the last 12 months?

Mr Brown—Probably in historical terms, yes, mainly because there has been an active restructuring. But if you take that long line of gold positions—the directors—only one of those positions has changed in the last 12 months, and that is the director of radio, who was appointed last November, although the previous director of radio finished in June 2006, so technically that did occur in the last 12 months.

Senator RONALDSON—Has that turnover resulted in disputes with employees as a result of those changes?

Mr Brown—I cannot recall any disputes with individual managers.

Senator RONALDSON—What about directors?

Mr Brown—No, none with directors.

Senator RONALDSON—And no disputes?

Mr Brown—Not that I can recall, no. There are a fair number of managers at the next level down. Sometimes there is a negotiation about how somebody is going to exit, but I cannot recall any that might be described as a dispute.

Senator RONALDSON—Surely you would know whether there were employee relations issues as a result of the restructure, would you not?

Mr Brown—Are we differentiating between employees and managers? I am saying that amongst the manager ranks I cannot recall any that might be characterised as a dispute.

Senator RONALDSON—I am talking about the employees in those manager and director ranks.

Mr Brown—I cannot recall anything that might be characterised as a dispute.

Senator RONALDSON—What would you characterise them as?

Mr Brown—Some have left at the conclusion of their contracts. Some have accepted redundancies because the positions have been discontinued. I think that that covers it, really. And some have resigned.

Senator RONALDSON—Have any of those disputes or decisions related to bullying in the workplace?

Mr Brown—Bullying?

Senator RONALDSON—Yes. Have there been any allegations of bullying?

Mr Brown—No, I am not aware of any allegations of bullying in relation to management positions.

Senator RONALDSON—Will you take that on notice?

Mr Brown—Yes.

Senator RONALDSON—Victimisation?

Mr Brown—I will take that on notice. But I should say I am unaware of any allegations of victimisation or bullying in association with the management restructure.

Senator RONALDSON—What has been the result of the restructure in terms of the numbers of management staff or staff costs and management to production cost ratios?

Mr Brown—I would need to take that on notice.

Senator RONALDSON—Do you accept that they are important measures for the management of any corporate restructure?

Mr Brown—Yes, they are an important consideration. I would have thought that as important if not more important is to ensure that the management team is the most qualified and capable that we could possibly assemble to improve SBS's performance.

Senator RONALDSON—What has been the result of the restructure in terms of the absolute numbers of managers in the radio division or in radio operations?

Mr Brown—There is no result in terms of radio, because that is the area that is still being restructured and no decision has been made on the final structure. There is a new director of radio appointed last year. Some key positions have been agreed on; I think a total of four. But the next level of management that lies below that has not been determined. That tends to be line management running individual programs, and things like that.

Senator RONALDSON—Why would radio be the odd man out in relation to the restructure?

Mr Brown—Quite simply because all of the new executive were all on board by June 2006, with the exception of radio, where the successful applicant could not start until November of 2006, which meant effectively that it is running about six to eight months behind the rest of the organisation. But it is close to being resolved. It really is a matter of weeks now.

Senator RONALDSON—Has there been higher staff turnover in radio since the new director was appointed?

Mr Brown—There have been some resignations. I think that is to be expected in the face of a pending restructure.

Senator RONALDSON—Why would those people be resigning if the structure has not been finalised?

Mr Brown—Part of it has been. The top four positions have been determined and have been advertised. So in terms of those people who have decided that they do not wish to remain in the senior management ranks of radio, one or two have resigned; others will contest the positions.

Senator RONALDSON—What has been decided? The national editor, the manager of National Radio Services, the Sydney station manager, the program manager in Sydney—are they the ones that have been decided? Or are they not in order on this?

Mr Brown—That is the old structure. The new structure will have four positions reporting into the director of radio—a content manager, somebody responsible for quality and standards, and a business manager. And a position that may be only an interim position is a developmental role for digital radio. But that may well be subsumed into the ongoing structure once the development phase is completed. Reporting into the content role, in particular, are a number of middle management positions, described as program managers here. That is what has not yet been determined.

Senator RONALDSON—Has no-one at that level left the organisation in the past 12 months as a result of disputes with—

Mr Brown—Which level?

Senator RONALDSON—The level we are talking about.

Mr Brown—The program manager?

Senator RONALDSON—No, the divisional structure level—those within the divisional structure. Are you saying to the committee that no-one has left the organisation in the past 12 months since the restructure as a result of disputes with management?

Mr Brown—I will take that on notice. I cannot think of anything.

Senator RONALDSON—Are you also saying that none of those employees who left did so as a result of allegations of either bullying or victimisation?

Mr Brown—I am not aware of any claims to that effect from managers in radio who have subsequently left, or for that matter who are still there.

Senator RONALDSON—I note that in the submission of SBS Radio to the Victorian parliament's Economic Development Committee that the operating budget for SBS Radio in 1998-99 for Melbourne exceeded that of Sydney. Is this still the case today?

Mr Brown—I will take that on notice.

Senator RONALDSON—What policy do you have to maintain an adequate presence in television and radio in Melbourne?

Mr Brown—I guess it really depends on what is regarded as adequate. In the case of television you would be aware, as I have previously advised the committee, that we have outsourced all of our production, excluding news, current affairs and sport. In testing the degree to which Victoria is representative, one would also have to look at the number of independent production houses that are actively making programs. Later this month, I think, a 13-part drama series is being presented out of Melbourne. In Melbourne there is a news bureau. It is not intended that that be reduced. There is a small commissioning editor presence. I believe that will remain the same. And there is a basic facility to do limited production work for news, current affairs and sport, mainly of an inject nature rather than a total program. Radio is a substantial part of SBS that resides in Melbourne.

Senator RONALDSON—Just so that we are quite clear about this: are you telling the committee that in proportional terms in the last 12 months since the restructure there has been no change in the proportion of everyone in this divisional structure; the proportions between Melbourne and Sydney have not altered? I just want to make this absolutely clear.

Mr Brown—Yes, that is my evidence.

Senator RONALDSON—Do you want to take that on notice?

Mr Brown—I will take on notice that I will confirm that, but I am confident. I cannot recall a manager who has left from Melbourne, so I find it hard to believe that the ratio has changed in any way.

Senator RONALDSON—In this restructure were there any endeavours to put any of these nine directors into Melbourne?

Mr Brown—No.

Senator RONALDSON—Are you aware that—

CHAIR—How much longer are you going to be?

Senator RONALDSON—In relation to this, just a couple minutes. I have one other matter, but I am happy to do that after the event. What would your response be to my comment that the organisation now is very significantly ingrained in Sydney, that Melbourne seems to be sidelined in relation to SBS management and that there are no plans for that to be addressed?

Mr Brown—I think my comment would be that SBS has always been centrally positioned in Sydney. The majority of the operation and the studios are located in Sydney. The management, certainly to my knowledge in the time that I have been at SBS, has already been resident in Sydney. I am not aware of any attempt to reduce the level of Victorian representation, certainly in terms of proportionality. You can appreciate that in any review one

of the matters we will be looking at in relation to radio is to make sure that there is no unnecessary duplication between activities in Sydney and Melbourne, but that may benefit Melbourne as much as Sydney.

It is the case, though, that a stronger argument could be put that SBS is not resident in any way in centres outside of Victoria and New South Wales. I think Canberra has a small news bureau. Brisbane has a stringer and currently Adelaide and Perth have no presence. SBS is not modelled in the same way as ABC, with extensive infrastructure in every state.

Senator RONALDSON—You are benefiting from more regular attendances at these estimates, Mr Brown, with an answer like that. Did you say that you can take this on notice: the operating budget of SBS Radio between 1998-99, when there was a submission to the Victorian parliament, and now is less or greater than Sydney?

Mr Brown—I will take that on notice.

Senator CONROY—What are the guidelines and protocols for program acquisition? Can you provide those to us?

Mr Brown—I am not sure there does exist in a sort of singular finite form a set of guidelines. Basically, the charter is a compass—

Senator CONROY—Is it—

Mr Brown—Program acquisition is a changing landscape by virtue of the fact that it depends on what is out in the market. SBS, by virtue of its relatively low resourcing, is not in a position to compete aggressively on the acquisition front. We inevitably secure programs that other people are not actively pursuing. Once any other network declares an interest it tends to be out of our reach. We attempt to maintain a mixture of information/entertainment programs across the schedule. That is part of the mix.

Senator CONROY—Are you able to provide them to us? I appreciate they are not in a singular form, but is there a consolidated form they can be drawn into?

Mr Brown—I do not believe there is, but if there is we will supply it.

Senator CONROY—That makes my next question a little superfluous or hard. Have they changed since the introduction of in-program advertising?

Mr Brown—No. There are no—

Senator CONROY—They are sort of amorphous now—

Mr Brown—There are no written guidelines and protocols of the type you describe, but maybe if I answer in this way and say there have been no instructions issued or requests made of program acquisitions to vary the range and nature of programs it is buying.

Senator CONROY—How do you vary something that is amorphous; it is like a pillar of smoke?

Mr Brown—If you look at our schedule, you will see that there is a certain range of spots available for movies. We have a series of documentaries that fall into predetermined strands. Historical—‘As it Happened’ is the Friday night strand. On Sunday night we have a science slot. On Friday night we have a 10 o’clock slot, which is a more sexually oriented

documentary slot. It is what the schedule requires that really determines what needs to be purchased. That has not changed.

Senator CONROY—When advertising is sold, does SBS provide advertisers with information about the programs being aired and the editorial line and approach of programs?

Mr Brown—Advertisers tend to buy into programs. That is the choice they make. They have to form their own judgment as to whether the advertisement is correctly placed there. We provide no prior information on specific editorial lines or content. Really they make their own judgment. We may well distribute samples of what the programs are in the form of sort of show reels at the beginning of each season. In previous organisations I have worked with, when we have launched a program series, we may well send a sample copy out to agencies so that they can see what the program is. But that is done in a way that does not permit an advertiser to influence the content.

Senator WORTLEY—Have any directions been given to staff responsible for program acquisition to alter their purchasing guidelines?

Mr Brown—No. No directions have been issued.

Senator WORTLEY—No directions at all?

Mr Brown—No.

Senator WORTLEY—Have any program providers increased the cost of their programs as a direct or indirect result of the introduction of in-program breaks?

Mr Brown—No, not directly. There is a constant pressure and negotiation, whether acquiring or commissioning; it is just the nature of our business that people selling us programs will constantly ask for more money and we constantly resist. But there is nothing that could be in any way linked to the introduction of breaks in programs.

Senator WORTLEY—Have meetings been held between advertisers and program acquisitions?

Mr Brown—No, none.

Senator WORTLEY—None?

Mr Brown—No.

Senator WORTLEY—Have positions within program acquisitions been filled within the last eighteen months?

Mr Brown—Not directly, but program acquisitions is one small part of a general programming operation. As to the network programmer position, which is directly influential over the acquisition process, Jane Roscoe was confirmed in that role earlier this year. But she had been the acting network programmer for the preceding period. There was not any change there, rather more a confirmation.

Senator WORTLEY—Does that mean that somebody actually left and was replaced?

Mr Brown—But as I was saying to Senator Ronaldson, the director restructuring resulted in the removal of the Head of Television role, my previous position before I became MD, and a replacement of that position with the Director of Television Online Content and a number of

other parts moved elsewhere. The Director of Television Online Content appointed was Matt Campbell, who was the previous network programmer. He promoted somebody as an acting network programmer and then she subsequently was confirmed in that role two or three months ago.

Senator WORTLEY—In situations like this are exit statements provided?

Mr Brown—No-one exited in this situation.

Senator WORTLEY—Was it a restructure?

Mr Brown—Yes, it was really that I became Managing Director. The network programmer became Director of Television Online Content. His deputy became the network programmer. There was almost a straight line sort of promotion.

Senator WORTLEY—Can you give us the details of the increased advertising revenue in radio?

Mr Brown—In radio? I will take that on notice.

Senator WORTLEY—Are you able to get that information today? I imagine people knew that you were coming to budget estimates, so I imagine that there would have been—

Mr Brown—For this current financial year or for last financial year?

Senator WORTLEY—Both, if available.

Mr Brown—We are still in this year and the outcome is still not clear, but it is pretty close now.

Senator WORTLEY—But you could do it up to date, to now?

Mr Brown—Yes. I will try and find that number out, but I do not believe it would be anything significant because revenue on radio is very low anyhow. It does not compare with the revenue on television because, as you can appreciate, radio is delivered in 68 different languages, which define its audience as very niche and so the opportunity to sell advertising into that environment is minimal.

Senator WORTLEY—The SBS has stated previously that all revenue raised from in-program breaks will go back into local production. Has any of this additional revenue been used in radio programming?

Mr Brown—I think what was said was that the additional \$10 million we forecast to be raised by the introduction of in-program breaks would be spent on local television production, and at the time I think I indicated that that broke down roughly 20 per cent for news and current affairs, with the remaining 80 per cent going to commissioned programs through our commissioning system, which administers the funds that are provided by the government under SBSI but also our cash budget. That money has all been allocated to that purpose. We are expecting, and I think I answered earlier that we are looking for, improvement beyond the \$10 million next year. It is hard to determine whether that is due to the introduction of in-program breaks, or a lift in market, or a ratings increase. We have not determined what that will be spent on, but my view is that it will be spent on content. There are other claims on content budgets—acquisitions, which you were talking about earlier, is a claim. The costs of international programs are constantly rising. We have to find a way of meeting that. Sports is

another claim. Sports rights and sports production is another claim, and I guess that could be characterised as local content anyhow. With regard to radio, that radio budget last year was proportionate to previous years. We are working towards lifting the revenue performance of radio. If that is successful then that will be ploughed back into improving the radio performance.

Senator WORTLEY—You said the cost of international programs is constantly rising.

Mr Brown—Yes.

Senator WORTLEY—What impact does that have for SBS?

Mr Brown—I think we feel the impact in two ways. Firstly, some content that we are determined to hang onto sucks more money out of our budget and makes it more difficult for us to afford other material. The other effect is that we find it almost impossible, really, to compete when another player in the market seeks to secure an overseas program. For instance, whether it is the ABC or Channel 9, the minute that they express an interest in a program that we have identified, the chances that in 99 per cent of the cases that that pushes us out of the game, because we do not have the capacity to respond to that in the same way that they do.

Senator WORTLEY—You mean the financial capacity to purchase?

Mr Brown—Yes.

Senator WORTLEY—It is it possible to provide the budgets for each of the language groups' radio programming?

Mr Brown—I will take that on notice. As I have indicated, that is a matter that is subsequently being restructured, and with some new business methodology introduced. I say that because I am not entirely clear whether or not individual budgets have been struck for individual language groups or whether they have been administered in a more group fashion. But let me take it on notice and give you what we can.

Senator WORTLEY—If they have not been structured in an individual language group, but if they have been done in a different way, could we have the details of that as well?

Mr Brown—Yes. That will be part of next year's budget and that is our intention: to try and find a way of specifically allocating budgets to individual language groups—I think that is appropriate—and, indeed, those language groups actively administering those budgets. I will not be in a position really to determine that until the budgets have been struck for the next financial year. I can deal with the matter of whether or not we do have program language groups individually budgeted. I do not think we do but I will give you what we do have, but it will be next year before we are able to specifically identify the individual language group budgets.

Senator WORTLEY—Are you able today to provide us with details of the increased revenue that has been invested in radio content?

Mr Brown—Let me take that on notice. Again, I am not sure that it is easily pulled out of the radio budget, but let me see what we can do. The commitment was that the money from in-program breaks introduced on television would be spent on improving television content. There is not a specific allocation of funds made to radio out of that. Radio increases come from two areas: whether or not it has got an increase in radio revenue, which we hope is the

case, but that is a much smaller fraction than is the case with television; and obviously the inflationary indexation that applies to government funding, as well.

Senator WORTLEY—Are you able to find that out this afternoon? I imagine it would just take a phone call if you do not have the details here today.

Mr Brown—The budget has been struck for radio. We can tell you what are the budget figures, but I think what you are asking is additional expenditure on content. What I am saying is that I am not aware of a specific additional investment in content on radio during the budgetary year. I do not believe there has been one—not that it has not been sought, but it has not been granted. The budget was struck a year ago and radio is running on budget—the one that was set a year ago. It is unaffected by the impact of in-program breaks on television. Radio already has in-program breaks and is already securing the revenue from that.

Senator WORTLEY—If we just move to *Dateline*. On 26 March 2007 the *Sydney Morning Herald* reported that SBS management, including a senior *Dateline* producer, frequently met with the Minister for Foreign Affairs. Furthermore, in the article an SBS spokesperson is quoted as saying:

... the Director of News and Current Affairs, Paul Cutler, has had both informal and formal meetings with Mr Downer's office.

Can you confirm that such meetings took place?

Mr Brown—Yes. I believe the director has told me that those meetings have taken place.

Senator WORTLEY—Can you tell us how many times and over what period these meetings have taken place?

Mr Brown—I would have to take that on notice. I should say that I have had a meeting with the Foreign Minister as well in the last two years.

Senator WORTLEY—Were you aware of the article in the *Sydney Morning Herald*?

Mr Brown—I was aware of it.

Senator WORTLEY—Have you sought that information already?

Mr Brown—Not as to the number of times. I believe it is a couple of occasions that Mr Cutler has met with Mr Downer's staff. I do not think that there has been a face to face. I have had a face to face. The issue I recall from the article related to why the foreign minister has not appeared on *Dateline* and the attempts by successive directors of news and current affairs to try and change that. I think that is highly appropriate. I have raised the matter myself with the minister, that if he is invited onto *Dateline* I hope he would be in a position to accept that. Because, as you know, *Dateline* is a foreign affairs program and it is logical that from time to time there would be questions that we would like to put to the minister. My understanding of the history of this—it certainly predates me and it predates Mr Cutler—is that there was some incident back in 2002 where there was a dispute between the minister and a presenter. There was an interview that went wrong. I do not really know the detail of that. When I arrived at SBS I was told that it was not possible—that the minister had been declining invitations to appear on *Dateline*. The then Director News and Current Affairs, Phil Martin, had had meetings with the minister's staff to try and persuade him to change this mind. It is up to the minister.

Senator WORTLEY—So the minister picks and chooses who he will speak to?

Mr Brown—Well actually, with respect, every politician picks and chooses who they appear with, unfortunately. I wish it were the other way.

Senator CONROY—How many times did the minister appear on the show in the last 12 months?

Mr Brown—I do not believe the minister has appeared on the show in the last 12 months.

Senator CONROY—At all? Is it one year, two years, three years? How long has he been boycotting the show?

Mr Brown—I cannot recall the minister appearing on *Dateline* in the last four years. Let me take that on notice. I have to check.

Senator CONROY—I am happy to—

Mr Brown—I am really referring there to sort of studio interviews, as opposed to some presence in the—

Senator CONROY—An interview as opposed to a press conference. I understand. Sorry, I was just out of the room. Apologies for that. So Mr Cutler had both informal and formal meetings with Mr Downer's office, is that right?

Mr Brown—Yes.

Senator CONROY—Who did he meet with?

Mr Brown—I will take that on notice. I am not aware.

Senator CONROY—How many?

Mr Brown—How many meetings? I have already agreed to take that on notice.

Senator CONROY—Informal and formal.

Mr Brown—Yes.

Senator CONROY—What is the difference between an informal and a formal meeting, just for my own interest?

Mr Brown—I guess an informal meeting might be characterised as meeting at a social function and just saying: hey, next time an opportunity presents itself, could the minister come on? A formal one might be a meeting which is set up specifically to address that matter. In your absence I also indicated I had raised the matter with the minister as well a couple of years ago and said that next time an invitation was made I would hope he would be able to accept it.

Senator RONALDSON—Chair, even with the widest interpretation of estimates, I really cannot see what the relevance of this is. We could all go back and talk about a variety of instances with Labor ministers and their views on some journalists and others. I cannot see how this possibly can be relevant to this process.

Senator CONROY—I am presuming he has made a point of order, otherwise he is just interjecting.

CHAIR—No, he is making a point of order. I think we do need to keep a focus on the estimates process. Just as a matter of curiosity, I just wondered how much longer you thought we would be with SBS?

Senator CONROY—I have only got two very quick questions after that, most of which would be able to be taken on notice. If I can just proceed without any further interjection from Senator Ronaldson, we will proceed quickly.

Senator RONALDSON—It was not an interjection. I was seeking a ruling from the chair. So it is not an interjection.

Senator CONROY—You did not even make a point of order. But thank you, Chair, for ignoring Senator Ronaldson's point of order.

CHAIR—No, I did say we should focus on estimates.

Senator RONALDSON—That is quite appropriate.

Senator CONROY—I will accept that you are ignoring and rejecting his point of order. Is it normal for SBS management to meet with the minister's office on a regular basis like that?

Mr Brown—I do not believe it to be on a regular basis. I can recall that Mr Cutler had occasion to talk to the minister's office, as I have in written communications, because it is through the minister's office that we sometimes have to deal with matters relating to our overseas journalists being caught in difficult situations. You will recall that we have sought ministerial assistance on a couple of occasions for journalists in Afghanistan and Iraq. One was kidnapped and the other went missing for a period of time. The department was very helpful on both occasions and there was communications with the minister's office. So there might be a reason for a director of news and current affairs who is responsible for international current affairs programs to have contact there. I do not believe there is anything sinister in that. Personally I favour a completely open relationship with ministers. There is no way that that could or would bring about any sort of influence in any way that might be inappropriate.

Senator CONROY—I am pleased to hear those reassurances. Because I am sure you are aware that part 2 section 10 of the SBS Act states that the duties of the board include:

(a) to maintain the independence and integrity of the SBS; and

... ..

(c) to ensure, by means of the SBS's programming policies, that the gathering and presentation by the SBS of news and information is accurate and is balanced over time and across the schedule of programs broadcast;

You are aware of that section, I am sure?

Mr Brown—I am aware of that section and I would say that that is a position that SBS would vigorously advance and defend.

Senator RONALDSON—Is this bias in favour of the Liberal Party, is it, for SBS?

Senator CONROY—No, it is just typical of the arrogance and bullying of the Liberal Party to try and get its message out. But in particular to the director news and current affairs—

Senator RONALDSON—What about Keating and Latham and others.

Senator CONROY—I cannot hear you, Mr Brown.

Senator RONALDSON—Do you want to have a discussion with—

Senator CONROY—I cannot hear the answer from Mr Brown because of the noise being made by Senator Ronaldson and Senator Eggleston. Is there any chance you can shut him up? He is just interjecting. I was just wondering if you were going to apply the same standards to him as you apply to me?

CHAIR—We will.

Senator CONROY—Any time today?

CHAIR—I think Latham and Keating had a habit of ringing journalists and seeking their compliance.

Senator WEBBER—Chair, are you going to give us political commentary?

CHAIR—Shall we get on with the estimates?

Senator CONROY—Thank you. I am seeking to. I am just seeking to have a chair that will behave as a chair, consistently. I do not mind it when you pull me up, but if you are going to pull me up, I would appreciate it if you would do it for Senator Ronaldson.

CHAIR—I was just making an observation.

Senator CONROY—It is just this issue of the director level of news and current affairs regularly having conversations with the minister's office that has got me concerned.

Mr Brown—I am not sure that 'regularly' is an accurate characterisation. I think the information I have, but I will test this, is that on a couple of occasions there has been engagement. And I said, I think that is highly appropriate.

Senator CONROY—Given you think it is highly appropriate—

Mr Brown—I think the litmus test really is whether or not in any political engagement, whether it is the government or any other political party, there is a desire or an objective by the politician involved to influence the editorial content.

Senator CONROY—I think it is clear that that is the intent of the minister.

Mr Brown—If it is the intent of the minister then that obviously has to be resisted. But my understanding from my discussions with the director of news and current affairs is that discussions with the minister's office relate to our desire to persuade him to appear on the program. No requests have been made of *Dateline*, or news and current affairs in general, to change in any way the way in which it is carrying out its business. I think that is the test really.

Senator CONROY—Given that you think it is appropriate and given that reports of these meetings have created a perception, and continue to create a perception, of political interference, or attempts to politically interfere with the editorial position, can you table the minutes of the meetings that either yourself or anyone else has had with Mr Downer? I presume they come back and give you a report?

Mr Brown—No they do not, but I am happy to try and—

Senator CONROY—I assumed that that might have been the difference between an informal and formal meeting, that someone was keeping a record?

Mr Brown—I am not aware of any minutes that exist, but I am happy to, as part of my response in terms of the number of meetings, characterise what was discussed.

Senator CONROY—Can you confirm that Paul Cutler, the Director News and Current Affairs, has told *Dateline* journalists that Alexander Downer has said he would not appear on *Dateline*?

Mr Brown—I will seek confirmation of that.

Senator CONROY—I am presuming, given you had a similar discussion, he has told you the same thing.

Mr Brown—The only thing is that that is at odds with what the minister told me two years ago when I asked him—probably about 18 months ago—and he said that he would be happy to consider the invitation.

Senator CONROY—Happy to consider, some four years down—

Mr Brown—He did not give us a commitment one way or the other, but I do not expect that.

Senator CONROY—Four years.

Mr Brown—My recollection from Mr Cutler is that a pretty similar sort of response was given. With respect to this particular story in the *Sydney Morning Herald*, if I may contextualise this, it relates as much to the issues of staffing of *Dateline*, and inevitably when some of these issues of staffing were being tackled—and we have talked about them earlier under questioning from Senator Fierravanti-Wells—a number of things were thrown at us. I believe in this particular case that the story was spurious and deliberately leaked in order to destabilise SBS management, which was simply going about its business of trying to lift the performance of *Dateline*.

Senator CONROY—Is there a problem with *Dateline*'s performance?

Senator Coonan—Let him finish his answer, please.

Mr Brown—I do not think that it is a problem. I think it is an obligation on all of us constantly to seek to improve the performance of programs. If you look at *Insight*, we have worked hard and the production team has done an outstanding job since we launched it three years ago. The program that you saw last night bears no comparison to the one you saw three years ago. There is a commitment to constant improvement. If that sometimes involves changing the personnel involved in making those programs, then that is what we will do. In the case of *Dateline* there is no doubt that the decisions made and some of the actions taken sat very poorly with some of the journalist staff. It is pretty clear to me that one or more has provided to the *Sydney Morning Herald* information that puts pressure back on SBS management and characterises what is a reasonable and appropriate operation by management to improve a program's performance. They tried to characterise it as a rather sinister and suspiciously motivated intention. That is what I communicated to the staff at the time of that story. I wrote to all the staff saying that this is just spurious conspiracy theory stuff that you will find in newsrooms, which is damaging to SBS because it simply creates some doubt

about the credibility of a program, which frankly does not deserve to be challenged on that basis.

Senator CONROY—Is it correct that senior journalists have been advised to report favourably on the government, in particular in the Asia-Pacific region?

Mr Brown—That is absolutely wrong. There is no instruction to do that. That is the sort of stuff that I mean that deserves to be dismissed and was dismissed internally.

Senator CONROY—Along with the executive producer?

Mr Brown—The executive producer has not been dismissed. His contract comes to an end. The position has been advertised, he has indicated he intends to contest that position and he has been encouraged to do so. The suggestion is twofold. The first is that I heard previously during the Australia Post discussion about slurs on staff. As to the director of news and current affairs, most international newsrooms that have employed Mr Cutler would be astonished to hear those sorts of allegations made—not by you but reported in the newspapers.

Senator CONROY—I am just going on allegations in the newspapers.

Mr Brown—This is a person that has held senior positions at the BBC, TVNZ and CNN. It would be astonishing to believe that he would be capable of, or would ever have any intention of, influencing journalists in that way. That is the first point. The second point is that, if any such instruction were to be given to any newsroom of any repute, it would be all over the newsroom, out in the open and would be indefensible.

Senator CONROY—That appears to be what has happened.

Mr Brown—Not really. All that has happened is that one person has said something to the *Sydney Morning Herald*, which is a falsehood. It is not attributed and it is not sourced, and we are left to deal with the damage of that single assertion. It is undeserved, it is not true and there is not a shred of evidence to support it.

Senator CONROY—You mentioned Mr Cutler had an extensive background. What is his background and where did he come from?

Mr Brown—He first worked in television for the BBC News. He subsequently worked in TVNZ, Television New Zealand, where he rose to television editor.

Senator CONROY—Is that where you met him?

Mr Brown—That is where I first met him, although I did work at the BBC at the same time as him.

Senator CONROY—So he followed you to New Zealand and has now followed you to Australia?

Mr Brown—No, not really. We did not know each other at the BBC. He is a New Zealander by birth. He rose to be the head of news and current affairs at TVNZ.

Senator CONROY—Is it fair to say that you recruited him across when you took over or he was already here?

Mr Brown—No, I recruited him. He was headhunted by CNN and ended up being the head of the entire Asian operation for CNN. I was delighted that he came here, and I recruited him because his journalistic credentials are beyond question.

Senator CONROY—Is *Dateline* an award-winning show?

Mr Brown—I would hope so. Yes, it is.

Senator CONROY—Has it won awards?

Mr Brown—Yes.

Senator CONROY—How recently?

Mr Brown—I think at the last Walkleys.

Senator CONROY—But it needs to lift its performance?

Mr Brown—Of course, but I would say that about any program.

Senator CONROY—It is pretty hard to lift from being a Walkley winner. What is next? A Logie? Did it miss out on a Logie? Are you disappointed you missed the Logie?

Mr Brown—You congratulated us earlier on our coverage of the World Cup and the fact that we won a Logie, but I would say to Les Murray and anybody associated with that, ‘Next time we do the World Cup we are going to do it better.’ That is really all we have been saying to those in news and current affairs. We have been methodically working through the news and current affairs stable, investing more money and creating a better range of programs. News has gone to an hour. I have already talked about the performance of *Insight*. *Living Black* has just moved into prime time. *Dateline* is poised for a reinvestment strategy and, before we do that, we are going to test the market for the very best people to work on it.

Senator CONROY—Can you explain why supervising producer Martin Butler’s contract was not renewed?

Mr Brown—I think that is part of the same issue. This all took place simultaneously, and the story that was in the *Sydney Morning Herald* I have no doubt is linked to Martin Butler’s departure.

Senator CONROY—Why was he not renewed?

Mr Brown—Because our intention was to find new blood and introduce new production capability.

Senator CONROY—Was he invited to reapply?

Mr Brown—No. But that is so common to newsrooms. People who work on programs like *Dateline* the world over are employed on contracts for a year or two that are linked to the program. It is implicit in that that from time to time the organisation will wish to take the opportunity to put new people into those positions, and that is what has happened. I should say that the case of Mr Butler has just been before the Industrial Relations Commission and the SBS position was upheld.

Senator CONROY—Can you explain why Mr Butler was banned from the SBS studios?

Mr Brown—That is the quote from the *Sydney Morning Herald* again. In fact, what happened was that he was placed on gardening leave. The extravagant language of banning

someone from the studio has a somewhat different meaning. Once it became clear that his contract would not be renewed, for the last two months of his contract he was not required to attend work. He remained on the payroll, and that too is not uncommon.

Senator CONROY—Can you provide the duty statement and selection criteria for the position?

Mr Brown—The executive producer position?

Senator CONROY—The supervising producer and executive producer.

Mr Brown—Certainly.

Senator WEBBER—I have one general question. I am from Western Australia, where we have a strong Croatian community. They have asked me to ask you whether you have given any consideration to having a Croatian program on SBS television.

Mr Brown—A Croatian news?

Senator WEBBER—Yes.

Mr Brown—That is under active consideration. What we describe as *World Watch* is the series of news programs sourced from around the world. We currently have 19. We are very close to announcing the 20th. I am aware that amongst the others that are under consideration are Croatian, Macedonian and Serbian services. I will be frank: there has been some sensitivity as to whether or not those programs can be introduced in isolation or whether they should be introduced simultaneously so as not to exacerbate any sorts of tensions that might exist. We are actively pursuing that.

Senator WEBBER—They are aware of the sensitivities. As I said, they are a very strong community in Western Australia, and as it happened I was talking to them on the weekend and mentioned that I would be here. I will send them your *Hansard*, Mr Brown

Mr Brown—Please do.

Senator WEBBER—They will be very impressed that it is under active consideration.

Mr Brown—It is. And their position in terms of the census data and the size of language group certainly justifies that.

Senator CONROY—I have some questions. I will put them on notice. They are to do with advertising campaigns. I am happy to put them on notice. They are quite lengthy, indeed. I will not bore you with them. Has SBS ever employed Crosby Textor?

Mr Brown—Ever employed?

Senator CONROY—Crosby Textor; it is a polling company.

Mr Brown—No.

Senator CONROY—I have some questions on that as well. Hopefully they are all just straight 'nos'. I will put both of those on notice for you. Thank you very much.

CHAIR—Does that conclude SBS? If so, I thank SBS for its appearance today.

[3.05 pm]

Australian Broadcasting Corporation

Senator CONROY—I thought I might start with the recent attack on your island on *Second Life*. I presume you are aware that the ABC's virtual reality island on the online game *Second Life* was cyber-bombed and largely destroyed yesterday in an act of digital vandalism?

Mr Scott—We actually made a statement on that yesterday. The island was attacked in a digital sense and was down for some hours. I understand now that it has been quickly restored and, if you go to the site today, you will find the site as you would have found it two days ago. So, our usual transmission has been restored, I think we say.

Senator CONROY—Have you had a wander through the shop to work it out?

Mr Scott—I have not had a go at it today, but I have been online previously.

Senator CONROY—What is your avatar? You have to have your own avatar to go online.

Mr Scott—I understand that is confidential, but—

Senator CONROY—Come on, don't be shy.

Mr Scott—I am not sure I can even remember the name. But I have been on it—

Senator CONROY—What did you look like? What did you do?

Mr Scott—I would encourage you to have a go yourself. It is the future, I understand.

Senator CONROY—I have heard that rumour, which is why I am very keen to find out about your avatar. Come on, tell us. Don't be shy, Mr Scott. You did not mention it in your recent interviews. Here is your chance: what does your avatar look like?

Mr Scott—*Second Life*, of course, as has been covered by *Four Corners* and many other media outlets—

Senator CONROY—That is right, absolutely.

Mr Scott—is a new digital world. People create characters and they can explore this world. Many leading organisations in the world are involved in *Second Life*. The BBC is involved. Harvard University is creating an artificial university there. NBC is there as well. Telstra has a big site, and the ABC has a presence on it as well.

Senator CONROY—I am familiar with *Second Life* and how popular it is. I have not bought my own island yet, though. Given that all that was left on the island was a transmission tower and a scattering of corporate logos, does the ABC management consider that the vandalism was an act of retaliation against the commercialisation of the ABC? What do you think their motive was?

Senator Coonan—I do not really think, quite frankly, that that is a permissible line of questioning. You are asking him to guess. If there is something that he knows—

Senator CONROY—Do you even know what *Second Life* is?

Senator Coonan—I am happy enough in my first, Senator Conroy—

Senator CONROY—That is a 'no'.

Senator FIERRAVANTI-WELLS—This comes from the side of politics that believes in Donald Duck and Utopia and those sorts of things, so it is understandable that Senator Conroy should then come out with this line of questions.

Senator CONROY—The ABC has spent thousands of taxpayers' dollars on its island on *Second Life*. I actually think this is serious. And I happen to agree, notwithstanding some merriment between Mr Scott and myself, that this is actually an important part of where we are going in the future in terms of advertising and various other things.

Mr Scott—I am not in a position where I can speculate at all about what caused a particular attempt at vandalism. I am pleased to be able to report that it has had absolutely no long-term impact on the operations of the ABC on *Second Life*, and I cannot begin to speculate what the motivation might be of anyone who did the vandalism, any more than one can speculate on any motives around vandalism.

Senator WORTLEY—Has there been no discussion amongst yourselves as to—

Mr Scott—I am not aware of any discussions. All I am aware of is that the site was unavailable for some hours but now is fully restored.

Senator WORTLEY—Was it restored by ABC employees?

Mr Scott—No, I understand the hosting company of *Second Life*, Linden Lab, restores the site to the way it was.

Senator WORTLEY—Is that at a cost to the ABC?

Mr Scott—No, I do not believe so. There were no costs to the ABC arising from yesterday's attack.

Senator WORTLEY—How seriously is the ABC taking this? Has it launched an investigation into who may be responsible for this vandalism?

Mr Scott—I am not aware of that. Really, it is an issue for the hosting company that owns and operates the site. I have no further details on it than I have already provided to you and Senator Conroy.

Senator CONROY—I understand there have been some disturbing happenings on *Second Life* recently, and there have been calls for a virtual police force and virtual laws. Is the ABC concerned that by being on this website you could potentially be associated with some fairly disturbing activities that have recently been identified? There have been prosecutions beginning to take place—

Mr Scott—I think that is an interesting question—

Senator CONROY—As funny as other people may find it, I think it is an important question.

Mr Scott—I think it is a question that we need to contemplate. As is the case with other online communities and other aspects of communities here in the real world, there can, of course, be some unsavoury elements, and there can be some activities that we would not condone. I think as far as *Second Life* and our activities on *Second Life* are concerned we do take comfort in the quality of other organisations—other businesses, other educational institutions, other broadcasters—who have decided that it is worth their while building a

presence on *Second Life*. We continue to monitor this as best we can. But, just as we might say that there are some unsavoury activities that might take place within 10 kilometres of this place, Parliament House, none of us thinks that we should abandon Canberra as a consequence of that. Nor do we think some evidence of unsavoury elements on *Second Life* means that we should abandon *Second Life* as well.

Senator CONROY—That is a good answer. Thank you very much, I appreciate that. The ABC board has recently restructured the organisation and created a new division, and I think we did speak briefly about this last time.

Mr Scott—The ABC board has not restructured—

Senator CONROY—Sorry, the organisation. I am not trying for a moment to take the credit away from you—

Mr Scott—It was not credit I was seeking, just accuracy.

Senator CONROY—Could you explain the aims of ABC Commercial and its objectives as you have identified them?

Mr Scott—Absolutely. For a significant period of the ABC's history, the ABC has undertaken commercial activities in addition to its broadcasting activities. I think all Australians would be aware of the ABC shops and the ABC centres, which provide an important role of delivering ABC content in a form that people can purchase. Our archive is available on DVD. We produce over 150 books a year, and CDs as well. There is a range of commercial activities. What we have said in the creation of ABC Commercial, which is an extension of our previous enterprise business, is that we believe there may be further opportunities that exist for us in the commercial space to bring some income back to the ABC to support our broadcasting activities. There is no change to that which has existed in the past. This is the process that we have previously followed. But, as I said at the time, we do recognise that some of the businesses that we have been involved in are undergoing structural change. We currently get income from our DVD sales, but as you will be aware we recognise that the market around DVDs is significantly going to change with the movement towards downloads of digital content and, as a consequence of that, one of the things ABC Enterprises are doing is looking at our capacity to digitalise our archive and make it available in a digital download form. So the brief for the commercial division is not that different to the brief that has existed for the enterprises division, even though I suppose more of it is in that online digital space. As you would be aware, the ABC has been involved in commercial activities of one form or another since the 1930s.

Senator CONROY—I wanted to ask you about the ABC's decision, or ABC Commercial's decision, as reported in the *Age* on 18 May to scrap ABC Audio because it is 'not profitable'.

Mr Scott—Yes.

Senator CONROY—Is it correct that the ABC's production of talking books is not profitable?

Mr Scott—Yes, it is. That is the truth. What we have indicated—

Senator CONROY—So you lost money?

Mr Scott—Yes. None of the businesses run by ABC Commercial are funded by the taxpayer, and losses in any division would have a direct impact on our ability to deliver our radio, television and online services. So we need to look carefully at all our operations there. Our production of ABC audio books had been losing money so the decision was made that the ABC itself would no longer be in the position where we would be producing that content. However, there are a number of things that we are continuing to do. We will still continue to sell audio books in ABC shops—audio books produced by other Australian publishers. We have a deal for the provision of audio content from the BBC. We are looking to be able to provide content through digital downloads over time, and we are investigating options for the assignment of copyright and master recordings and transfer of distribution rights. We will look at that over time. I am aware of some of the criticism that has emerged around that decision, but I would say that our delivery of service to the print handicapped people really comes through our broadcasting, particularly through our five radio networks, and we continue to be absolutely committed in that core service.

Senator CONROY—I think you are about to become aware of some more. Over the last five years, how many times has the production of talking books not lost money?

Mr Scott—I do not have that detail in front of me but I can get that to you on notice.

Senator CONROY—Has it lost money consistently, regularly?

Mr Scott—Yes, I understand that over the last few years it has been losing money consistently and that is why, when we did a review, we decided that we should not be continuing that activity.

Senator CONROY—You maintain the argument that losses incurred from ABC Commercial directly impact on the ABC's ability to produce programs for radio, television and online.

Mr Scott—What we are saying is that we do not believe that running those businesses in ABC Commercial is central to the fulfilment of our charter but they can be enhancing experiences for our audience if we can deliver them. Our shops are not evident in our charter but we believe they do provide a useful and beneficial service, but they are particularly a beneficial service if they are returning a dividend to the organisation that we can use in the fulfilment of our charter. So, therefore, if audio books are losing money over a period of time then we have to very seriously look at our continuation in that part of the business.

Senator CONROY—I was just coming back to what you were saying when I first asked you about it, and you made a comment along the lines that the losses impacted on the ability to produce radio, television—

Mr Scott—Yes, they would have an impact if those losses continued over time.

Senator CONROY—Lynley Marshall was reported as saying:

Losses incurred from such enterprises directly impact on the ABC's ability to produce programs for ABC radio, television and online.

Mr Scott—As you will understand, we look on our commercial division to deliver a return to the organisation, and in doing that you have to look at the different contributions that are being made by the different parts of the commercial division. If part of the service that we are

providing or the product that we are providing in commercial is losing money then eventually that will impact on the dividend payment that is being paid by commercial to the rest of the business.

Senator CONROY—What else has lost money in ABC Commercial in the last year?

Mr Scott—In the main, I am pleased to report that ABC Commercial remains strongly profitable through our stores, through our books and through our music. There are some other areas—

Senator CONROY—*Bastard Boys* is selling well?

Mr Scott—I am happy to talk about *Bastard Boys* if that is what—

Senator CONROY—No, is it selling well?

Mr Scott—I believe it is on sale. If you did not see a copy, you can pick up a copy from ABC stores.

Senator CONROY—No, I do believe it is on sale. I was asking if it was selling well. It is a commercial enterprise.

Mr Scott—It is a bit early to see those returns.

Senator CONROY—Are you confident it will make a good return?

Mr Scott—I expect there will be an audience in it. There certainly has been some publicity around it.

Senator CONROY—I think there may be some more later today.

Mr Scott—Time will tell. But there are smaller parts of our business in commercial that have not been as profitable. There have been some areas I think involved in the gift area that—some of the products that would be available in our stores for gifts—have not made as much money. We are reviewing that as well. But in the main most parts of the commercial operation are profitable.

Senator CONROY—You are putting it in a Christmas stocking for Senator Fierravanti-Wells?

Mr Scott—I will seek her guidance on that.

Senator CONROY—She is keen to get a copy, I understand.

Senator FIERRAVANTI-WELLS—She may already have a copy.

Senator CONROY—I am sure that it has already got those marks you get from having been stopped a million times. You may even need a new one by the time you get to Christmas.

Senator FIERRAVANTI-WELLS—Very accurate though.

Senator CONROY—Given that ABC Commercial plans to scrap ABC Audio, can you confirm that ABC now intends to make Australians with print disabilities navigate the internet to obtain ABC Audio content by way of downloading it on the internet?

Mr Scott—No. As I have said, there will still be significant sale of audio books in ABC shops, Australian content produced by Australian publishers and a wide range of BBC audio books. The ABC will still be providing a range of audio book readings, and the like, through

our broadcasting services and, yes, there will be more material that is available for download as well. But that will not be the only way to access the material.

Senator CONROY—So what exactly have you cancelled then—just the ABC's production of them?

Mr Scott—Yes. The thing we have cancelled is the decision, linked to ABC Books, which is making talking books linked to books that the ABC is publishing.

Senator CONROY—There will still be some content produced by you on the net, or there will not even be content produced by the ABC in that section, even on the net?

Mr Scott—We are not quite sure about on the net yet. There certainly will be material that we broadcast and will continue to broadcast and specifically—

Senator CONROY—No, I asked about what you produced. The sequence as you have just described it is that this is material you produce that is terminated?

Mr Scott—Yes. We will not have a division that is producing talking books. However, we are investigating options which involve assigning copyright for talking books that we have to others and providing master recordings and transfer of distribution rights to others if that is a business that they feel that they want to be in. We are attempting to be responsible in our delivery of these services but responsible in the fulfilment of our charter.

Senator CONROY—So nothing is allowed to make a loss within ABC Commercial?

Mr Scott—ABC Commercial does aim to bring a dividend or return to the organisation which we invest in broadcasting. That is not to say that each division, each year, will make a profit, but you do need to look at those trends over time to ensure that ABC Commercial is delivering a good return to the organisation over time. It is important to look at it in the context. The return that ABC Commercial might bring is perhaps \$20 million a year compared to in excess of \$800 million that we get from the Commonwealth. So it is not a major percentage of our income but it is a significant percentage of our income, and if, in fact, the division was losing money over time then, yes, that would have an impact on us.

Senator CONROY—Is that a board policy—that they are not allowed to?

Mr Scott—No. That is a policy that has been standing at the ABC for quite a long period of time. In fact, I am happy to point you to the 1995 report called *Our ABC* by the Senate Select Committee on ABC Management and Operations.

Senator CONROY—But that is 11 years ago.

Mr Scott—Yes. But it addressed precisely this issue, and as it was a Senate committee I knew you would be interested in what it had to say. It said: 'By and large then'—

Senator CONROY—Was I sitting on that committee?

Mr Scott—I am not sure you were, but I thought you would be interested in what it had to say. It said: 'By and large then the purpose of any commercial activity is to provide funds to enhance the core service. If a commercial activity costs core services in terms of staff time and energy or other resources then it becomes counterproductive and should not be undertaken.' So, as I said, it might well be 11 or 12 years ago. I am saying these principles have been around for a period of time.

Senator CONROY—You have closed down the division; is that right?

Mr Scott—Yes, it is in the process of being closed down.

Senator CONROY—Are people losing their jobs or—

Mr Scott—We are looking at it. We are dealing with the four or five people who have been involved and we are looking at other ways of—

Senator CONROY—So there may be there? There could be?

Mr Scott—We are not sure yet.

Senator CONROY—The division made a loss, it is being closed down, and there are possible redundancies?

Mr Scott—It is too early to say yet. We are looking at alternatives. But it had been losing money.

Senator CONROY—Are we talking \$10,000, \$50,000, \$100,000?

Mr Scott—No, more than that. I can get the detail to you. The other thing I would say to you is that the market—I think others would say this as well—for audio books has been significantly changing over time. I suspect it may not only be the ABC that has found itself in this position.

Senator CONROY—Are there any other national broadcasters?

Mr Scott—You would have to ask Mr Brown how he interprets the SBS.

Senator CONROY—You were suggesting that other people who do not have the ABC's charter to look after all Australians were suffering losses and therefore they could jettison this, and that made it okay for you?

Mr Scott—No. If you study our charter or you study our act you will see that fundamentally our responsibility is as a broadcaster across a full range of content.

Senator CONROY—That is right. That is why there would be a difference between you and everybody else.

Mr Scott—It is not in our core charter that we produce, for example, print books, but we do. We think the public benefits from those. It generates a good return, and we need to look at audio books in that same context. We do not view the creation of audio books in the same way as we view the creation of content for radio broadcasts, television broadcasts or our online services.

Senator CONROY—Because the division producing them is losing money, it is in the process of being closed down. And there are possible redundancies. I am not trying to go on a scare campaign. It is a fairly strict policy. And we are not sure how much they had lost?

Mr Scott—I do not have the precise details in front of me.

Senator CONROY—I will not hold you to an exact figure. Did it lose \$50,000 or \$100,000 last year?

Mr Scott—I will come back to you with the figure. But they were not losses that we were willing to sustain over time.

Senator CONROY—How much money did the ABC lose on *Jonestown*, after legal costs?

Mr Scott—We answered that last time. Was it \$50,000? I am not sure. We will get a precise figure. I think we answered that last time. I do not have that figure in front of me now.

Senator CONROY—That was a commercial—

Mr Scott—As you well know, the decision that was made around *Jonestown* predated my arrival at the ABC, but it was—

Senator CONROY—Made by the board.

Mr Scott—The board and the management team at the time. It was a decision based on commercial advice. In fact, the precise decision that was made on *Jonestown* was around commercial risk and the possibility of sustaining loss over time because of legal advice.

Senator CONROY—Are you aware of any lawsuits about *Jonestown*?

Mr Scott—Yes, I am. But it is not an issue for the ABC because we did not publish the book. But I have heard advice on that. I will leave that to your independent—

Senator CONROY—Has any lawsuit commenced?

Mr Scott—I am not in a position to comment on it, but it is an area—

Senator CONROY—I have not heard that anyone has actually filed a lawsuit. I have heard threats, but I have not heard that anyone has filed a lawsuit yet over it.

Mr Scott—I am not in a position to comment to you on that.

Senator CONROY—Why not? I am not trying to—

Mr Scott—Because actually—

Senator CONROY—I am just asking you if you have heard.

Mr Scott—I do not want to be in a position to trade gossip with you.

Senator CONROY—It has been months since the book was published, has it not?

Senator Coonan—It does not go to the operations of the ABC if somebody else is taking action that is not against the organisation.

Senator CONROY—No. My point is that nobody else has taken action yet, as far as I am aware. Correct me if I am wrong.

Senator Coonan—You may be right. Mr Scott said that he did not know. He said that the ABC has not had any legal action against it, so that is the end of the line of questioning to this—

Senator CONROY—The board took a decision to lose \$50,000 plus the future royalties? I think it paid \$50,000; I thought it was a little bit more than that.

Mr Scott—Yes, but some of that was recovered, I must say. There was a recovery. As I understand it, it was a net amount of \$50,000.

Senator CONROY—The board made a decision to lose money for the commercial division?

Mr Scott—Yes.

Senator CONROY—Are they considering closing themselves down?

Mr Scott—The board?

Senator Coonan—They have not made a loss over time.

Senator CONROY—Yes.

Mr Scott—As the minister said, they certainly have not made a loss over time. I am aware of a conversation on that point.

Senator CONROY—If a small division can lose money and be closed down, I think that the board—

Mr Scott—I think if you want to talk broadly about it—

Senator CONROY—If the board thought it was a major loss for the ABC, they might consider their own position.

Senator Coonan—Senator Conroy, that is not this witness's evidence. He said 'over time'. You are not qualifying your statement.

Senator CONROY—Mr Scott is doing fine without your help. You are all right.

Senator Coonan—I am not suggesting he is not, but you are not doing fine with your questions.

Senator CONROY—You should leave him to it.

Senator Coonan—It is appropriate if I choose for me to make the point.

Senator CONROY—Can you confirm how much revenue the ABC now generates with the licensing with audio, video and other content, commercial websites and mobile phone companies, supermarket video screens, that sort of thing?

Mr Scott—Yes, let me pull some of that up for you. I believe our revenue projections on content—

Senator CONROY—Is my 20 minutes up? I am sorry.

CHAIR—It is very nearly up.

Senator CONROY—I am happy to stop after this one.

CHAIR—If you want to stop—

Senator CONROY—I do not want to, again, as I said, be accused of taking Senator Fierravanti-Wells's time.

CHAIR—You are at the end of your time, to be quite honest.

Senator CONROY—If Mr Scott would like to finish answering that question, I will—

CHAIR—Yes, we will let him do that.

Mr Scott—In excess of \$3 million.

Senator CONROY—Thank you.

Senator FIERRAVANTI-WELLS—Mr Scott, I just could not help this week thinking, on the subject of ALP candidates, that it is a bit like Oscar Wilde saying that to lose one of your

stars may be regarded as a misfortune but to lose two looks like carelessness. I think that what we are seeing this week is really what is another stage—

Senator CONROY—Are you—

Senator FIERRAVANTI-WELLS—Senator Conroy, I did not interrupt you.

Senator CONROY—I did not hear what your question was. I was just actually trying to hear your question.

Senator FIERRAVANTI-WELLS—I am coming to my question.

CHAIR—Senator Conroy, let Senator Fierravanti-Wells proceed.

Senator FIERRAVANTI-WELLS—Are there any more prospective candidates? It is a logical question.

Mr Scott—I am not the person to ask that question. I would say broadly that there are—

Senator FIERRAVANTI-WELLS—Perhaps there is an ALP branch over there at Ultimo.

Mr Scott—I must say that I am not shocked that you asked me the question, so I have had time to pause in anticipation.

Senator CONROY—Will you rule out that you are a candidate, Mr Scott?

Mr Scott—I can. I can rule that I am not a candidate. Let me say that we have the best part of 4,500 people working for the ABC, but I do note your comments. One current employee has resigned to seek preselection and another person who had been long associated with the ABC, who had in fact resigned for a period of time, then elected to take ALP preselection. However, once you get into it—and I would encourage you to get into it and look at the detail—I think you will find a range of people from both sides of parliament who had their background in journalism. I would refer you to Pru Goward.

Senator FIERRAVANTI-WELLS—Mr Scott, you would immediately go to Ms Goward—

Mr Scott—I know you followed her career with interest.

Senator CONROY—And you tried to frustrate it at every turn.

Mr Scott—I would point out to you that Gary Hardgrave, a former minister in this government, was formerly a member of *The 7.30 Report*. The federal Liberal MP from Queensland Cameron Thompson worked for ABC News Mackay. Peter Collins, who was a former New South Wales leader and state treasurer, was a journalist and reporter for *Four Corners*. As we have done some work on it, we have found nine former ABC journalists who have made it into parliament for conservative parties and 10 for the Labor Party. We are seeing some at the moment, but the ABC is a broad church, and we have provided many candidates for both sides of parliament over time.

CHAIR—It is very evenly balanced, I must say, Mr Scott.

Senator FIERRAVANTI-WELLS—Has the peanut gallery finished?

CHAIR—You may proceed now.

Senator FIERRAVANTI-WELLS—Mr Scott, in this particular situation Ms Goward left. When she left the ABC, she then had 10 years after she left the ABC.

Mr Scott—Yes, that is true.

Senator FIERRAVANTI-WELLS—I think you need to put it into context, and that is what I want you to address here. You have prominent personalities such as Ms McKew and Mr Bailey who have cultivated their careers at the ABC for many years, and immediately after they have cultivated their careers at the ABC they are now using that prominence, which they have gained at the ABC, and running for the ALP. In the context of allegations of a lack of independence at the ABC, surely this goes towards vindicating the position of those who hold the opposite view that indeed the ABC is not independent and that a sort of left-wing culture permeates?

Mr Scott—If you look beyond those two examples that you focused on, you see that there are many people from the ABC, some of whom have immediately sought to pursue a political career, others whom over time have sought to pursue a political career. I would also point out to you that the top-rating ABC local radio announcer in the country, I believe, is Ian Cameron. Ian Cameron went from being a Liberal member of parliament to being an ABC Radio announcer. So the traffic has gone both ways. Fundamentally, though, we have to address what the questions are that people have as individuals to seek to pursue political office. I am not aware of what process could be put in place that would enable us to restrict individuals seeking to make a career change to put themselves forward to a party for preselection or an electorate for an election. That is what the democratic process is about. If we have individuals who have chosen to move their career in that direction then that is what they are able to do, and they are able to do it for any political party or any elected process. I would encourage you not to read anything further into the individual decisions that these two people have made, apart from the fact that this is what they want to do at this point in their careers. I take absolutely no interpretation further on what their seeking Labor Party preselection means about the ABC, as I would encourage people here to make no reading on the fact that Ian Cameron or Ian Cover, two formal Liberal members of parliament, now broadcast successfully and regularly on the ABC.

Senator FIERRAVANTI-WELLS—The point that I make, which we have corresponded on, is the Ms Goward example. If you did go on in the correspondence that we exchanged about her interview with Ms McKew on television about her past, in a previous interview she did state that, the moment it became obvious that she was moving on, suddenly it—not her own connection but her connection through her husband—was made very difficult for her. The point I am making is that you have a situation where there is immediacy. That is the point I am seeking to make, and I have made that point.

Mr Scott—Do you have a proposal?

Senator FIERRAVANTI-WELLS—Every time I now see ‘the former ABC journalist’, the prominence is the point. I have made my point. I think you understand where I am coming from. I accept what you are saying in the sense that there have been other people. The point that I am making here is the prominence and the immediacy of going from one to the other. Given that you have such frequency of this happening, perhaps you might like to give some consideration to some sort of cooling-off period. I will leave that one with you to give some

thought to it. I will now just pass to a couple of other areas. One is workplace relations at the ABC. You have been at the forefront of the IR debate here and, in the past, I have produced quite a number of instances where you have been actively involved in the debate. I have taken an opportunity to look at your annual report and the number of employees on contractual and fixed contracts. Can you tell me a little bit about the workplace agreements and how many you have got in place at the ABC?

Mr Scott—I am not sure that I have the details in front of me. I do know that we have one major EBA that covers the vast majority of our staff. There would be other staff—executives—who are on a range of individual contracts. Some of our on-air talent would be on fixed-term contracts and others would not.

Senator FIERRAVANTI-WELLS—I am sure that some of your on-air talent, as you describe it, who are quite prominent have contracts that are very lucrative.

Mr Scott—I can assure you, after having reviewed them, they are nowhere near as lucrative as what you would find at commercial networks in the marketplace.

Senator FIERRAVANTI-WELLS—I appreciate that, but you appreciate the market realities. You want to keep them and you are being very flexible with people, particularly those in your more prominent programs, like Mr O'Brien, for example. He has very flexible arrangements.

Mr Scott—I must say I have not studied that contract so I am not in a position to comment.

Senator FIERRAVANTI-WELLS—One has to look at someone who seems to take off school holidays and has quite flexible arrangements in his contract.

Mr Scott—You will find that most of our staff do take holidays.

Senator FIERRAVANTI-WELLS—I appreciate that. Mr O'Brien seems to have very flexible arrangements.

Mr Scott—He is entitled to his leave.

Senator FIERRAVANTI-WELLS—It is interesting to see that one of the very programs that seems to be leading the push against the government's workplace relations demonstrates very much where he probably is one of the ones with the most generous of your workplace agreements in the ABC.

Mr Scott—We do need to part company there because I would contest—

CHAIR—One at a time.

Mr Scott—I was just concerned at the suggestion, I believe, that *The 7.30 Report* was leading the charge against the industrial relations changes. That is not the role of *The 7.30 Report*. That is not the role *The 7.30 Report* plays. *The 7.30 Report* is a news and current affairs program. Under our editorial policies it is required to allow all principal relevant viewpoints to be aired. I would say to you that the Prime Minister, the minister for industrial relations and business leaders have regularly appeared on that program and other programs constantly putting positions that advocate the change the government have brought to bear, and in addition opposition spokespeople and union representatives have been on that program

putting other views. It has been a place where the ideas around industrial relations reform have been contested. It has not been a place where one point of view has been advocated.

Senator FIERRAVANTI-WELLS—I will put on notice and give you examples of where I think critical stories have been run and have been run on that program. It seems to be a somewhat hypocritical situation where you have got a program—the very one that is running the sort of campaign in relation to industrial relations—and one of its main beneficiaries is probably on one of the most generous workplace agreements in the media. That is the point that I wish to make.

Mr Scott—There are two issues that I wish to make on that.

Senator FIERRAVANTI-WELLS—They are aided and abetted by people like Heather Ewart and her programs. I will put all this on notice and then I want you to do a critical analysis of this.

Mr Scott—There are two things that I need to put on the record now and I will respond to your questions on notice. One is that one should not be surprised that a news and current affairs program like *The 7.30 Report* or *Lateline* or *Four Corners* might run a program that some might view to be critical of some aspect of change. The test is that over a period of time principal relevant viewpoints are aired. So you might be able to look at one item in isolation and believe it was critical, but have there been other views and other perspectives that have come to bear over time? The other thing is that I would not want anything that I have said today to make any suggestion or comment about Mr O'Brien's employment arrangement with the ABC. I am not aware of that. I am not across that. I am not aware of any contractual arrangement that he has now, so any suggestions that you are drawing or inferring from that are comments that you have made, and I have not been in a position to confirm that or otherwise.

Senator FIERRAVANTI-WELLS—I will ask some specific questions that go to the breakdown of issues relating to industrial relations within the ABC and I will put those on notice. I would like to take you to what I noticed in the press a couple of weeks ago about some media companies joining forces in what front-page headlines describe as 'Media rally to defend free speech'. I think the *Adelaide Advertiser* made a reference, and it has been quoted in the other press, that some government departments are refusing to provide information in setting and assisting media to lodge time-consuming freedom of information requests. I notice a photo of you in there, and you obviously sat with other executives in relation to this issue. I would like you to have a look at the answer that you gave to question 123, if you would.

Mr Scott—Yes, I am aware of it.

Senator FIERRAVANTI-WELLS—I found that answer somewhat curious because this is about your campaign to prevent an FOI request by the University of Technology regarding complaints about ABC coverage.

Mr Scott—Yes, I am aware of it.

Senator FIERRAVANTI-WELLS—I appreciate uniting to fight for freedom of speech, but this did not appear to mean very much to the ABC when you were using the FOI processes to block access to information yourself. Are we seeing an example of the double standard here?

Mr Scott—No, not at all. I am glad to be able to speak about it.

Senator FIERRAVANTI-WELLS—I knew that you would.

Mr Scott—Of course the ABC did join every major media outlet in the country around this campaign. The first thing this campaign is going to do is set up an audit of media freedom looking at decisions that have been made by state and federal governments, state courts, federal courts, other tribunals and government departments and what the impact of that has been on freedom of speech over time. We welcome that audit because, when that audit is done, it will allow us to take this debate forward in an informed way. I am experienced on freedom of information. When I was a journalist I used freedom of information. We have recruited Paul Chadwick as our Director of Editorial Policies.

Senator CONROY—The chief censor?

Mr Scott—We do not have a chief censor, as you would recall from last time. Paul Chadwick pioneered the use of freedom of information when he was a journalist with the *Age* and also at the Communications Law Centre. He was very involved in the law. One thing that I will say about freedom of information is that it is never given an unfettered right to access to any part of information developed by government or government instrumentalities. It has never been unfettered. It is about balancing rights and responsibilities. The ABC fought hard on that particular case because we were trying to preserve the confidentiality of names, addresses and details of people who had made complaints to the ABC. Part of our complaints process is a guarantee of confidentiality. That is an undertaking that we make to people when they complain to us that we will not take that complaint and gazette it widely. That is what the University of Technology FOI request was all about. That was tested by the courts, and the courts upheld the ABC's interpretation of that act. Of course, of all these media organisations, the ABC almost alone, along with SBS, is a government agency, so I understand the complexity of us having to deal with this issue. But I certainly would not say that it is a double standard. We take our responsibilities as journalists seriously, but we have responsibilities under the FOI Act as well and those are what we are fulfilling.

Senator CONROY—So we can have the KPMG report then?

Mr Scott—The KPMG report was delivered to the government. It was not an ABC document.

Senator CONROY—Do you have a copy?

Mr Scott—No, the—

Senator CONROY—You have a copy?

Mr Scott—I have seen a copy.

Senator CONROY—It is a review of your organisation. You can give it to us now.

Mr Scott—It was actually delivered before my appointment.

Senator FIERRAVANTI-WELLS—Can you take on notice the number of FOIs and the nature of those requests that the ABC has?

Mr Scott—Absolutely. I am happy to do that for you.

Senator FIERRAVANTI-WELLS—I tried to look for it in your annual report. I am not sure if it is actually in there.

Senator CONROY—Who paid for that report?

Senator FIERRAVANTI-WELLS—I have a couple of other questions.

Senator CONROY—I am trying to just help you there. I appreciate I am interjecting and I appreciate your tolerance.

CHAIR—Your help is not needed, Senator Conroy.

Senator FIERRAVANTI-WELLS—I have a couple of questions and I will come back to them.

CHAIR—We were going to let you go until 10 to four.

Senator CONROY—I have interrupted you a few times.

Senator FIERRAVANTI-WELLS—No. I will come back. I have just got a couple more questions.

Senator CONROY—Who paid for that report?

CHAIR—We will adjourn for afternoon tea.

Mr Scott—The department. It is a question for the department.

Senator CONROY—So did you put an FOI in to the department to get the report yourself?

Mr Scott—I have not.

CHAIR—We are suspended.

Senator CONROY—You are all for freedom; why has the ABC not put in an FOI to the department for the KPMG report and then you could release it to everybody?

Mr Scott—I note your comments.

CHAIR—We have suspended.

Proceedings suspended from 3.47 pm to 4.07 pm

Senator FIERRAVANTI-WELLS—With respect to the ABC, some questions were put about usage of terminology by the government's political opponents. I think you admitted in some answers to questions on notice that you had referred to the so-called 'wheat for weapons' scandal and the usage of that terminology was wrong. I just want to draw your attention to Alexandra Kirk yesterday on *PM*, when she said:

Ever since the damaging Cole inquiry into the AWB wheat for weapons kickback scandal, the Government's been under pressure to end AWB's control of wheat exports.

Previously it was 'so-called wheat for weapons scandal'; now it has just become a 'wheat for weapons scandal'. Notwithstanding the concession that you had made, could you again speak to Ms Kirk. I think she was a previous offender. So could you raise that matter again.

Mr Scott—I will raise that issue with the news division.

Senator FIERRAVANTI-WELLS—Also, I think from the answers to questions this has not been the only instance where you have adopted the language used by our political opponents; you said the usage of ‘dream team’ was also raised. Perhaps you might look at that again, Mr Scott. Another issue raised in answers to questions—and I raise it again—is the use of ‘our’. I see Mr Green here; this has been raised repeatedly. I would have to say in terms of your answer to question 121, Mr Scott, that we have raised so many breaches of this, which you now simply refer to as ‘occasional’. I think when reference was made to ‘our troops in Iraq’, Mr Cameron put out three memos. You now have breaches of the ‘our’ rule that are consistent. My concern is that it is consistent and it is systematic. It still is a fundamental part, a basic tenet, of your guidelines, but it still appears to be happening. Can you tell me what progress you have made on informing your staff again about that basic guideline?

Mr Scott—I am not sure about subsequent to Mr Cameron’s memo. I would need to check that. I appreciate that, as we have discussed previously, you have detailed media monitoring processes that take place. The ABC news division produces 15,000 unduplicated hours each year for ABC radio and television services alone, and at any given time in the morning we have 64 live microphones broadcasting different content to different parts of the country on ABC Radio. I appreciate that you have come up with a number of examples there.

Senator FIERRAVANTI-WELLS—Over three years, Mr Scott.

Mr Scott—Absolutely—

Senator FIERRAVANTI-WELLS—Lots of examples.

Mr Scott—Yes. But as I am pointing out to you—

Senator FIERRAVANTI-WELLS—The search engine had been down for a while—made my life a bit harder.

Mr Scott—But it is back up now?

Senator FIERRAVANTI-WELLS—Yes.

Mr Scott—I am pleased to hear that for you.

Senator FIERRAVANTI-WELLS—So I am raising it again, Mr Scott.

Mr Scott—With 15,000 unduplicated hours and, any morning of the week, 64 live microphones broadcasting, much of that unscripted—

Senator FIERRAVANTI-WELLS—You could almost put this on a tape and come in and play it every time I ask you a question about these breaches.

Mr Scott—That is the way that answers work. That is how it operates. It is part of our style guide—

Senator GEORGE CAMPBELL—I am fairly new on this side of the table, but I would just like to get a brief history of this. The argument is that the ABC cannot refer to ‘our troops’; is that right?

Mr Scott—It is in the style guide: we do not talk about ‘our cricket team’ or ‘our troops’.

Senator GEORGE CAMPBELL—Do you know if the Army has a rule that they cannot talk about ‘our ABC’?

Mr Scott—I am not aware of that.

Senator GEORGE CAMPBELL—Funny that, isn't it?

Mr Scott—We have a style guide, and the senator has pointed out some breaches of it. I am saying that some of the breaches you are identifying are certainly not coming from scripted events but from people talking. We have thousands and thousands of hours of broadcasting a year.

Senator FIERRAVANTI-WELLS—Mr Scott, over three years we have gone through this. We come here, we tell you, we send them to you et cetera. The point I am making is that, if it is systematic with such a simple thing as this basic rule, it will be systematic with other things. If you do not fix the small things, how can you change the culture? That is my point.

Mr Scott—I will check if a subsequent advice has gone out on the style guide.

Senator FIERRAVANTI-WELLS—I will put on notice some questions; Mr Danby raised some questions in relation to the Independent Australian Jewish Voices. This is an issue that has arisen. I will put a question about that on notice. From your annual reports you seem to have a lot of recruitment services, Mr Scott. It seems there are hundreds of thousands of dollars for recruitment services. Is this an issue at the ABC?

Mr Scott—Different recruitment firms will be used to fill specific appointments at different times. We can come back with some detail.

Senator FIERRAVANTI-WELLS—Yes, I will ask some questions on that. I would be also interested to understand what sort of strategic counsel Mr Courtlander and Courtlander Pty Ltd may be giving you.

Mr Scott—No, I was not aware of that.

Senator FIERRAVANTI-WELLS—I will also ask questions on that. Also, I noticed from your annual report that ABC Legal Services provided a comprehensive range of legal support, including a 24-hour prepublication advice. But I also note that you also have quite a substantial legal costs bill. Could you break that down for me and in particular include, if you can, some details of where those legal costs may have been incurred. I would be particularly interested to see if my friends at *The Chaser* have been responsible for any of this.

Mr Scott—I would not have thought there would be too much of that. I can get the details for you.

Senator FIERRAVANTI-WELLS—For the record, on the issue of *Bastard Boys* can I note the chorus of criticism about its inaccuracy. I want to reiterate comments that the Prime Minister has made that it is one of the most lopsided pieces of political propaganda that has ever been seen on the national broadcaster in years. It completely ignored the fact that the Australian waterfront was notoriously inefficient and that all of the collaborative attempts that have been made over the years to change that have failed. I put that on the record. I am not going to ask questions, but I simply put that on the record. I will conclude by saying that I will now watch with great interest to see who else joins 'your ALP'. Thank you very much.

Senator WORTLEY—How many regional premises does the ABC currently own?

Mr Scott—In fairness, we have 60 local radio stations. It is about 70 properties in total.

Senator WORTLEY—Are the premises rented or owned?

Mr Scott—It varies. Some are rented, some are owned, depending on different circumstances. Many of them are owned.

Senator WORTLEY—Accommodation, is it?

Mr Scott—Yes, mainly office accommodation, but there are radio studios and the like as well. There are different arrangements in different places.

Senator WORTLEY—Has the ABC had discussions with sharing any of these premises with Media Monitors Australia?

Mr Scott—Not that I am aware of.

Senator WORTLEY—So there have not been discussions regarding the automated monitoring boxes from Media Monitors Australia being installed in ABC regional sites?

Mr Green—I can give some background on that.

Senator WORTLEY—I would appreciate that.

Mr Green—The arrangement was done with Rehame, which was bought out by Media Monitors, whereby the content of local regional stations is made available both to us and to them at, from our point of view, a cost-neutral basis. They would gain the revenue, from their point of view, from their media monitoring activities and, through the licensing arrangements, the ABC gets part of that licensing fee.

Senator WORTLEY—Can I just get some clarification there? Has this taken place or is it about to?

Mr Green—I do not have the exact number of stations where these facilities have been installed, but there have been some installations.

Senator WORTLEY—So they are automated media monitoring boxes from Media Monitors Australia placed on ABC property?

Mr Green—That is right.

Senator WORTLEY—What is the purpose of it? Is it for Media Monitors to take a grab from air and then sell it off to government and corporate—

Mr Green—Yes, they are in the business—

Senator WORTLEY—It is a business?

Mr Green—That is right. But Media Monitors are licensed by the ABC to on-sell ABC content to their clients, and we get a percentage back of that licence arrangement. It is a revenue-raising thing for the ABC.

Senator WORTLEY—So it is using ABC property to run a private business, capturing and retailing ABC local radio on-air content?

Mr Green—That is right. They do that, anyway, now. They have the licence to do that without these boxes.

Mr Scott—Most media organisations, such as press-clipping services, enter into a licensing agreement with Media Monitors or firms like that to be able to clip or record or

distribute tapes of the content that they do. My understanding of this is that, whereas it is easier for Media Monitors to do that monitoring in major metropolitan areas, there are more isolated areas where it is harder for them to do so. It is a mechanism that allows them to tape and send copies and transcripts as a consequence of that, particularly in regional areas.

Senator WORTLEY—It would certainly be a cost-saving exercise for Media Monitors Australia, one would assume. What are the benefits of it for the ABC?

Mr Green—We get the signal back. At the moment, in many of our regional locations, without us actually installing particular communications connections or coming to an ISDN arrangement, which has a fee attached to it, this is an alternative way of our getting the signals back from some of those 60 stations without any cost to the ABC, as well as the revenue coming back from the licence fee.

Senator CONROY—So are you receiving transcripts or are you receiving—

Mr Green—No, it is all done on an internet protocol basis. It is all done on the web.

Senator GEORGE CAMPBELL—Was that not the subject of a court case some time ago—Media Monitors were picking the stuff up for free?

Mr Green—I am not aware of that.

Senator GEORGE CAMPBELL—I thought there was a court—

Mr Scott—There has been ongoing litigation with Media Monitors—

Senator GEORGE CAMPBELL—Yes, I thought there was a court case some time ago about the intellectual property—

Mr Scott—over copyright issues and what fair usage is. The one thing I would say is that it is not atypical at all for media organisations to facilitate/enable Media Monitors to provide its service in return for a payment and a fee. For example, many newspaper companies send Media Monitors a PDF of their newspaper pages at the same time as they are being sent to the printing plants. This is not unusual, but there are benefits that come back to the ABC.

Senator WORTLEY—So what are the financial benefits that come back to the ABC regarding this arrangement?

Mr Green—We get a share. This arrangement has been brokered by ABC Commercial. This is part of our licensing regime in terms of licensing ABC content.

Senator WORTLEY—Are there plans to introduce similar commercial arrangements with other companies on ABC properties/sites?

Mr Scott—We enter into licensing arrangements with our content; we provide our content free of charge to the Australian people under our charter, but then we enter into licensing arrangements, and that is how some people have been able to access our content on mobile phones or other sites as well. That is not atypical. As I said earlier, we have raised over \$3 million from that licensing arrangement this last year.

Senator WORTLEY—I have one last question on that topic. How many of these automated monitoring boxes are placed on ABC premises?

Mr Scott—We would have to check on that and get back to you.

Senator WORTLEY—I would like to move on to local radio online staff positions. How many online producer positions have been allocated and approved?

Mr Scott—I would have to check on that and come back to you.

Senator WORTLEY—Can you do that today and get back to us today?

Mr Scott—I will see what I can do on that. It should not take us a long time to get hold of that detail for you. Can I say we are delighted with what those positions are offering up in terms of service, not just to ABC local radio but to the backyard sites on the back of those as well.

Senator WORTLEY—Do you know how many of those positions have actually been filled by permanent staff?

Mr Scott—We would have to check on that for you.

Senator WORTLEY—You do not have those figures?

Mr Scott—No, I do not have them.

Senator WORTLEY—Would anyone here have those figures?

Mr Scott—I do not think so.

Senator WORTLEY—Is it possible to get back just after dinner?

Mr Scott—We can see if we can get hold of them for you. I believe you are sitting tomorrow as well. We will try and get them to you.

Senator WORTLEY—Moving on to the transmission towers that the ABC accesses, I understand that Australian Broadcasting Services is a company established by the Macquarie Bank and that this company controls all of the broadcast transmission towers that used to belong to the ABC.

Mr Scott—They never belonged to the ABC. Who did they belong to? National Transmission.

Senator WORTLEY—National Transmission, yes. I understand that Macquarie also has close links with many of the commercial stations and that these commercial stations share the transmission towers. I think you know where I am going. I understand that this has been raised with you. What legislative or contractual safeguards are in place to ensure that ABC transmissions are not compromised at any time to favour Macquarie's regional commercial stations or customers?

Mr Pendleton—The ABC has written to Macquarie Bank in the past, or to the MCIG, and to a number of parties about some concerns I think we had at the time of the investment into the regional network and our concern about the potential for conflicts of interest within Macquarie. We have had letters and representations back about the Chinese walls and those structures. There is not a lot we can do other than to be vigilant about the performance under the contract by Broadcast Australia to ensure that they meet the metrics specified in there, albeit that they are aggregated to a point that often makes it difficult for us to manage local events.

Senator WORTLEY—Are there any arrangements to ensure the ABC has priority of transmission power at times of emergencies, such as in bushfires or natural disasters?

Mr Pendleton—Certainly. In relation to the ABC services, our contracts are quite specific to our services. Other commercial services also share some of the towers; in a number of locations Broadcast Australia or ABC services are run off commercial towers and vice-versa. I am not aware of any situation where there have been any issues of priority of response to services that have affected adversely our services.

Senator WORTLEY—Are you aware of concerns that on high-risk fire days the power is turned down at the transmitters?

Mr Pendleton—Do you have a location in particular or an event?

Senator WORTLEY—Regional Australia. The days that the ABC really need to be out there and have a strong signal are days when there are high bushfire risks, when listeners really rely on them. If the weather is bad, apparently ABC listeners can barely get a signal.

Mr Pendleton—I have never heard of the power being turned down, particularly during significant events. What often does happen is that power is lost from the mains feed as a result of fires, or in Cyclone Larry, which take down the powerlines. If the site does have backup power supplies and if they fail to fire up, or if they take some time to fire up, the transmitters will operate on reduced power for some period.

Senator WORTLEY—So you are not aware of concerns raised that on occasion the transmitters have been turned down for the ABC but not for the associated commercial stations?

Mr Pendleton—Not in the context of significant events.

Mr Scott—We would value any specific information that you have bearing on that. We are very clear in our relationship with Broadcast Australia. We have a contractual relationship with them. They have been very clear with us and have been at pains to undertake with us the Chinese walls that they believe exist in that part of the business. They understand our responsibility as the national broadcaster, and we know that in times of national emergency people particularly rely on us. As Mr Pendleton said, you do suffer power outages at times during fires or cyclones and the like but, if deliberate decisions were being made to turn down the ABC signal to somehow protect some other commercial interest, we would be intensely interested in detail around that and would be raising that with Broadcast Australia. That would be an issue that would be of concern to us. But this is the first time it has been raised with us, I believe.

Senator CONROY—Just going back to some issues around the new division ABC Commercial, are you planning to raise revenue through advertising on the main ABC Online website?

Mr Scott—We have no plans for that or to do anything dramatic as far as advertising online on the main ABC site. As we have said, we have had some advertising on websites in the past. You would you be aware of the *Countdown* site that we have created. There is a second *Countdown* tour that is starting—

Senator CONROY—I was going to come to that. Can I clarify: was the *Countdown* site an ABC site or was it a site created by Molly and the gang?

Mr Scott—It is a commercial site. I will just check on that.

Senator CONROY—I am trying to work out whether it was a licensed site—

Mr Scott—Yes, it was a commercial site wholly owned by the ABC, but the only way we could get that site up and running was with the commercial revenue behind it, and it was linked to the commercial activities of then ABC Enterprises in the licensing of *Countdown* for this tour.

Senator CONROY—So you owned the site?

Mr Scott—Yes, that is right.

Senator CONROY—And you took advertising on that site?

Mr Scott—That was well publicised and discussed last year.

Senator CONROY—Just coming back to my original question: your main ABC Online site—

Mr Scott—We do not have any plans around that at this time.

Senator CONROY—Do you have any other commercial sites?

Mr Scott—At the moment we do not. What we said at the time of the creation of the *Countdown* site was that it did present a model that we might pursue again if the circumstances were right, but part of the test was whether in fact that site would be created if it were not for the revenue that was being generated around it. It was not a core site for us. That is the issue with that. There is also advertising—

Senator CONROY—So you have core and non-core; is that what you are telling us?

Mr Scott—No. There is also advertising around the Australia Network site as well. But there is advertising on Australia Network, as you would be aware. But the only way that that *Countdown* site was going to be created was if there was advertising linked to it. We have—

Senator CONROY—Did the ABC receive any money from the *Countdown Spectacular* tours?

Mr Scott—Yes, we did, but I do not have the precise detail. I can get that—

Senator CONROY—You were a co-promoter—

Mr Scott—We licensed—

Senator CONROY—That is what I am trying to determine—the difference between a licensing arrangement—

Mr Scott—As far as the tours themselves—the concerts, I suppose—are concerned we licensed the *Countdown* brand and received payment in return for that.

Senator CONROY—That I understand and that I can happily nod at. But it is your creating a commercial website to plug somebody else's business product I am struggling with.

Mr Scott—I suppose I would say to you that the *Countdown* brand is ours. We have produced—

Senator CONROY—But you temporarily rented it out.

Mr Scott—No. People have used that brand for the concert tour. We have created CDs and DVDs on the back of that concert tour, which has provided good content for ABC stores, which I understand have been profitable. And we continue to have a stake in the strength of the *Countdown* brand. The success of that first tour has generated a second tour this year, which will generate more revenue back to the ABC. So, of course, we have a stake in building the *Countdown* brand and making it strong. We have had that brand for 25 years, I think.

Senator CONROY—I understand that. I will go back to my second question: have you any other ABC commercial sites?

Mr Scott—No, we do not at this point.

Senator CONROY—But you would view this as a model way to do that?

Mr Scott—No. What we said last year was we believed that we could create these sites underneath our legislative framework, not impacting on the ABC brand at all. It is not diverting anything from the ABC brand to create these sites and so it is a model that exists there. Have we used it again? No, we have not, although I suspect that that *Countdown* site itself will get rejuvenated with the new commercial activities that will take place this year around the *Countdown* site.

Senator CONROY—Notwithstanding that you get some financial benefit out of it, I am just struggling to understand how you justify spending taxpayers' money to promote something that is a private enterprise?

Mr Scott—But we are ourselves getting a return from that activity. We are getting money from the building of our *Countdown* brand.

Senator CONROY—If Molly and the gang wanted to build their own website and advertise it themselves I could understand that. I can understand your doing DVDs. I can understand your doing—

Mr Scott—If you go to the website, it shows archival material from the ABC, but it points people in the direction of the concert tour, which the ABC gets income from. It points people to the DVDs—

Senator CONROY—But the fact is that you have ads all around it—ads being used to finance it. As part of the arrangement, you could have licensed for them to create their own websites and have all of that material on it?

Mr Scott—We built this website ourselves, and we built it to build and further our brand. I suppose we exercise stronger editorial control over it, because we built it and we run it ourselves. We use that site to promote knowledge and understanding of the ABC's rich archival material around *Countdown* and take advantage of that increased awareness through increased concert sales, CD sales and DVD sales, all of which come back to the ABC.

Senator CONROY—Do you get a take at the gate?

Mr Scott—Yes, I think that is right.

Senator CONROY—Do you have a financial incentive—

Mr Pendleton—I think it was per seat; we got something from each ticket sale.

Senator CONROY—I saw recently there were reports of a court case between you and Molly and the gang about a second tour.

Mr Scott—I do not believe it is quite ‘Molly and the gang’. I do not think Mr Meldrum is involved. We were receiving no—

Senator CONROY—I did watch it on TV. Unfortunately I missed the actual concert, which is why I am very pleased there is a second one.

Mr Scott—We will send you details.

Senator CONROY—Please do. Will it have all the same acts as the first one?

Mr Scott—I believe it is a new and improved tour. We will send you those details. We have read the media reports of legal action.

Senator CONROY—Who is suing who, then?

Mr Scott—Nobody is suing anyone at the moment. The only thing we have read are the legal reports. We have received no statement of claim. We have received no letters of demand, I understand. Our only understanding is—

Senator CONROY—Who is the dispute between?

Mr Scott—We are not in dispute with anyone. That is what I am saying. Our knowledge—

Senator CONROY—Someone thinks they are in dispute with you, though.

Mr Scott—Our knowledge of it is only to the point of what we have read in the newspapers about it. As I understand it, there was some discussion around a secondary tour of—

Senator CONROY—So I am probably confusing the words ‘second tour’ and ‘secondary tour’?

Mr Scott—Yes. There was some debate around a secondary tour that—

Senator CONROY—The regional centres or something?

Mr Scott—Yes, something like that. And also some research material. There have been some newspaper articles. There is no formal agreement in place with any of these parties, and we believe there is no legitimate claim and we have received no formal approach from them at all.

Senator CONROY—So, your position is that it was never part of your original agreement for a secondary tour, or a second tour?

Mr Scott—We have no formal agreement in place with the people who have been referenced in the two newspaper articles that have appeared. So we will wait and, if that changes, we are happy to provide you with further details.

Senator CONROY—Why did you need to have advertising on this site, which had nothing to do with the *Countdown* tour itself, other than the fact that—

Mr Scott—It was promoting the *Countdown* tour and promoting the albums and promoting the sales and putting up a lot of quite rich archival material. It is quite a media-rich site. It is

quite an expensive site to produce, and we recovered our costs for doing that through the placement of advertising on that site.

Senator CONROY—As opposed to recovering the costs from ticket sales, CD sales and DVD sales, which it was promoting?

Mr Scott—Or from putting taxpayers money into the creation of that site to drive commercial activities. What we said earlier in answers to you on commercial activities was that we do not use taxpayers' money to drive commercial activities. That is a key precept of how we operate in the commercial division. This was a commercial activity and it was funded by commercial activity even though the final consequence of it was that it brought a return, or a profit, back to the ABC.

Senator CONROY—What sort of advertising did you accept on the site?

Mr Scott—I do not have the details of that and I do not have the site up in front of me. We can check on that and let you know who advertised on the site and give you the details.

Senator CONROY—Were there any constraints on who advertised on the site or did you just take anybody's money?

Mr Scott—I will have to check on that. I believe that another media company that sells online advertising sold that advertising on behalf of the ABC. It is not something that we do. I will have to check on the details of that.

Senator CONROY—Your argument is that you could not have done it without the advertising?

Mr Scott—I think our view was that to make the investment to build that site, to digitalise and put up that archival material, to make it that rich viewer experience, which fundamentally was designed, yes, for some audience enjoyment but to drive and build the *Countdown* brand around the commercial activities around the *Countdown* brand, we felt it was better to fund that site through advertising than it was to use taxpayers' money to that effect. If we had used taxpayers' money to that effect—

Senator CONROY—I am trying to understand your argument. If it was better to use taxpayers' moneys to fund a *Countdown* website, why is not as useful to use commercial money to fund production of a show or to get sponsorship for the shows on the TV? I am trying to understand the difference between why you think it is okay—

Mr Scott—Absolutely, yes. I will explain.

Senator CONROY—to support advertising on a website you own and have created and not on your main website, or not on any other products you produce, seeing as you are categorising it in that way.

Mr Scott—Because in a sense what we are doing—

Senator CONROY—Because you could make that argument—'We are not using taxpayers' money; we are driving it with private dollars' for almost anything you do.

Mr Scott—We receive in excess of \$800 million from government to be a public broadcaster and we create programs to broadcast on radio and television and online as part of our charter of a public broadcaster. The reason we have invested now in the *Countdown* brand

was that we believed that commercial opportunities existed on the back of the concert tour and other materials related to that that go to the *Countdown* brand. That is what was the driver of the activity. The driver of the activity was the commercial activity and what we have said is that we are not investing the money given to us by government to drive our commercial activities; our commercial activities need to be self-funding. So, if we were not going to use taxpayers' money to build the *Countdown* site and we were not going to have advertising money to build the *Countdown* site, there would not have been a *Countdown* site. We took the view that it was beneficial to have the site and that we would receive the return from it, not just in terms of advertising but in terms of the success of the concert tour, the success of the DVDs and the success of the CDs.

Senator CONROY—My concern is that a website is just a different distribution platform from, say, the ABC Shop—buy it from the ABC Shop, buy it from the website: no difference. That then leads me into the conclusion that your argument that you could have advertising on your commercial website means you could start putting ads up in the ABC Shop for somebody else. It is just a distribution platform. You could call it a physical shop versus a website.

Mr Scott—No. If you follow that logic through, not all the material we sell in ABC shops is ABC produced content.

Senator CONROY—No, but I am talking about—

Mr Scott—You will see promotional posters in ABC shops for content that is being sold in ABC shops that have been done by other publishers, or CDs or DVDs.

Senator CONROY—Not everything from what you have described, that is every ad that is appearing on the *Countdown* website, is related to the products on the website.

Mr Scott—Yes, I believe that is right but I would have to—

Senator CONROY—If you wanted to draw a line, we can easily describe—

Mr Scott—Yes, I understand what you are saying. Yes.

Senator CONROY—That is the difference. Virgin Mobile, for instance, may advertise on your website—

Mr Scott—Yes, that is right.

Senator CONROY—whereas I am sure Virgin Mobile does not advertise in your ABC Shop?

Mr Scott—That is correct, yes.

Senator CONROY—Given the modern world and the way it is going, which we agreed on earlier, there is no logical argument for you not to have a Virgin Mobile ad in the ABC—

Mr Scott—I will just take it back to our proposition. We had to decide whether we would put taxpayers' money into building a *Countdown* website. I suspect that if we had spent taxpayers' money in building a *Countdown* website the argument would have been about why had we put taxpayers' money into building that site when in fact it was promoting a concert tour and promoting CDs and DVDs and commercial activities and that we were partners with these promoters. So, given the choice of either putting taxpayers' money into it, not having it,

or having advertising behind it—and that may have been advertising with Virgin Mobile—we thought the benefit was there to take advertising. If you open up any of our magazines—

Senator CONROY—That could apply to a new ABC Shop: in the early days it is not going to make money and if you just throw in a few Virgin Mobile posters and ads in your shop that is a viable way to build the business case or the business model for you new ABC Shop in Tuggeranong Valley.

Mr Scott—If you look at our commercial activities, and as I have said and as we have discussed, the ABC has taken advertising since the 1930s. There is nothing to limit Virgin Mobile taking out advertising in *limelight* magazine, *Life*, *Etcetera*, *Gardening Australia*, *delicious* or any of our range of magazines that we operate under licence to other media organisations that produce those magazines on our behalf. We take advertising from them. I came from the publishing industry, as you know. Magazines do not exist without advertising. Even ABC magazines would not exist without advertising. We take that advertising. We do not believe it compromises the integrity of those magazines and we produce them. Similarly, we will take some commercial advertising around this kind of site. The site would not exist otherwise. We do not want to support that site with taxpayers' money, and we believe there is some consistency.

Senator CONROY—I think you are being a little dramatic about it. I mean, you are clearly making a reasonable level of profit from the *Countdown* exercise. I would have to say that on the basis that you would not be doing a second tour if you were not. To suggest that the website could not have been built out of the profit stream that flowed, without the ads, I think is a little disingenuous. I think, unless website costs have blown out a lot, notwithstanding you may have to rebuild them after the cyber attack—

Mr Scott—Yes, I suppose I would say, though, at the outset that this decision was made at the outset of the *Countdown* activity. As you would know being a student of popular culture, there is risk that is involved around the mounting of tours like this, and promoters get into difficulties on tours like this. We entered into a commercial arrangement that minimised risk as far as we were concerned. We did not have financial risk involved with our arrangement with promoters.

Senator CONROY—That argument could work for an ABC Shop you are opening somewhere as well.

Mr Scott—Except I can tell you: we are not opening ABC shops that we do not have a business case with that says that we are expected to make money over time.

Senator CONROY—You could have a better business case if you agreed to have ads in there. I am trying to understand where you draw the line between this form of distribution platform, accepting ads, and your shops, which are a distribution platform. As I said, I think we have agreed that when you made that decision at the beginning it was a cautious decision, but ultimately it has proved to be cautious and you could have built the website site out of the profit stream and the licensing fee. It would exist. Your profit stream would have been slightly less, because some of the money would have gone to the promotion of the website, and—

Mr Scott—I understand that. I understand that view.

Senator CONROY—I am not being argumentative when I say that.

Mr Scott—Yes.

Senator CONROY—That same logic could apply to an ABC Shop. For the first three years while it is being established and building its market you could accept any sort of advertising—start selling chocolates on the counter. You could do any of those things to build up business. That is an idea; write that down!

Mr Scott—Sorry, go ahead.

Senator CONROY—Any of those arguments could apply to—

Mr Scott—Let me answer it this way—

Senator CONROY—No, because you have defined that as ABC Commercial; therefore all of a sudden taxpayers' dollars should not be used, but every product, which includes your ABC shops now, falls into that category, and that is what concerns me.

Mr Scott—Yes. I understand the argument you are making. The ABC shops and centres are designed to make money and to bring us a return. We have a model that we believe absolutely protects the integrity and the independence of the ABC brand in our operations of the ABC shops and centres, but we only open them if in fact we believe they will bring a return to us over time. If shops are not bringing a return to us over time, we close them, because loss-making shops would be a drain on the money that we need to be available to do other things that fulfil our public broadcasting charter.

We took a view around the *Countdown* site that that content was valuable. The site would not have been commercially successful unless it found an audience. However, to put taxpayers' money into it would not have been the right call. It would not have been our top priority. We have created, I must say, hundreds of websites that have not had advertising on them. However, there are probably other websites we would have built before we built the *Countdown* site. There was a commercial imperative to build the *Countdown* site and so our question was: taxpayers' money, advertising, no website.

Senator CONROY—After the *Jonestown* debacle commercial judgement is not something I would be boasting about from the board.

Mr Scott—This was not a decision of the board.

Senator CONROY—Pre you.

Mr Scott—I did not say that.

Senator CONROY—In relation to the *Countdown Spectacular* concerts, can you tell us what the commercial partnership arrangements are with the promoters?

Mr Scott—Can I get back to you on that? I do not have that detail.

Senator CONROY—Yes. The licensing work?

Mr Scott—Yes, I am happy to provide it.

Senator CONROY—Whatever arrangement you have and what your income streams are; I am just interested in them?

Mr Scott—Certainly. Yes, that is fine.

Senator IAN MACDONALD—Before I start, can I just be assured that none of you are going to leave us and become Labor Party candidates?

Senator CONROY—We have had that in the ABC.

Senator IAN MACDONALD—Have we?

Mr Scott—You had to be there, Senator. It was funny then, too. It was good.

Senator CONROY—Can you read that list out?

Senator IAN MACDONALD—Was there a list of those who are?

Mr Scott—I have a long list, Senator, that I can share with you later.

Senator CONROY—The score is nine to you, 10 to us.

Senator FIERRAVANTI-WELLS—It is your ALP. It would be interesting to see *Bananas in Pyjamas* trying to get around the building—

Senator CONROY—No. We have already preselected them.

Senator FIERRAVANTI-WELLS—Somebody says what next? Labor pre-selection for *Bananas in Pyjamas*?

Senator CONROY—No, it is done. The deal is done.

Senator FIERRAVANTI-WELLS—They are going to the Labor Party as well? You mean the Labor Party takes anyone?

Senator CONROY—*Bananas in Pyjamas* are running in a seat. I cannot tell you which one yet, but if I were the Prime Minister I would be worried.

Senator IAN MACDONALD—I apologise to the committee and the witnesses for repeating a question. Seriously, I am not someone, as you know, who gets too head-up about allegations of bias, but I have to say in recent weeks the ABC news is just over the top.

Senator CONROY—You are not serious? Did you listen to Chris Uhlmann yesterday? I will compare our transcripts.

Senator IAN MACDONALD—I listen to NewsRadio because, of all media, I find it perhaps the most balanced. But this morning they had, I think, four positive stories on Rudd, or Labor, including what seemed to be 10 minutes—I am sure it was not that long—of Wayne Swan just chatting on giving his views on the world.

Senator FIERRAVANTI-WELLS—'Swanning' on.

Senator IAN MACDONALD—Yes, 'swanning' on. There was no suggestion that they were going to give someone equal time. This is all leading to a question. I know in an election period you carefully record how much the Labor Party is positively mentioned and negatively mentioned. Does that only apply during the election period?

Mr Scott—Yes. If you look at how it operates across the country for state elections and federal elections, you will see it is when an election is called. That is when we start doing it. We have detailed editorial policies, the most detailed editorial policies of any media outlet in the country. Those media policies go to areas of fairness, accuracy and balance. They say that if you are operating a news program, within the story itself or as soon as possible thereafter,

the principal relevant viewpoints need to be expressed. If you have concerns about that and concerns that we are not reaching those standards, then unlike almost any other broadcaster in the country we have detailed policies that we need to adhere to. We have a complaints mechanism that is detailed, transparent and comprehensive that deals with those matters. If there are concerns and specific instances that you, any senator or any member of the public feel they need to raise, we have detailed and comprehensive mechanisms and a policy that safeguards as a test. So it is not just anecdotal and apocryphal, we have standards that are there in black and white and we have a review and judgement process that should come to bear, be it election time or not.

Senator IAN MACDONALD—As I said, I do not usually get involved in those things, but I have just been finding, particularly in the last few weeks, there seems to me, as almost a disinterested observer, that—

Senator CONROY—A disinterested observer?

Senator IAN MACDONALD—On these sorts of issues. I do not usually have the same interest in these sorts of things as some of my colleagues, and good luck to them. Today was a concern. I am not going to write in and complain but, if people do complain, what happens?

Mr Scott—Mr Green is responsible for the audience and consumer affairs area and he can talk to you about the process.

Mr Green—We have a group of people who independently assess the complaint. Before this was put in place, complaints used to go directly to the program areas. So the executive producer of a program would reply. We found that not to be a good process in terms of independently assessing them. It was not that they were not adequately responding to them, but in order that the complaints can be independently assessed they go to audience and consumer affairs. We aim to be back to the person who has complained within 28 days of the person writing to us.

Senator IAN MACDONALD—That is very good, but does anyone say anything to the producer or the presenter such as: ‘Sorry, but we think you—

Mr Scott—If a complaint is upheld, absolutely. So the process takes place. There is an independent review that is done, but then the area that is involved is engaged with that and it is discussed with them. If a complaint is upheld then the person responsible is spoken to. If it is an egregious error there will be action taken with that person. There are processes that are followed on that.

Senator IAN MACDONALD—Do you sack them, do you fine them or smack their wrists? What happens if they say, ‘Yes, I hear what you say, but I disagree with you and I am going to keep doing what I’m doing. I do not give a damn.’?

Mr Scott—Continued breaches of editorial policies are disciplinary matters for the organisation and sanctions have been taken over the years for broadcasters who have not been able to continue to adhere to editorial policies. Part of that can be being taken off air from live broadcasting. There have been examples of that. People who have been unable to be disciplined in their execution of editorial policies in front of a live microphone no longer do that. We appreciate that there are responsibilities that come to bear with broadcasting and special responsibilities that come to bear on us as the ABC and that is why we have those

guidelines. So it will depend on the specifics what happens. We do take it seriously. I receive a report every month which refers to complaints that have been upheld, major issues that have emerged and the actions that have been taken as a consequence of that. We do take that seriously.

Senator FIERRAVANTI-WELLS—I must say at this point, Mr Scott, that is all very well and I am really glad to hear you say it, and have somebody from the ABC say it for the umpteenth time, but the problem is that you have repetitive breaches of the same instances. I also read those monthly reports and I think Mr Green gave evidence, I think, two estimates ago, that you receive 40,000 complaints a year. Now, 40,000 covers a whole range of complaints.

Mr Scott—It does, yes.

Senator FIERRAVANTI-WELLS—But it would be interesting to see if your figure of 40,000 has increased to 45,000 or whatever. I hear what you say, Mr Scott, but the reason why we continue to have these situations at estimates is that those complaints are still there. It is the same people making the same mistakes over and over again. We can sit here and have a debate about it. Senator Macdonald and you have just opened what has been an ongoing sore.

Mr Scott—I will say a couple of things in response to that. We have a significant number of audience complaints and a range of issues that come into us. Many will be on a range of transmission issues, loss of signal et cetera. Some will be pointing out inaccuracy, and most of the complaints that are upheld are around factual accuracy and we deal with that. Then there will be other complaints in terms of bias or impartiality and the like. They are taken seriously and, when they are upheld, there are consequences that flow from that, and there is a review process if people are unhappy with that report. Then two external review processes, the ICRP and ACMA, come to bear on it. So it is a very detailed and painstaking process.

I disagree with Senator Fierravanti-Wells on a couple of matters. I believe that when we have had repeated complaints upheld around the inability of individual broadcasters to adhere to the editorial policies, we have taken action there, as is appropriate. I would also say, though, as I was saying earlier, with 15,000 hours of unrepeated news broadcasts and 64 live microphones every morning you will find breaches. As I have said previously here, my background is in newspapers. In newspapers at times you can have seven or eight people who have checked stories before they have made the paper and still you find errors the next day. The *New York Times*, which prides itself on its reputation, runs more corrections than any other newspaper in the world. So if we have live microphones, mistakes will be made. There will be breaches. I suppose I would be concerned if the senator felt that the fact that we have complaints upheld somehow indicates failure. The fact that we have complaints upheld indicates we have standards and we are serious about adhering to them.

Senator IAN MACDONALD—I accept it is difficult and human beings have their own slant on things. You would never give me a job as a news presenter because you would know that no matter how fair I tried to be on a particular issue—

Senator CONROY—Because you are hopeless. You fail to meet the talent test.

Senator IAN MACDONALD—I would give that slant to it. When you have high profile news presenters like Maxine McKew, who clearly has had a political slant for a long period of time—

Senator CONROY—That is a slur.

Senator FIERRAVANTI-WELLS—ABC have upheld complaints about Ms McKew.

Senator IAN MACDONALD—It is a matter of fact. I am just saying you would not give me a job, rightly, because it does not matter how fair I tried to be I would look at things and give it that slant. High profile announcers like Maxine McKew, and one or two others who I will not name—

Senator CONROY—Gary Hardgrave.

Senator IAN MACDONALD—I was not aware that he was currently commenting on political issues.

Senator CONROY—*7.30 Report*.

Senator IAN MACDONALD—I have not seen him on *7.30 Report* for years. My question relates not to the ABC announcer in Mount Isa who might have a view but to your high profile national people who are dealing with the federal political scene all the time. Are they disciplined?

Mr Scott—It is the same policy that applies to all of them. There is one set of editorial policies that applies to an announcer in Mount Isa and a broadcaster of a high profile national program. What we expect them to do is to exercise their professionalism around the editorial policies. You talked about us not employing you. As I said earlier, our top rating ABC radio announcer in the country, Eion Cameron, who does the breakfast program in Perth, is a former member of this parliament. However, when Mr Cameron became a radio announcer for the ABC, his background was not important, his professionalism was important, as was his professionalism in adhering to the editorial policies. The same applies to all our people, irrespective of their background. I do not want to go into the details of Ms McKew, but Ms McKew, on air for the ABC, was expected to adhere to the same editorial policies as everyone else and that she did as a broadcaster for us, and she exercised her professionalism.

Senator FIERRAVANTI-WELLS—What about the interview that she did when she got Pru Goward on—and here she is, contemplating running for Bennelong? She went into that story and actually gave a political commentary in relation to the state seat that she was about to stand for federally? Come on, Mr Scott. I wrote to you about that and that was a serious issue.

Mr Scott—You did and, as I recall, I do not think it was an interview.

Senator FIERRAVANTI-WELLS—It is a serious issue. I will give you the transcript again.

Mr Scott—I do not think that it was an interview with Ms Goward. Was it an interview with Ms Goward or was it an interview about Ms Goward?

Senator FIERRAVANTI-WELLS—It was an interview about Ms Goward.

Mr Scott—So it was not an interview with Ms Goward?

Senator FIERRAVANTI-WELLS—It was an interview about Ms Goward and she entered into the political fray. There are umpteen of those interviews where Ms McKew did that.

Mr Scott—The issue on that, as I recall it, and I can go back into it, was her reference to Ms Goward's Christian name in breach of the ABC style guide.

Senator FIERRAVANTI-WELLS—No. It went to the very issue about preselection in that seat.

Senator CONROY—Which you lost!

Senator FIERRAVANTI-WELLS—We actually won that one, Senator Conroy, but that is not the point. Mr Scott, you know the point I am making. We can sit here for hours and debate this.

Mr Scott—I will have to refresh my memory on that.

Senator FIERRAVANTI-WELLS—The reality is that we can put umpteen examples to you about where your reporters have entered the political fray not as reporters but as commentators. We can produce a mountain of paper to you all over again and I bet that next time you will come back and give us the same story.

Mr Scott—In answer to Senator Macdonald's question, what happens when there is a breach of editorial policy? You have asked: do we take that seriously, and I have said yes. You have asked whether the same standards apply to a Mount Isa announcer as they do to a high profile announcer, and I would say yes. Irrespective of private views that might be held, our expectation is around their professionalism as journalists to act and adhere to the editorial policies and, if they fail to do so, there are consequences of that.

Senator IAN MACDONALD—I appreciate that is your expectation; I do not criticise you. I believe that the management or the ABC tries, through its codes of conduct et cetera, to do that. My question really related to what happens if they do not comply, and I think you have answered that. Can you give me an idea of what sorts of penalties might apply? You said someone is taken off the air if they are serial offenders.

Mr Scott—Yes.

Senator IAN MACDONALD—What other sorts of penalties are there?

Mr Scott—It can go from a discussion and a warning through to a formal warning and through to repeated offences where someone would be taken off air or could possibly lose their job. There is a full range of disciplinary procedures that you would see, because a failure to adhere to the editorial policies is a serious matter.

Senator IAN MACDONALD—With someone that has a great number of complaints against them—

Mr Scott—The complaints are upheld. There will be complaints and complaints upheld.

Senator IAN MACDONALD—Yes, complaints upheld. If they become a serial offender, does the penalty go up with each conviction, so to speak?

Mr Scott—We need to be confident that those journalists can adhere to the editorial policies. That is the commitment that we have made. If they show a repeated inability to

adhere to those editorial policies—not just a case where sometimes some people say something and it is out of their mouth and they know immediately they said it, they should not have said it—and there will be other occasions where it seems to be more serious, it is not one-off, and there are consequences that emerge from that.

Senator IAN MACDONALD—Does the penalty increase with each conviction?

Mr Scott—It very much depends on the context and the circumstances. I would say to you serious breaches are taken seriously and repeated breaches are taken seriously.

Senator IAN MACDONALD—This is hypothetical, which I should not be putting, but in the event of someone offending to such an extent that it was a sackable offence, what would be the attitude of the ABC staff union, or whatever it is called?

Mr Scott—We would need to be able to demonstrate that we had followed a sound, fair process around that as an employer. I need to make it very clear that, when we launched these editorial policies in October last year in a briefing for all staff, then providing training for all staff, we said that these editorial policies are mandatory. They apply to everyone. As long as we are providing a fair process, a good and transparent process around this, then I am not too concerned what the reaction of the union would be. The reaction of most staff is that they understand that we need to have high standards of journalism. That is what the editorial policies are. They are standards of quality journalism and good journalists know that and good journalists want to adhere to that.

Senator IAN MACDONALD—Let me make it clear: you have some excellent journalists. I can name one or two, but I will not embarrass them by doing it. There are what seem to be serial offenders. Finally, I would not complain because I do not listen to the radio 24 hours a day, and I am sure that the answer would be, if I have complained about Mr Swan today for what seemed to be 10 minutes, that it was probably only two minutes. But is there professionalism or a code of conduct that would say: ‘You have given him a free kick to commentate on his view of politics today; tomorrow we might put Peter Costello on?’

Mr Scott—You often hear that. If you listen to, say, Radio National you will have someone from one side on one morning and the next morning someone else comes through. It is in the guidelines that the principal relevant viewpoints need to be aired. So, yes, our producers of our programs and our announcers are aware of that. The other thing that we have added in is the establishment of this position of the Director of Editorial Policies, who will provide audits of our adherence. Audits around programs, audits of how we are treating subjects, because we know our editorial reputation is as important to us as a reputation for financial probity is to any organisation. So we will be auditing and reviewing over time.

Senator IAN MACDONALD—I accept that. Finally, there are complaints about government supposedly spending millions on political advertising and yet other people say to me, ‘Well, the ABC is giving the Labor Party three times as many billion dollars of free advertising as might be paid for by a government.’ That is the concern that constituents raise with me. Thank you.

Senator FIERRAVANTI-WELLS—I have a classic case in point to Senator Macdonald. I have a letter which the ABC sent me on 5 July 2006. It deals with Adam Spencer, 702, Sydney breakfast show. David Campbell, MLA, Minister for Small Business and Regional

Development gets on there to talk about blaming the federal government for high petrol prices. I rang into the radio station and you have dealt with it completely. You have admitted that the proper procedures were not followed. The 702 ABC breakfast program is supposed to be one of your main breakfast programs around the countryside. I hear what you say, Mr Scott, but on the ground these things are not happening. You do not let something like that go to air without contacting Mr Costello's office or Mr Macfarlane's office. Your program did not do that. It needs what, me to ring up and say you have got to do it? That is not appropriate.

Mr Scott—I do not have a copy of the correspondence in front of me. But if we have identified that there was a breach of processes around that it will have been raised with the production team involved in that program.

Senator FIERRAVANTI-WELLS—It is not the first. That is the point.

Mr Scott—I suppose what I—

Senator FIERRAVANTI-WELLS—The important thing about your putting guidelines in place is that there are some benchmarks. There are some benchmarks that need to be met. It is all very well. We have had a past history of complaints. There are complaints; we both agree. Are you going to put into place some sort of benchmarks where you can measure whether—

Senator CONROY—You are a serial offender, that is true.

Senator FIERRAVANTI-WELLS—all this work that you tell us that you are doing will actually produce some results, will actually minimise the complaints and will actually reduce the number of complaints that are happening? That is the object of the exercise.

Mr Scott—No. The object of the exercise is to improve the editorial performance of the ABC over time.

Senator FIERRAVANTI-WELLS—Improve the performance and therefore make it less likely that people will complain.

Mr Scott—No, not necessarily, because, again to draw on my background in newspapers, I would say that the *New York Times* takes its accuracy very seriously but it runs a lot of corrections and gets a lot of complaints. There will be many other newspapers that do not run as many corrections and not as many people approach them because they know that those other newspapers do not take accuracy seriously. I think we get a lot of complaints in part because we take accuracy seriously, and the more seriously we take accuracy and the more we go out there saying that we have high standards, the more complaints we might get. Our real test is: are we improving our performance over time, and that is partly why the director of editorial policy is there—to provide us with advice over time.

Senator FIERRAVANTI-WELLS—Can you address the sorts of benchmarks in an answer on notice?

Mr Scott—I can outline the work that Mr Chadwick is doing, yes.

Senator FIERRAVANTI-WELLS—That is good, thank you.

Senator KEMP—I just wanted to follow up on questioning from my colleague Senator Macdonald. There was a very famous case which I think Murray Green will be very familiar

with. There were complaints by Senator Alston in relation to matters of bias. There were 43 complaints, is that right? I think 16 were ultimately, after a somewhat tortuous road—

Mr Green—Originally 68.

Senator KEMP—Yes, there were 68 complaints. How many were finally upheld as a result of that?

Mr Green—It went through a number of iterations.

Senator KEMP—We are all aware of that.

Mr Green—It ended with ACMA finding four—

Senator KEMP—There were slightly more than that, from memory. Seeing these were serious breaches of the code, I wonder whether Mr Scott can tell us what happened to the journalists involved.

Mr Scott—I would have to take that on notice. That was some years ago and well and truly predates me at the ABC.

Senator KEMP—Mr Green might know because he was very much involved with all of that.

Mr Green—The presenter of the program at the time is no longer working with us. The other two matters that were raised I would have to get back to you on.

Senator KEMP—I think it is interesting—just to follow up Senator Macdonald's questioning—because these were specific cases in which there was a huge amount of public controversy. The debate went on and on at Senate estimates. I will not detain Senate estimates over that, but it would be interesting to see just what action management or the relevant people took in relation to those matters.

Mr Scott—I think there is another test on it. This is my third appearance now before Senate estimates. When I first arrived last year the war in the Middle East was taking place and we had some spirited discussion around some specifics in our coverage of that war. Generally, the comments I received from senators here and key interest groups that I consulted with was that the ABC had covered that very difficult exercise very well, that our reporter in the Middle East who was anchoring our coverage, who was new there, had done a terrific job and, even though there may have been some issues around specific stories that were raised and discussed, generally we did well. I think in part that is how we monitor it and perform. We continue to monitor our performance over time.

Senator KEMP—Sure. I think that was a very nice speech.

Mr Scott—Thank you; I appreciate it.

Senator KEMP—Let us get back to the specifics. There were issues of serious bias found against a number of journalists. What I am interested to find out, just to follow through with what Senator Macdonald was asking, was what specific action was taken. Or did you just call people in and say, 'Bad journalist; don't do that'? I will just put that one on notice.

Senator WORTLEY—We have just had a lot of conversation about the journalists and there was some reference, I think, to ethics and so on. How important is journalist education and training for those at the ABC carrying out journalistic work?

Mr Scott—It is very important.

Senator WORTLEY—Is it not the case that non-journalist staff being employed as ABC program producers and presenters are being required to provide written news and feature stories to ABC online in addition to their regular duties?

Mr Scott—What do you mean by non-journalist staff?

Senator WORTLEY—People that have not been trained as journalists and have not had journalist training.

Mr Scott—What do you mean by journalist training? I do not have a journalism degree. Am I a journalist?

Senator WORTLEY—I am asking the questions; you are providing the answers.

Mr Scott—I would say it very much depends on what you mean by ‘journalist training’.

Senator WORTLEY—Perhaps the ABC would like to explain to us what the ABC considers to be journalist education and/or training?

Mr Scott—Yes. There would be a range of training. Of course, some people arrive with journalism degrees and others do not. Some people come through our traineeship and they get extensive training. Other people receive training that we provide in-house and others receive training on the job, in that they are reporting to someone who is supervising their work, who is providing them with feedback and helping them improve their skills over time. I think a fair definition of ‘journalist training’ would cover all those things.

Senator WORTLEY—What training is being provided for these program producers before they provide written material online?

Mr Scott—I would have to check on that specific, but I know that in our newsrooms training at all those levels is, in fact, provided. But if you have any specifics that you want to raise with me, I am happy to do so.

Senator WORTLEY—I would be happy to receive that information from you regarding the training that is being provided to these program producers who are required to provide online content.

Mr Scott—Just for our news site or other sites as well?

Senator WORTLEY—Specifically relating to news and features.

Mr Scott—Yes.

Senator WORTLEY—If they have not been provided with training, who is responsible should they make a significant error?

Mr Scott—In a sense, there is editing that is happening across that site. There are people who are responsible for the editing of those sites. They would be trained journalists—senior journalists—and so finally there is an accountability. It is a similar issue. We were talking about some people on air previously, but we do have executive producers of programs; we do have editors who are responsible for content, and that applies in the online area as well.

Senator WORTLEY—The other thing I would like to know, and you may have the answer to this now—if you do not perhaps you can find out—is this: when these people were

employed as program producers were they told at the time that they were going to be required to provide online content?

Mr Scott—I will come back to you on that. Can I say that my general experience around this is that very many of our staff who join us are very keen to produce content and are very keen to be able to expand their skills into the online media area. So there have been people who have moved into these areas over time because they have been very keen to develop their skills and develop their journalistic expertise in the online area.

Senator WORTLEY—I appreciate those comments. My concern is about adequate training of the staff members. Just a general question: how many journalists and production staff are currently employed on a full-time ongoing basis? How many are employed on fixed-term contracts and how many were employed as casuals against permanent positions?

Mr Scott—We will have to take that on notice.

Senator WORTLEY—Can you also provide the information state by state and include the territories in that?

Mr Scott—Okay.

Senator WORTLEY—We sought that information two years ago, I think it was, so an update on that. Also, could you provide a breakdown for each of the regional sites and include their point level?

Mr Scott—For the regional?

Senator WORTLEY—The regional sites.

CHAIR—The point level?

Senator WORTLEY—The point level, yes, the band point level.

Mr Scott—Right.

Senator WORTLEY—I think Mr Pendleton understands what I am referring to there. The next question again relates to the regions: how many city based ABC staff, either permanent or casual, are being paid fully or in part from funds made available under the regional production initiative?

Mr Scott—We will check that out and come back to you.

Senator WORTLEY—Yes, because my understanding was that that was supposed to be for the regions and—

Mr Pendleton—How many of the regional staff?

Senator WORTLEY—You will find it in *Hansard* anyway. But how many city based ABC staff, either permanent or casual, are being paid fully or in part from funds that were dedicated from the regional production initiative? You would not know?

Mr Pendleton—I would not know it now and it changes all the time.

Senator WORTLEY—Just while you are getting those figures, I think in the annual report 70 people were put down as being rural reporters.

Mr Pendleton—Yes.

Senator WORTLEY—If that is correct, or if—

Mr Scott—We will be able to check the details on that for you.

Senator WORTLEY—Yes. Would you be able to find out how many of the people employed in those 70 positions are permanent and how many are employed on a casual or short-term contract basis?

Senator WEBBER—I am on a completely different issue and doing my best to be parochial. My questions are about the Sunday morning state-wide weather forecasts in Western Australia on the radio. No issue is too big or too small for members of this committee.

Mr Scott—No, that is fine.

Senator WEBBER—Absolutely. I have been contacted by a number of constituents because they are concerned about the recent decision to cut the amount of time. It has gone from six minutes twice during a morning broadcast to a two-minute one. So they are not getting the detailed regional information that they used to get. You may need to take these on notice as to when the decision was made.

Mr Scott—Yes. We can come back to you on that.

Senator WEBBER—I have actually written to Mr Sunderland, who has written back to me, and told me that he made the decision because it was necessary to review the workloads of the journalists who provided the weather report. I am a little bit puzzled about how their workloads would be—

Mr Scott—I suppose it will be a factor in what other things they are doing in their allocated shift. But we will take this on board and come back to you on that.

Senator WEBBER—That would be good. Particularly for people in regional WA, last time I was involved in these estimates we had a bit of a fight about the ABC morning program and it going regional versus local and that problem has been well and truly rectified. Thank you very much for that. So there is some concern about eastern seaboard management making that—

Mr Scott—We will take it on board and come back to you.

Senator WEBBER—I will put a series of questions on notice about that.

Mr Scott—We appreciate that.

Senator CONROY—Are you aware of whether there were overspends in any of the ABC divisions in the 2006-07 period?

Mr Pendleton—We are still in 2006-07.

Senator CONROY—Yes, I appreciate that—any likely overspend.

Mr Pendleton—Only in a very minor sense. I think most of them are forecast to come in under budget.

Senator CONROY—How are the Production Resources and Technology and Distribution divisions going?

Mr Pendleton—In the budget?

Senator CONROY—Yes.

Mr Pendleton—The Technology and Distribution Division is forecasting a favourable variance, coming in under budget. Production Resources, I think, is one division that has a very minor overspend forecast at this stage, but it is on a budget of some \$80 million. I think it is about \$200,000.

Senator CONROY—What about the last financial year? Any overspends?

Mr Pendleton—It would have run in over budget probably. From memory—I will have to take it on notice—it was less than \$1 million, but that is based on activity levels that are driven out of TV, so it is really a cost recovery division. It is not a budget overrun and its source of funds is actually identified within the News and Current Affairs Division. So, on a whole-of-ABC basis, it actually all came in under budget.

Senator CONROY—Nearly \$1 million? That is a lot for any division in the ABC. I know you are not a small organisation but you are not—

Mr Pendleton—Production Resources is a division that does not have a budget per se. The funding sits with the television and newscaff divisions and it charges those divisions for the labour and resources that it actually provides for television and newscaff production. If activity levels change materially on an annual basis—if, for example, there is additional television production occurring within a year, extra co-productions are undertaken—that division would recover more funding or less funding, as the case may be. So that is what would drive its behaviour. But so long as there is a source of funds identified to fund that activity, then even though it shows an unfavourable variance, it is actually a reconciled budget position. So last year I think, in the wash-up, they were pretty much reconciled and this year it will come in right on budget.

Senator CONROY—We have to be careful about the next topic and I appreciate that it has been an issue we have to tread around carefully. At previous Senate estimates you reported that you cannot report on this matter because it is before the courts. So I wanted to see if you were able to report on any of these matters yet. This is to do with the alleged fraud. Where is that court case?

Mr Scott—Still before the courts.

Senator CONROY—I did have one question. The alleged fraud was around \$700,000 but the charges that have been laid are only for the sum of \$540,000.

Mr Pendleton—The two gentleman—the one staff member, Mr Williams, and Mr Bell—entered pleas of guilty in the court when they appeared recently. That was to six counts, six matters, that they pleaded guilty to. Five of them were in relation to specific fraud and one of them was in relation to conspiracy to defraud, which was the material amount of the fraud of some \$540,000.

Senator CONROY—So they have pleaded guilty to that now?

Mr Pendleton—To conspiracy, yes. They have pleaded guilty to conspiracy and on the other matters they have pleaded guilty to—

Senator CONROY—The specific, okay. So guilty to the conspiracy; that covered the \$540,000.

Mr Pendleton—The large invoicing transaction. I have the specifics if you want me to read it out.

Senator CONROY—Please do.

Mr Pendleton—I quote:

Mr William and Mr Bell entered pleas of guilty in the following indictment: (1) between about 18 November 2002 and about 5 October 2004 at Sydney, New South Wales and elsewhere, did conspire with each other with the intention of dishonestly obtaining a gain from the Australian Broadcasting Corporation, a Commonwealth entity.

So that is the conspiracy one.

Senator CONROY—What positions did these two gentlemen hold?

Mr Pendleton—Mr Bell was not an employee of the ABC. He was with the company that the transactions were being invoiced from. Mr Williams' actual title was production manager within news and current affairs.

Senator CONROY—What is the position above the production manager? You do not have to give a name. Who would be his boss in terms of position? You do not have to name an individual.

Mr Scott—We have internal processes that are underway on the back of this, but they have been pending the resolution.

Senator CONROY—I am just interested in how it was possible for \$700,000 to go out the door, so to speak. Ultimately someone worked it out, but it is a lot of money for an organisation like the ABC.

Mr Pendleton—Yes, it is.

Senator CONROY—I just want to talk about the procedures that were in place and, more importantly, talk about what procedures you have in place to ensure something like this cannot happen again.

Mr Scott—I really only want to talk about it in the most general of terms.

Senator CONROY—That is why I am only asking general questions.

Mr Scott—Perhaps at the next hearing, when we expect these matters to have been resolved, we will be able to come back in more detail or even respond on notice once these court proceedings have been resolved. But suffice to say our internal audit function has provided extensive follow-up reviews in these matters. We have processes that are in place and there is an awareness of these issues.

Senator CONROY—I look forward to a lengthy discussion about this at the next estimates, hopefully after sentencing. I presume that is what we are waiting on now?

Mr Scott—Yes, that is correct.

Mr Pendleton—And the internal process. There is still an internal—

Senator CONROY—The internal processes you did not have.

Mr Pendleton—No, the internal investigation in relation to other staff members surrounding this matter. There are a range of issues still going on.

Senator CONROY—Obviously I am going to want to chat about how it happened.

Mr Pendleton—Yes.

Senator CONROY—In answer to question on notice 33, in October 2005, the ABC reported that the cost per hour of producing drama had increased from \$230,000 to \$530,000 over the previous six years. This is going back a long time, so you may not have it right in front of you.

Mr Scott—No, we do not have the answer to that question.

Senator CONROY—Can you tell me what has been the increase in the cost of producing drama between 1995 or 1996 and now?

Mr Scott—I will certainly have to take that on notice. The only thing I would say, speaking generally, is that the model of producing drama that we are involved in now is what we are describing as a leveraging model. As you would be aware, the government has given us \$30 million for Australian drama production, and we anticipate that that will bring the best part of \$90 million to \$100 million worth of production to the screen. So, as far as the government money is concerned, we are leveraging that money more and so that is allowing us to bring more expensive productions to the screen and more drama to the screen. We are anticipating that in 2007-08 we will have three times the amount of Australian drama on the screen that we had in 2006-07. I can give you details of the nature of those productions if you want.

Senator CONROY—So you are only spending \$30 million on drama this year or are you spending—

Mr Scott—No.

Senator CONROY—That was a specific allocation?

Mr Scott—That was the specific allocation that we were talking about in the budget.

Senator CONROY—Is there other than money.

Mr Scott—Yes, there is more detail here.

Senator CONROY—As you know, in 2004 you dropped to \$5.4 million.

Mr Scott—This financial year we have commissioned \$60 million worth of drama, documentary and children's drama—23 hours of children's drama. That is a total of 107 hours of production.

Senator CONROY—Is that before you take into account the leveraging, or are you adding in the leveraging?

Mr Scott—No, they are the hours that we have commissioned. That is 37 hours more, or 50 per cent greater, than the hours commissioned in 2005-06. So there are significant increases in children's drama, drama and documentary drama. I can outline all that to you. But we are doing that. I think it is an important policy change. We are doing that with the independent production sector, and that allows us to create programs that we are providing cash and production resources for. An independent production firm is adding cash as well. We had money from the Film Finance Corporation and the state funding bodies. There is no doubt

that the film financing changes that came forward in the budget which allow tax deductibility for contributions to television production will help us as well.

Senator CONROY—I appreciate all of that. That is why I want to make sure I am clear about my questions—so that I can assist you to give an answer. I want to know what your spend is as opposed to a projected leverage or number of hours.

Mr Scott—We are contributing \$22 million to these productions this year—\$10 million from the fund and additional money on top of that.

Senator CONROY—Can I get details of the breakdown?

Mr Scott—I can get details of the breakdown.

Senator CONROY—Yes. In answer to question on notice 30 in October-November 2005 you reported spending per calendar year on drama in 2000 at \$22.7 million; in 2004 it was \$5.44 million. Can I get the figure of your dollar spends, as opposed to leveraged outcomes or hours, for 2005-06 and what your projected spend is for 2007-08?

Mr Scott—Yes. I do not have the details in that form.

Senator CONROY—I am happy for you to take that on notice.

Mr Scott—There is no doubt our spend is going up. You will see that on the screen. Part of the difference, I must say, when you dig into the drama numbers is that some of those numbers from five or six years ago are inflated by doing an ongoing series, for example, which will give you half an hour or an hour extra a week. That is not in our schedule at the moment. But we are doing a series of miniseries or dramas and we have numbers of them in production.

Senator CONROY—Bastard Boys 2?

Mr Scott—That is not on the schedule at this stage. There are numbers of others.

Senator CONROY—You may have to turn it into a weekly series!

Mr Scott—Numbers of others are in production at the moment: one in South Australia called *Rain Shadow*, one in northern New South Wales called *East of Everything*, as well as *Valentines Day*, *Bed of Roses* and *Librarians*—there are a range.

Senator CONROY—She is not that frightening. You can put up with it as a weekly series, surely.

Senator FIERRAVANTI-WELLS—Senator Conroy is angling for a starring role. I know he always wanted to be an important person.

Senator CONROY—Politics is theatre for ugly people. Thank you, Mr Scott, for that. I think you said, if I could just confirm this, that you have been contributing not only the new tied allocations—

Mr Scott—Yes.

Senator CONROY—but you have actually been contributing some base funding as well.

Mr Scott—Yes, that is true, for our television production.

Senator CONROY—When you give me those 2005, 2006, 2007 and 2008 projections, could you break them down with the base and the tied funding that you have just received?

Mr Scott—Yes, fine.

Senator CONROY—That would be great, thank you. In answer to question on notice 33, again in October 2005, the ABC reported that over the previous six years licence fees for non-ABC produced programs had increased. Can you tell me how much the licence fees have increased by since 1995-96? I am happy for you to take that on notice.

Mr Scott—Yes.

Senator CONROY—And can you tell me whether the ABC received any additional funding to offset the increase in licence fees during that time? Again in answer to question on notice 33 in October 2005—

Mr Scott—It was a good one, clearly!

Senator CONROY—Clearly that particular Senate estimates was a very good vintage. The ABC reported that the percentage of first-run programs had declined.

Mr Scott—Yes.

Senator CONROY—The ABC reported that in the same period it had also shifted from high-culture genres, drama and documentary to lower cost entertainment programs. Can you tell me how great the decline of first-run programs at the ABC has been since 1995-96? For example, what has happened to first-run drama in hours and what has happened to documentaries in hours? Also, was this reduction in drama and documentaries driven by, for instance, budgetary constraints or programming decisions? You can take that on notice.

Mr Scott—Yes.

Senator CONROY—In October 2005, again, the ABC reported that its ability to increase the level of unduplicated broadcast hours and initiate innovative content and localism had been constrained—that is, that it has to repeat more programs more often. Could you tell me why that is? Is that still the case and, if so, why?

Mr Scott—I can come back to you with that.

Senator CONROY—Can you tell me what statistical measures are available that demonstrate that constraint over the period 1995-96 to now?

Mr Scott—Yes. One thing I would say, speaking broadly, is that we are keen to run first-run drama. We have got a big commitment to that and an increased slate. The Australian drama and documentaries that we have been running, like *Curtin* and the documentary series we ran with Film Australia, have had very large audiences. In fact, some of the audiences we are receiving really, as far as household share is concerned, are at all-time high levels in these last couple of years. I do not want to be disparaging to the light entertainment genre. The light entertainment programs that we are running are providing very significant audiences in the capital cities and around the country and are the envy of free-to-air broadcasters everywhere.

Senator CONROY—I just wanted to take up an issue that you were discussing with Senators Macdonald and Fierravanti-Wells. You were talking about balance over time. I wanted to get a concept, much like Senator Macdonald and Senator Fierravanti-Wells, of your

perception of balance over time or a program. Is each minute equal? Let us say that two people are each on for 10 minutes. Is that time equal?

Mr Scott—No, it is not. Mr Green might want to talk to this further. He was involved in the process of the drafting and rewriting of the editorial policies. But nowhere in the editorial policies does it say that we need to be a stopwatch driven organisation. When we talk about principal relevant viewpoints, we are saying not that the clock is running on those things but that within a reasonable period the principal relevant viewpoints are being heard. In some circumstances someone might get a longer interview and someone has a shorter interview. As Senator Macdonald pointed out, during election campaigns we are really quite assiduous on focusing on time, but we think as a broadcaster it would be unworkable to have a stopwatch driven approach to it. We use the criterion of principal relevant viewpoints.

Senator CONROY—I appreciate that. You would not say that to get 10 minutes between eight o'clock and 8.10 was equivalent to getting 10 minutes between midnight and 10 past midnight?

Senator FIERRAVANTI-WELLS—It is like when the president of the ALP get interviewed on the *7.30 Report* and is allowed to run on and on for minutes and minutes, and when the Prime Minister goes on Kerry O'Brien will cut him off with, 'Oh, Prime Minister, let's just stop it there.' I raised this particular interview with the ABC. That is a classic example.

Senator CONROY—I presume it matters who is listening at the time. So if someone is interviewed and it is at, say, between 8.30 and nine o'clock—what you would call prime time.

Mr Scott—It depends on the genre of the program. In a news and current affairs program we seek to have those principal relevant viewpoints aired within the same program or as soon as possible thereafter. So as far as *AM* is concerned, they would need to ensure that they are providing that balance within the program. In other areas outside news and current affairs we seek that balance somewhere on the platform. So *Catalyst* might do a program that addresses an issue, but it might be on another program that appears on television, say *Difference of Opinion*, that the other viewpoints are heard. Not every specific program on television and radio needs to have balance within it; it can occur over time. But, as far as news and current affairs is concerned, it should be within the program itself.

Senator CONROY—Some of your programs go for many hours. Some start off with audiences of some significant size and tail off to be more modest. If someone is on at 8.30 prime time, with more people listening, and then somebody else is on at, say, 11 o'clock—still within the same program—would that fit the ABC's concept of balance? Half a million people listen at 8.30 and three people and my mum listen at 11 o'clock; is that balance?

Mr Green—If we are dealing with news, we make a distinction between impartiality in two ways. There is the concept of story impartiality that applies to news, so there needs to be impartiality, accuracy and balance in the way that story is covered. But a lot of news is a rolling phenomenon. Something will break and then somebody will react and then somebody will react to that.

Senator CONROY—Let us say somebody is invited on a show at 8.30, just after *AM* finishes. I am not complaining about the length of the interview or even the tenor of the

interview. I am just trying to understand whether or not an interview at 8.30 prime time equates to an interview on the same program at 11 o'clock when three people and their dog are listening?

Mr Green—If the story is a rolling story and there are different people who are players in the story reacting to it, one is not going to wait—

Senator CONROY—If it is commenting on the same story.

Mr Green—We are not going to wait for the next day.

Mr Scott—We are not holding 24 hours to get the response to the story. If you dig into those audience numbers, it is not half a million and then three men and a dog. Part of the challenge on radio is that you have a rolling audience; the audience is not static. We look at programs—

Senator CONROY—You are not suggesting that each minute being listened to by the same number of people each day and therefore the impact and the capacity to get a message out—

Mr Scott—No.

Senator CONROY—I am presuming that is not what you are saying?

Mr Scott—No.

CHAIR—We will need to move on soon.

Senator CONROY—I am almost finished.

CHAIR—Yes, I will let you finish that.

Mr Scott—I am not suggesting the same number of people are listening every time, nor are the same people listening at the same time every day. That is not what our research suggests.

Senator CONROY—On the same day that Senator Coonan gets an interview at 8.30 or a quarter to nine I get an interview at around 11 o'clock.

Mr Scott—At half past 10?

Senator CONROY—Half past 10 or 11 o'clock.

Mr Scott—That does meet our requirements under the editorial process.

Senator CONROY—Even though the audience numbers would be significantly down?

Mr Scott—And on another day you will be on at half past eight, Senator, I am sure.

Senator CONROY—That would be a first. I just wanted to know whether the audience size matters?

Mr Scott—We do not do it in terms of audience size.

Senator CONROY—You could put me on at midnight in response to Senator Coonan and 'balance' would get a tick?

Mr Scott—No, because it is within the program. Particularly around news events, that is how we have tried to do it. So with *AM*, that half hour is the window it operates on.

Senator CONROY—This was after—

Mr Scott—For instance, with Jon Faine's *Morning* program in Melbourne—it is not the senator on at 8.30 in the morning and you on with Tony Delroy at 1 am; that is not how it operates in the news context.

Senator CONROY—I could have phoned in to do the quiz, you never know.

Mr Scott—I am sure you would do well on *20 Questions*.

Senator CONROY—I never do. I have never made it past about three, even chatting to myself.

Senator RONALDSON—You have had enough time.

Mr Green—Senator?

CHAIR—Jump in.

Mr Green—The second part of our impartiality—

Senator RONALDSON—Now come on—

Senator CONROY—Mr Green is offering an answer.

Senator RONALDSON—Mr Green, come on; I have time pressures here.

Mr Green—I am in your hands, Senator.

Senator CONROY—Chair, you have to rule. Mr Green is trying to add to an answer. I did not invite it; he is just trying to add to an answer.

CHAIR—Senator Ronaldson has been waiting for a while and he has an important engagement.

Senator CONROY—He has a dinner date.

CHAIR—He has an important engagement, so we might let him ask his questions.

Senator CONROY—State of Origin night!

Senator RONALDSON—I wish. If it is very quick, Mr Green, I am happy for you to finish that off.

Mr Green—For the sake of the record, I just wanted to say that the second area where we look impartiality is impartiality by platform. That is determined over a far greater period than the judgements made about news.

CHAIR—Thank you, Mr Green.

Senator RONALDSON—Very quickly, Mr Green, we had some discussions about the women's golf that was on earlier this year. Is it right that you have landed another tournament later in the year? Is that correct?

Mr Green—I think that is right. We are doing another one. We are covering the Federation Cup tennis and the netball test as well. I will check on the golf.

Senator RONALDSON—As you know, I was very pleased. Senator Lundy is not here, but she and I were actively involved in the women in sport report, and Senator Fierravanti-Wells was involved in the parliamentary netball. This is a very positive step forward and I am very pleased that you are taking the lead with women in sport.

Mr Green—Thank you. The other thing that we said we would do is start a women's sport broadcaster internship. We advertised for that in April. We are providing a one-year training contract. The successful applicant will get trained in the coverage of sport at the highest levels. We have received over 100 applications for that internship and we will forward you details when that position is filled.

Senator RONALDSON—That is terrific. I am glad someone is taking the leadership with this. I would like to go back to your response to question on notice 159. Do you have that with you?

Mr Scott—Yes, I have.

Senator RONALDSON—I noted in that, that the Press Council's principle No. 2 states:

A publication should make amends for publishing information that is found to be harmfully inaccurate by printing, promptly and with appropriate prominence, such retraction, correction, explanation or apology as will neutralise the damage so far as possible.

In relation to the form an apology or correction takes under a Press Council adjudication, principle 9 of the Press Council's principles for consideration of complaints states:

Where the Council issues an adjudication ... the publication concerned must prominently print the adjudication.

Section 4.3 of the ABC's recently produced editorial policy in relation to the correction of errors states:

The ABC seeks to avoid errors. However, the ABC will not hesitate to admit and correct a significant error when it is established that one has been made. When a correction is necessary, it will be made in an appropriate manner as soon as reasonably practicable.

Do you acknowledge that the Press Council's requirement to prominently print any retraction is a stronger standard than your 'in an appropriate manner as soon as reasonably practicable'?

Mr Scott—No, I would not say that it is a higher standard. I would say that it is a standard that applies to different media outlets than the media outlets we are involved in. It applies to newspapers and magazines. We cover broadcasting, and our corrections policy is more rigorous than that of any other broadcasting outlet in the country. We take our accuracy seriously. I have sat in on Press Council meetings. The Press Council is designed to provide remedy to different media outlets.

Senator RONALDSON—What is your test of appropriateness in the context of 'an appropriate manner' in relation to how a correction is made? Do you believe that the proportion of the original audience for the material that requires correction is a relevant consideration to 'an appropriate manner'?

Mr Scott—We take a number of factors into account.

Senator RONALDSON—Is that one of them? Is the answer yes?

Mr Scott—We take a number of factors into account. We set the record straight where that audience will be accessing that material, and that is of course where we use our online outlet.

Senator RONALDSON—I do not want to interrupt, but is the answer to that: yes, it is a relevant consideration?

Mr Scott—I would have thought that it probably should be a relevant consideration, and it will depend on the error.

Senator RONALDSON—I do not want you to qualify. Is it a relevant consideration or not?

Mr Scott—I would think that it is a consideration.

Senator RONALDSON—It is a relevant consideration?

Mr Scott—Yes.

Senator RONALDSON—Thank you. In instances where the ABC has admitted and acknowledged errors, particularly in relation to the Middle East, can you estimate the proportion of the audience viewing or listening to the original material who viewed or were made aware of any correction as a result of the ABC's efforts to address issues that had been raised where the decision had been made that it was inappropriate and was not within the editorial guidelines?

Mr Scott—Can I estimate?

Senator RONALDSON—Yes. In those instances where you have been required to apologise or explain a situation—

Mr Scott—Correct the record?

Senator RONALDSON—Yes, correct the record.

Mr Scott—What we do is we correct the record, and so we go to the place where the record is in evidence. The place the record is in evidence is online. If there are errors in a transcript, we correct transcripts. If there are errors that have appeared in our reporting that we believe—

Senator RONALDSON—Why online?

Mr Scott—That is where the people are viewing that material now.

Senator RONALDSON—That is a judgement that you are making. Have you done any work to ascertain the proportion of viewers who may have watched a particular show or listened to a particular show who may well have access to a retraction or a statement redefining the ABC's position or whatever it may be?

Mr Scott—Yes.

Senator RONALDSON—With the greatest respect, you cannot honestly say that the editorial guidelines are being met where you will address, for example, imbalance or bias by putting something online. I ask you, please, to take on notice doing some work to ascertain what proportion of viewers of shows where you have had to retract or where you have admitted bias, or whatever it may be, who may have accessed the online material, because they are two entirely different viewers.

Mr Scott—I understand that. I suppose what I am trying to suggest to you is that I believe there is a range of responses that the ABC has engaged in when we have had to deal with these kinds of circumstances. At times we have run on-air corrections and on-air clarifications. At times we have commissioned other programs. We have put new and different

programs to air. And at times we have corrected the record on our online site. A range of remedies has been available to us and we have utilised a full range of remedies, as we see it, appropriately.

Senator RONALDSON—With respect to the *Behind the News* program, which we have talked about before, I readily acknowledge that there has been some move forward in relation to these issues. I acknowledge that and I think finally we are probably seeing some cultural change as well, because quite frankly it does not matter what your editorial policies are; if those who are reading the news or interviewing or whatever it might be, are not part of a cultural change, then it is not going to work. At least they now have a definitive editorial policy to operate under. With respect to *Behind the News*, an apology was posted on the website?

Mr Scott—Yes.

Senator RONALDSON—There was an acknowledgement that the program failed to meet the ABC's editorial requirements of balance and impartiality, and I acknowledge that. But again my real concern—

Mr Scott—And another program was commissioned about the Middle East. That went to air and was checked and reviewed by our news division, and there was a change in the reporting lines of *Behind the News* to take it out of the television division and to put it in the news division, which more often deals with these kinds of complex issues.

Senator RONALDSON—Was that in response to this?

Mr Scott—There was a full range of responses in response to that: a correction online, a new program commissioned, and a change of reporting lines and structures within the organisation. I would have thought that was a very strong response to the problem we had there.

Senator RONALDSON—If the vehemency of those two were offended by this had not been as strong would the same approach have been made to address the clear imbalance?

Mr Scott—The issue with *Behind the News* was that some glaring factual inaccuracies in that program went to air. When we became aware of them, we were as concerned as anyone else. There was nothing to do with the vehemence of the response to it that came from some people. We were gravely concerned, and our questions were: who was checking this and how could these factual errors have gone to air? Our internal review led us to believe that our processes were not sound, and our internal review led us to make the changes that we made. That was all well documented and well covered last year, and that was an improvement, but I do not think it was in response to the vehemence. It was a response to the errors.

Senator RONALDSON—I apologise; I have not watched the show, but was there an opportunity in the next program for that to be addressed as part of the formal program? Could you have addressed it at that stage?

Mr Scott—I will have to check, because I think it was in October last year.

Senator RONALDSON—After the decision had been made, why wasn't the next available opportunity taken to have that acknowledgement as part of the main program, as opposed to posting something on the website?

Mr Scott—Let us go back and check it. I think it was.

Senator RONALDSON—If it was not, would it be appropriate to have done so?

Mr Scott—It may well have been. But we were dealing with schoolchildren. As you would be aware, the structure of *Behind the News* is to focus on a specific issue at a specific time. I think our feeling was that moving from one issue and then saying, ‘Meanwhile, we want to correct what we said about the Middle East last week’ was not the correct way to handle it when dealing with schoolchildren. The way of dealing with it with schoolchildren was to do that story again, find a new way of doing it, doing it right and setting the record straight. And very importantly in terms of *Behind the News* is the high traffic in the online site of *Behind the News*. Teachers use that material as resource material, so we absolutely had to go online and make that material right and correct it there, which is what we did.

Senator RONALDSON—Can you get back to us whether there was an actual program acknowledgement as opposed to an online one?

Mr Scott—Yes, we can do that. And I need to check on that.

Senator RONALDSON—I would like to go back again to the issue that Senator Conroy raised. Your response—probably not unreasonably in a political sense—was that over a period of time there might be a high-audience time slot where a view was made that it was not impartial and it was biased, and that might be addressed at a later stage. But they are not the same rules for non-political bodies or non-political discussions. I want to get a response from you—and you offered to give one before—as to what percentage of these acknowledgements are actually put in a context where the same viewing or listening audience that may have heard the original lack of impartiality, or lack of balance, would have been accessing the acknowledgement, however that was delivered?

Mr Scott—We can do that. We are trying to be quite upfront around the way that we correct. One of the ways that we are trying to do that is by being consistent in how we do it. Again, that is how newspapers do it. No matter where the error occurs, the correction appears on page 2 in many newspapers around the world, including the *New York Times*. We know that audiences change. You might say the numbers are the same, but the people who are watching a program might be quite different week in and week out. Our research tells us that. We are correcting the record where people are checking it, where we put the history of the program and where it continues to be, by putting it online. There are some real advantages in having that as a corrections policy and process. Another thing we are considering is whether we should keep a corrections page, similar to what the newspapers have, where if people have any queries on where we are clarifying the record it is easy for them to access it.

Senator RONALDSON—I understand that. Do you take my point in relation to access to the acknowledgement?

Mr Scott—I take your point and we will come back to you.

CHAIR—We will resume at 7 o’clock.

Proceedings suspended from 6.01 pm to 7.02 pm

CHAIR—We will resume questioning the Australian Broadcasting Corporation.

Mr Scott—I have an answer to an earlier question. I was asked about *BTN* and an on-air correction and apology. I have been able to confirm that the following statement was made on air on *BTN*:

Two weeks ago *Behind the News* ran a story on the current crisis in the Middle East. Unfortunately we made some mistakes in that story. In trying to keep the story simple we got some of the facts wrong. We are very sorry. We have removed the story and transcript from our website. Newly corrected information is available at abc.net.au/btn.

Senator RONALDSON—Thank you. I have taken on board your comments in relation to the discussions we had earlier on, and I think we have general agreement in relation to that. Mr Chairman, I am mindful that you want to move on with this, and I will do so. Mr Scott, I would assume that you have been briefed on an issue regarding the religion program, Stephen Crittenden and an interview with Lenny Brenner?

Mr Scott—Yes, I am.

Senator RONALDSON—I assumed you would have been. Have you been briefed on the contents of the interview with Mr Brenner and the tone of the interview?

Mr Scott—Yes, I have.

Senator RONALDSON—Would you agree that this was not a religious discussion but ventured into many other areas, including Israel's right to exist and a number of other matters, and the program actually promoted a book that Mr Brenner had written many years ago—in fact 25 years ago—and that the interview was anything but a religious discussion and everything about a quite blatant attack on Israel?

Mr Scott—Let me address that. The *Religion Report* put together what was originally conceived as a series of three programs, and those programs were examining religious and political issues in Zionism. Lenny Brenner is the author of a number of books on Zionism and was interviewed in the third part of the series. Across the series a diversity of perspectives was presented. However, we did receive a number of complaints and statements of concern after the interview with Lenny Brenner. It was then reviewed by ABC Radio management and the decision was made that the program should revisit this subject in a further program to ensure a diversity of principal relevant perspectives. This was achieved by adding a fourth edition to the series, which included an interview with leading Zionist historian professor Walter Laquer.

Senator RONALDSON—That is right.

Mr Scott—There were three parts originally conceived, including interviewing in the first parts Professor Alvin Rosenfeld, a prominent Jewish commentator in the US, about the rise of anti-Zionism, particularly amongst some Jews whose criticism of Israel amounted, in his view, to anti-Semitism. There was a range of perspectives across the three series. It was then reviewed by radio management and then an extra part was added to the series.

Senator RONALDSON—I presume that was in response to quite widespread anger about particularly the Brenner—

Mr Scott—There were concerns about the choice of interviewee and some complaints about Mr Brenner linking fascist movements to Zionism.

Senator RONALDSON—When Mr Crittenden claimed, ‘Well, this was an important story. We have attempted to cover it in good faith and present a diversity of views as we are required to do under the new ABC editorial policies’, had it been drawn to his attention by management that he had not met the editorial policies and hence the fourth aspect was added to it?

Mr Scott—I do not have the detail of that. I think you have to look at the series of voices.

Senator RONALDSON—Can I just hold you there and take you back?

Mr Scott—Yes.

Senator RONALDSON—You said there were three programs?

Mr Scott—Three programs.

Senator RONALDSON—Then a view was taken that it was not balanced, and a fourth one was put in to achieve that balance?

Mr Scott—I can give you detail. There were three programs, on 14 and 21 February and 21 March. But particularly given the way the interview went with Mr Brenner—the outcome of that interview—and having reviewed that in its entirety radio management felt the program should revisit the subject to ensure a diversity of principal relevant perspectives. Two parts went to air in February. Then the interview with Mr Brenner went to air in March. We had some complaints around that. It was then reviewed by radio management and the decision was made to add a further program, which went to air on 9 May.

Senator RONALDSON—Now, 9 May is well after these other series; there were three within about three or four weeks, were there not?

Mr Scott—The Lenny Brenner one went to air a month after the first two and then it was about six weeks from the Lenny Brenner interview that we did the other one. However, on 4 April, a matter of two weeks after the Lenny Brenner one went to air, Stephen Crittenden announced on his program that there would be more perspectives drawn. The audience who was listening to the *Religion Report* would have been aware pretty soon after the Lenny Brenner one went to air that we were at work on another program, and that program then went to air.

Senator RONALDSON—I take it from that that the decision was made that there had been a breach of editorial policies and the matter needed to be addressed?

Mr Scott—I do not have the precise wording there, because breach of editorial policies is a formal finding. I think our radio executive reviewed the programs as they had finally been aired, and not as they had been planned, reviewed those transcripts and decided that it would be appropriate to put further voices to air.

Senator RONALDSON—I am not actually attacking the decision to review it.

Mr Scott—No, I appreciate that.

Senator RONALDSON—But what I am putting to you is that it was viewed as not being balanced and it needed to be balanced. Therefore, if that was the situation, it was in breach of editorial policy, so what action was taken in relation to Mr Crittenden?

Mr Scott—I do not have advice on that. That is why I am not being precise in my answer to you on that.

Senator RONALDSON—Do you want to take that on notice?

Mr Scott—Yes, I can take that on notice.

Senator RONALDSON—I wish to raise one final matter. I do not know whether I discussed this earlier. It is in relation to some of the linkages and the sites that are linked to the ABC and a group called CODH, or the Committee for Open Debate on the Holocaust. Are you aware that the ABC has sponsored a site called the Sacred Site?

Mr Scott—I am not sure I understand the term ‘sponsored site’ in that context.

Senator RONALDSON—Is the Sacred Site an ABC sponsored website?

Mr Scott—An ABC website? I will need to check that. We have several hundred. I do not have that detail in front of me.

Senator RONALDSON—No-one else at the table is aware of that?

Mr Scott—We have numerous sites—The Backyard, Grandstand, and so on. If we have a religious one, something called the Sacred Site, it is not one that I am familiar with. As to whether that is an ABC site in its own right, we would need to check that. The URL would give us a clue. As has been pointed out to me, all the ABC websites are abc.net.au/grandstand, /backyard, /localradio, /news, and so on.

Senator RONALDSON—Can I just ask you to have a look at this document, please?

Mr Scott—This looks like—

Senator RONALDSON—In fact, I should give you the third page. My colleague, Senator Birmingham, has just pointed out there is a third page which again has the ABC logo on it.

Mr Scott—I have not seen this before. It would appear to be a page from the *Compass* website, but I have not seen it before and I would like to investigate it further.

Senator RONALDSON—Sure. Just in some more general questions, what steps does the ABC take to ensure that links from ABC hosted websites such as this do not contain illegal content or content that cites violence and/or hatred?

Mr Scott—Yes. I am just reading the material here now. It does suggest on it that the sites are not endorsed or supported by the ABC and that they do express extreme views and some people may find some of this opposing or extremist, and that is what these sites are. Can I check on this and come back to you?

Senator RONALDSON—Are you happy to assume, just so I can finish this matter off, that it is an ABC site and then I can give you some more questions which you may well want to take on notice?

Mr Scott—Yes. It would appear from the URL that it is an ABC site, so I would appreciate—

Senator RONALDSON—What steps does the ABC take to ensure that link websites such as this, or hosted websites—in fact, they are hosted not linked—do not contain the sort of matters I referred to before?

Mr Scott—Yes. The issue of defamation law in the first instance is a very important one for us as far as our online sites are concerned and there is training about defamation with people who are involved in these websites. I would have thought that we should not be using our websites to provide examples of language that inspires hate or vilification, or would breach our editorial policies in that way.

Senator RONALDSON—Yes, sure.

Mr Scott—From the look of this, this site is an example of—it looks like it is pulling together examples of people who have had religious experiences and are now against those religious experiences and it is actually tagged for opposing and extremist views. But I do need to dig further on—

Senator RONALDSON—Yes, I think you most certainly do. I presume you are not aware of the contents of a website, CODH, Committee for Open Debate on the Holocaust?

Mr Scott—No, I am certainly not.

Senator RONALDSON—It was linked to the hosted Sacred Site website. On that, and I suppose you will need to take this on notice but I will put it to you and you can clarify it in due course, there was an anti-site, which you can refer to there.

Mr Scott—They are all anti-sites, are they not? Yes.

Senator RONALDSON—That Sacred Site provided a number of links to various areas, one of which was this CODH website.

Mr Scott—Is that the anti-Zionist page it refers to there?

Senator RONALDSON—It is, yes. CODH is an absolutely appalling example of Holocaust revisionism, quite offensive in my view and the view of many other people.

Mr Scott—Yes.

Senator RONALDSON—Apparently—I am not too sure, you might need to check this—the Sacred Site has been removed. If it was, could you tell me when that occurred. It is also my understanding that the anti-sites list, which was listed on the hosted Sacred Site, was removed as well. If you could also let me know, please, when that occurred and why it occurred. There are a number of people who are, quite rightly, outraged that the—

Mr Scott—They are not outraged that it has been removed though, I take it?

Senator RONALDSON—No, I was just about to finish the sentence. Outraged that the ABC would have linkages to absolutely appalling—

Mr Scott—Yes.

Senator RONALDSON—It is an incitement of violence and hatred. I understand that you do not have personal knowledge of that and I am grateful that you have taken it on notice.

Senator CONROY—What has been happening to the internal levels of TV production at the ABC over the period 1995-96 to now?

Mr Scott—You asked a series of questions on about that earlier. I do not have detail on those total production levels here now. What I can tell you, however, is that the local production levels are now rising: they are rising on the back of additional government funding and they are rising on the back of our leverage model, which allows us to use our money more effectively.

Senator CONROY—Compared to the 1995-96 period, can you tell me what proportion of TV production, in hours and dollars—other than news and current affairs programming and *Rage*—is now fully ABC produced, coproduced or fully externally produced?

Mr Scott—We will do our best.

Senator CONROY—Take that on notice?

Mr Scott—Yes.

Senator CONROY—Are you committed to maintaining internal TV production?

Mr Scott—We will always have some internal TV production. Our news and current affairs programming relies almost totally on internal production. We have indicated that we need to look at the operations of our production model over time. That is work that we will be doing, and the reason we are doing that is we need to make sure we are efficient and effective in the use of our resources and that we are using our money to deliver the most content and the best content to the screen. What I have been saying to you about the way we are doing television drama now indicates that we will be delivering more drama and better drama to the screen that we have been able to do previously.

Senator CONROY—Since Mr Dalton made his speech to SPAA last year in which he flagged more TV production would be given to private producers, has there been any increase in outsourcing of production?

Mr Scott—No, I do not think ‘given’ is the right word. The money that was provided in the drama fund is money that was targeted for use with independent production providers and so a number of these productions I referred to earlier—I think all of these productions I referred to earlier—we are doing in partnership with others, which allows us to leverage our money and bring it to the screen. However, there are still productions that we are doing that are entirely internal productions.

Senator CONROY—Will that continue?

Mr Scott—As I have indicated, I think we will always have some productions that are 100 per cent internal.

Senator CONROY—Some could equal one minute?

Mr Scott—Yes, we are doing—

Senator CONROY—Putting aside news and current affairs.

Mr Scott—We are doing a review of that. But even with news and current affairs, I would say to you that a program like *Australian Story*, which is done out of the news division, clearly is not news. It is a documentary style format, even though it is more newsworthy some weeks to others, as you would be aware, but that is still a 100 per cent internal production and I could not envisage us changing from that.

Senator CONROY—Does the ABC support the comments made by Mr Dalton to SPAA in his speech last year relating to TV production being given to private producers? I accept you have got your own interpretation of the word ‘given’.

Mr Scott—Yes. What I would say to you is that what Mr Dalton was indicating there was the pattern that has been put in place through the money provided in the previous budget and elsewhere is that we are in partnership. We are commissioners of content and we do intend to work closely with independent production sectors. There is no rule or edict that has been made that we are operating under that says 100 per cent of anything, but we are continuing to review and monitor as we go. Are we doing more drama with independent production houses? Yes, we are. Some of our most popular programs include *The Chaser*, which I am aware goes to air in one hour and 40 minutes.

Senator CONROY—Hopefully we will have you home to watch it, or back at the hotel at least.

Mr Scott—Thank you. *Enough Rope* and a range of even our light entertainment programs are programs that we are involved in as coproducers. It makes good sense.

Senator CONROY—Can you tell me whether the board has considered whether the further outsourcing of TV production to private sector producers has any deleterious effects on the ABC? For example, would it reduce the capacity of the ABC to effectively bargain with the private sector producer if it lost internal capacity to make programs?

Mr Scott—That has not been an issue for discussion with the board while I have been there. But from a management perspective, they of course are all issues that we would want to consider and be involved in if there were going to be a change or an evolution of the policy further over time. It is about our ability to extract the best deal for the Australian public, so they can have Australian content on screen, that it is of high quality and that there is more of it. Part of the great encouragement that I think we are seeing in our audience figures is that we are getting tremendous audiences for the drama that we are commissioning, for our comedy and light entertainment and our documentaries, many of which we are doing in co-partnership. For example, *Constructing Australia* documentaries we ran on the Sydney Harbour Bridge, the pipeline through to Kalgoorlie and the overland telegraph had very strong audiences. But they were not 100 per cent done by the ABC. They were done by the ABC in co-production with others. It is a model that is working pretty well for us as far as audiences are concerned.

Senator CONROY—Could you not have produced *The Bridge* internally?

Mr Scott—It would have cost us a lot more money to produce it internally because—

Senator CONROY—But your audience would have been just as good?

Mr Scott—Yes, but we can produce more of them if we are contributing less and still getting it on the screen. We contributed some, Film Australia contributed some and other funding bodies provided some as well.

Senator CONROY—You can produce more of them if you accepted sponsorship for each program, too.

Mr Scott—But the quality was good. The audience saw more of that quality as a result of our doing it in partnership, and the audience was the winner for that. The question is: can we use our money wisely to increase the quality and the volume of the content we are seeing on the screen? If we can do that, that is a great result for the Australian people, one would think.

Senator CONROY—Can you confirm that there is a critical point of internal production by which production costs increase where internal staff are not being effectively used? There must be a point. Do you understand the concept?

Mr Scott—Yes, I do. This is the work that we have not done and, if we were to make changes, we would need to do. Of course we understand that if we are fundamentally going to be doing our internal television news and current affairs, there is a base staff level that we need, and whether that provides us with the flexibility of staff we need to do other activities, we do not know. But, yes, I can imagine that there clearly is a level, particularly given our news requirements that we need, but what that level is I do not know.

Senator CONROY—You do not know?

Mr Scott—Not at this point.

Senator CONROY—Are you concerned that internal production levels have dropped so low that it is now approaching that critical point that internal production and productivity costs are increasing?

Mr Scott—No, I do not think we have signs of that. In fact, the work that we have done around our production resources review suggests that utilisation and efficiency is up over time and that we are using it effectively and well. Dave Cruttenden, who runs our production review area, has done a terrific job in making sure that we use the resources we have in an efficient and effective way.

Senator CONROY—Can you confirm whether the ABC is contemplating outsourcing the production of any existing internal programs such as *Compass* or *Catalyst*?

Mr Scott—I am not aware of any of those plans.

Senator CONROY—So that will not happen?

Mr Scott—I am not aware of anything.

Senator CONROY—That will not happen? You are the managing director.

Mr Scott—I am not aware.

Senator CONROY—I do not want to sound rude, but someone further down the line could say they are not aware; you cannot. If you say no—

Mr Scott—I can if I am speaking the truth, and that is what I am doing. I am telling the truth. I am not aware of that, and any plan to outsource *Compass* or *Catalyst* would need to come to me before it was validated. It certainly has not come to me, and I have heard of no plan, no work and no proposal around that.

Senator CONROY—It is excellent that you have not heard of that yet. What I am asking is: will you ensure that it does not happen?

Mr Scott—What I will ensure we do is use the money that we are given to provide an efficient and effective service that delivers for the Australian public. I am not going to sit here and arbitrarily sign off on any policy decision down the track that may not be the—

Senator CONROY—So no program is safe under that—

Mr Scott—No, please—

Senator CONROY—No, let us not—

Mr Scott—You are verballing.

Senator CONROY—No, you are being very cute with your answer.

Mr Scott—No.

Senator CONROY—You are not actually answering the question at all and you are avoiding the question. Under the formula of words you have just used no program is safe from being outsourced under the description you have used. ‘I am not prepared to give any ...’ That means that no program is safe. You can have it the cute way with the obvious implication or you can answer my question.

Mr Scott—I can tell you I have heard of no plans to outsource the production of *Catalyst* or *Compass* or any of those programs.

Senator CONROY—That is not what I asked you.

Mr Scott—I am not aware of any plans that are being developed around that.

Senator CONROY—You can ensure there are not any plans because you are the chief executive. Call yourself what you like, if you say, no, it does not happen.

Mr Scott—But what I have said, though, is that we are continuing to review our production processes so that they deliver the best possible outcome for the Australian people. That is what I have said.

Senator CONROY—So no guarantees for any program?

Mr Scott—We continue to review our production processes to deliver the best results to the Australian people, and no concrete plans have been developed and I have seen no proposals and I have been asked to make no decisions.

Senator CONROY—But you are not prepared to guarantee *Compass* and *Catalyst* will stay in-house?

Mr Scott—I think it is a somewhat—

Senator CONROY—It is a straightforward question.

Mr Scott—It is leading question.

Senator CONROY—It is not a leading question. It is a direct, straightforward question. You are the CEO; call yourself what you will. All you have to do is say, ‘This won’t happen on my watch’, and it does not happen.

Mr Scott—I am telling you that we are continuing to review our production process to achieve the best possible outcome.

Senator CONROY—If you are continuing to review, then you are saying every program is under review for the potential to be outsourced?

Mr Scott—But this is no different from the way it would have ever been.

Senator CONROY—No, that is not true. Let us be clear.

Senator WORTLEY—When you say ‘no plans’, does that include that you have not been involved in any discussion regarding that?

Mr Scott—I certainly have not been involved in any discussion on the outsourcing of *Catalyst* or *Compass*. What I have said, though, is that we will be in the process of reviewing our production model, as Mr Dalton said. This is no different from what Mr Dalton was talking about. We will continue to review our production processes to ensure that we are using the money that we are given to deliver the best outcome for the Australian people, and that is the best outcome in terms of quality and value for money. There is nothing sinister about that. We have had different production models at the ABC over time. Previously we did all our drama in-house. Now we do nearly all our drama in co-productions. Has the Australian public suffered for that? No. I think the evidence is that the quality is strong, the audiences are certainly strong and the number of hours we are doing is increasing.

Senator CONROY—Increasing from five hours a year?

Mr Scott—There will be three times as much next year.

Senator CONROY—We appreciate that you are actually making a positive impact, but do not try to pretend you are not coming off almost a zero base.

Mr Scott—No, I appreciate that, and we have all said that the base needed to improve. But this is the way we are doing it. I think we are far better off spending a million and a half on a miniseries that costs \$4 million to make than spending \$4 million on a miniseries that costs \$4 million to make, and we can actually do more television of high quality in response to that model.

Senator CONROY—You could end up like the Film Commission, too, and actually do no work and just hand out money and pretend you are a national broadcaster. It will not actually qualify you as one; you will just be a repository that things pass through.

Mr Scott—Except if, in fact, the change—

Senator CONROY—But it has—

Mr Scott—We are commissioning these programs. These programs do not get made unless we green-light them. That is where it is different. We are creating these programs. We are just finding the best ways to create them.

Senator CONROY—Thanks for that. Can you confirm when responsibility for News Radio moved from the Radio Division into the News and Current Affairs Division?

Mr Scott—It had not when I left the office. Unless you have heard something that I have not. I have heard nothing—

Senator CONROY—You may just not have heard about it yet.

Mr Scott—But I have heard no plans and I have seen no proposal.

Senator CONROY—Is it true that News Radio has recently decided to increase the transmission of BBC programming on News Radio on weekends and at other times?

Mr Scott—I would have to check that. We have always been programming some BBC content on the weekends. I would have to see what our precise hours are on that. I would be keen over time to try to increase the amount of local content we can do on News Radio. There are a number of commitments that we need to fulfil, including the broadcasting of parliament, as you would be aware. We are keen to try to do whatever we can to build the audiences.

Senator CONROY—You are very keen to torture the Australian public a bit more, are you?

Mr Scott—No. We want to build the audiences as best we can.

Senator CONROY—How many hours of BBC material and other non-Australian content are broadcast on News Radio?

Mr Scott—I will take that on notice.

Senator CONROY—Has this amount of BBC and other non-Australian material being broadcast changed in the past five years?

Mr Scott—I will have to check that. One of the things, though, you will find if you look at our schedule is that we now have blocks of local content in the way that we once did not. For example, *All Things Considered* I think used to be heard early in the afternoon; now it is heard at 9 or 10 o'clock at night. We are trying to keep the key blocks during the day, particularly during the weekdays, for Australian content.

Senator CONROY—I appreciate that point. I am just looking for an hour-on-hour comparison. Has a decision been made to increase that?

Mr Scott—I will get back to you on that.

Senator CONROY—I refer to your response No. 167, in which you referred to the 2004 election promise by the government to fund the extension of News Radio to all transmission areas across Australia with a population of 10,000 or more, subject to the availability of spectrum.

Mr Scott—Yes.

Senator CONROY—You then say that, as of 18 April 2007, the government has only announced the provision of News Radio to the south-west slopes, which includes the communities of Cootamundra, Gundagai, Junee and Temora. I just wanted to confirm that, despite the government's election promise to fund the extension of News Radio to all transmission areas across Australia with a population of 10,000 or more, it has only managed a total of four towns?

Mr Scott—I have some material on that and I will be pleased to update you. We have a detailed plan for a rollout of News Radio.

Mr Pendleton—The rollout of the extensions of News Radio has been broken into three phases. The first phase is all planned and rolling out on schedule. The first three have actually been commissioned and started. They will be rolling out at two to three a month pretty much

from now on. Phase 2 will see some 34 additional services after that initial 14, and then I think—

Senator CONROY—So four towns have been done so far?

Mr Pendleton—Yes, three new services.

Senator CONROY—Cootamundra, Gundagai, Junee and Temora. I do not know if you count them together. There are now 14 to be done between now and when?

Mr Pendleton—The rollout started in April. There will be two or three a month for those 14 services plus—

Senator CONROY—So it is April, May, June, July?

Mr Pendleton—Richmond-Tweed.

Senator CONROY—I am just trying to count them.

Mr Pendleton—There are 74 in total.

Senator CONROY—I want to get the ones that you are doing before the election. I wanted to go through exactly who is going to be the beneficiary of this wonderful thing just before the election. What are the towns in April?

Mr Pendleton—Wagga Wagga.

Mr Scott—The minister launched that.

Mr Pendleton—Wagga Wagga and south-west slopes; that was it for April.

Senator CONROY—May?

Mr Pendleton—In May we should see Dubbo City, Richmond-Tweed. For June, Rockhampton, but I think there have been some delays on Rockhampton.

Senator CONROY—So June is Rockhampton?

Mr Pendleton—It was slated for June but it will probably be a bit later now—six to eight weeks later. And then Burnie and the Latrobe Valley.

Senator CONROY—This is in June still?

Mr Pendleton—Yes. In July we will see Cairns, Cairns north, Spencer Gulf north—

Senator CONROY—Spencer Gulf, you said?

Mr Pendleton—Yes, north. In July we will see Murrumbidgee irrigation area, Port Stephens, south-east South Australia and Mount Gambier. And although I believe again we are suffering some delays because of the need to upgrade the tower, Mackay was scheduled for August. I think there is something like a six-week potential delay on that one at the moment.

Senator CONROY—That takes you through to August. That is 14.

Mr Pendleton—Then there are some 34 services in the second phase.

Senator CONROY—Can you get them built by November?

Mr Pendleton—No.

Senator CONROY—Are you sure?

Mr Pendleton—Do you want to run through them?

Senator CONROY—No. When will you start construction?

Mr Pendleton—They have been planned.

Senator CONROY—When do you start rollout?

Mr Pendleton—October/November is when it starts. They are pretty much running or aiming for three a month and running right through until the 74 services are done. I think there are about 10 services where planning is yet to be completed in terms of the availability of spectrum in the area.

CHAIR—I am interested in that. Is it possible for you to table a list of all 74 stations?

Mr Pendleton—Certainly, yes.

CHAIR—Thank you. While Senator Conroy is having a discussion, how many of these stations are in Western Australia?

Mr Pendleton—I might have to take that on notice.

CHAIR—Presumably the bigger towns—Albany, Geraldton, Kalgoorlie, Bunbury, Busselton, Port Hedland, Karratha and Broome?

Mr Pendleton—The area is 'Central Agriculture WA'.

CHAIR—That means Geraldton?

Mr Pendleton—Wagin—

CHAIR—Well, that is a surprise, the southern wheat belt.

Mr Pendleton—Albany, Broome, Esperance, Geraldton, Port Hedland, Karratha and Carnarvon.

CHAIR—What about Bunbury and Busselton?

Mr Pendleton—Bunbury and Busselton. I think that is it.

CHAIR—When are they scheduled to begin? Is there a block being done in WA?

Mr Pendleton—No, it depends on where they were planned in terms of ease. I think it was generally done in population order and availability of frequency. Obviously the first 14 are the easiest ones, and the ease of the sites to—

CHAIR—Are they AM or FM or is it a mixture?

Mr Pendleton—They are all FM.

Senator CONROY—Senator Wortley has a question that she would like to explore for a moment on this rollout.

Senator WORTLEY—Does News Radio manage Local Radio?

Mr Scott—No. News Radio is led by Helen Thomas, and she reports through to Kate Dundas, who runs our national radio network. We divide it up in two ways. Local Radio is led by Michael Mason, and he looks after the 60 local radio stations. Then we have four national networks: Radio National, Classic FM, News Radio, and Triple J, which is led by Kate

Dundas. They both report through to the Director of Radio and Regional Services, Sue Howard.

Senator CONROY—Can you tell me how the ABC is planning for the introduction of digital radio scheduled on 1 January 2009?

Mr Scott—Yes, I can. We are commencing work on that. As you will be aware, in the budget there was money that was allocated for the transmission of digital radio services, starting in the city. We are currently developing our plans for content to be able to deliver some digital radio content in the city areas from 1 January 2009. Those plans are somewhat embryonic at this stage. We are still working on what offerings we want to be able to deliver and how we can take advantage of the digital radio technology. We will be announcing that plan, I imagine, in the first quarter of next year.

Senator KEMP—How much of the content is foreign—tapes from the BBC and Deutsche Welle Radio?

Senator CONROY—They will not be having Carlton matches on the radio.

Mr Scott—On digital radio?

Senator KEMP—On News Radio.

Mr Scott—The senator asked for the percentage of that, and I just want to come back and look at that. There is certainly more BBC World Service content that we run in afternoons, evenings and the weekends. We will get the precise percentages.

Senator KEMP—My major complaint about News Radio is that the news cycle is too compressed, it seems to me. If you are a fan of News Radio, you just hear the same thing relentlessly over and over.

Mr Scott—That is part of the challenge. What I have been talking about with the radio people is: what is our core proposition for News Radio? We see it increasingly working as a complement to our online news site. The challenge of pulling out the cycle is the proposition that any informed Australian who tunes in, within X amount of time, will hear the headlines and the news. That is what we have to work through.

CHAIR—It is a very good service. I listen to it all the time in the car and overnight.

Mr Scott—It is very popular and growing in popularity and we are delighted that more people will hear it.

CHAIR—But you also, apart from the BBC, have Deutsche Welle, Radio Netherlands and US public radio?

Mr Scott—That is right. Yes, and National Public Radio.

CHAIR—I think you have Radio Canada at times, do you not?

Mr Scott—Yes. We mix it up, but on the weekend there is a lot more of the BBC stuff.

CHAIR—If you are going to tell us the percentage for the BBC, could you add in the others as well?

Mr Scott—Absolutely.

Senator CONROY—What sorts of services do you think you will be able to provide?

Mr Scott—It is a little early—

Senator CONROY—I know it is very early. I appreciate that.

Mr Scott—Really, we have not had the detailed discussion yet. Some of it might be reformatting some of the material we have already delivered in different blocks. For others it might be extensions of what we are delivering. Of course, are already delivering three digital channels online through the DIG network, which is available online and available through digital television set-top receivers. That is contemporary music, jazz and country music. But we think there are probably a number of niches out there that we could deliver, fulfilling our public broadcasting charter and taking advantage of the spectrum. But it is a little early. Of course, this is a competitive issue. There will be others out there competing in the space and we do not want to be fanfaring too early about what we have in mind.

Senator CONROY—We will not blow your cover. How many staff are currently engaged in preparing and implementing ABC digital services?

Mr Scott—I would have to check. There are not very many at the moment. It is really in the planning. We have got a few people working—

Senator CONROY—Can you take that on notice?

Mr Scott—Yes.

Senator CONROY—What will be the cost of either producing new content or repurposing the existing content for the digital channels?

Mr Scott—That will absolutely depend on what the final plan is, and we do not know that yet.

Senator CONROY—Is the project being managed by the Radio Division, Innovation, or the Technology and Distribution Division?

Mr Scott—The Radio Division is doing the content, and it will be working with the Technology Division clearly around the technology. But Radio Division is running the digital radio strategy, just like Television Division runs the digital television strategy.

Senator CONROY—Is the ABC investigating any digital user-generated content projects?

Mr Scott—Yes, we are looking at user-generated content projects. We are already in the user-generated content business, of course; that is what talkback radio is all about. And on our Backyard sites there is opportunity for people to write in and to respond and to send photographs and the like. It is a complex one for us to deal with. We have editorial policies. How you—

Senator CONROY—Can you imagine if you invited Senator Fierravanti-Wells and friends to generate content for you? What an exciting opportunity!

Mr Scott—They already had the opportunity to generate content, but we have to make sure that our editorial policies are being met. Part of the challenge for us is the extent to which you encourage a lot of content and the extent to which you are monitoring and filtering that content. But we continue to do that. That is a policy area that the Director of Editorial Policies is looking at at the moment.

Senator CONROY—The chief censor!

Mr Scott—We do not have a chief censor.

Senator CONROY—I am glad you found a job for him, other than looking over people's shoulders. Can you tell me how many complaints about editorial performance or complaints about bias were received in the last two years by board members, the managing director, executive directors or the program makers? Perhaps you can take that on notice.

Mr Scott—Perhaps I had better. It will be interesting to see how we pull it out, because it really does all go into one pot.

Senator CONROY—I am just wanting to know where it bounced through from. That is all.

Mr Scott—Yes.

Senator CONROY—Are these complaints recorded or logged?

Mr Scott—Yes, absolutely.

Senator CONROY—Is there a requirement for the complainant to disclose their identity before the complaint is investigated?

Mr Green—Yes. We would not take anonymous complaints, if that is what you are asking?

Senator CONROY—Is each complaint dealt with in accordance with a single complaints policy or procedure, or is a complaint to a board member dealt with differently?

Mr Green—No, it is all dealt with under a common complaints procedure.

Senator CONROY—Where they are the subject of a complaint, are program makers given a right to defend their editorial position to more senior levels of management, or to a body or person responsible for examining the complaints?

Mr Green—Most certainly.

Senator CONROY—They are part of the process?

Mr Green—Yes; they and their executive producer, the person who has editorial responsibility for the program.

Senator CONROY—Does the ABC have a policy to deal with petty or vexatious complaints?

Mr Green—Yes. We are very reluctant to identify—

Senator CONROY—Have you published that policy?

Mr Green—Yes. We are very reluctant to identify somebody as vexatious, but if somebody persistently complains about the same particular thing—

Senator CONROY—Not a program.

Mr Green—And we feel that we have adequately responded to their concerns, we might say, 'Look, you've got some options now. You can take it to the next level, which is the Complaints Review Executive, which is the internal review person within the ABC, or off to the Independent Complaints Review Panel, or ACMA. There are a variety of pathways. There have been some instances where people have complained over and over about the same

particular matter and we have said, 'Look, I think this is the end of the journey for us at this point of time.'

Senator CONROY—How did Senator Fierravanti-Wells take it?

Mr Scott—We take all complaints from senators seriously.

Senator CONROY—No, I was just wondering how she took the fact that you had come to the end of the road with her. No, I am joking. Are the complaints that come through Senate estimates, such as those about editorial performance of the ABC with respect to complaints or questions about bias in its reporting, subject to the same procedures as other complaints?

Mr Green—Do you mean matters that have been raised around this committee?

Senator CONROY—Yes.

Mr Scott—Questions on notice are not treated by the complaints process. They are treated in response to questions on notice. We have a different mechanism for that. They are put to the—

Senator CONROY—Even if they are complaints disguised as questions?

Mr Scott—We have a process for dealing with the questions on notice that emerge from this committee, and that is not done through Audience and Consumer Affairs.

Mr Green—Although often Audience and Consumer Affairs would be consulted if it is an issue they may have dealt with.

Mr Scott—Sometimes it is not the first time we have heard of some of the issues that are raised here, and work has been done.

Senator CONROY—Have any complaints that have come through Senate estimates resulted in an investigation into or a change in the editorial position of the ABC?

Mr Scott—I am not in a position to—

Mr Green—We will have to take that on notice. Nothing leaps out, but that is not to say that it has not happened.

Senator CONROY—Can you confirm whether the tied National Interest Initiative funding has been cut?

Mr Scott—No, I do not believe the NII funding has been cut.

Mr Pendleton—No, it has not been cut.

Mr Scott—No, it has been cut. It has been rolled into our—

Senator CONROY—Yes, it has been rolled into triennial funding.

Mr Green—Triennial funding; that is right.

Mr Scott—It has not been cut.

Senator CONROY—So the same dollar amount is still there?

Mr Scott—Yes.

Senator CONROY—Did you ask for the funding to be renewed?

Mr Pendleton—In the budget there was an announcement of the main tranche of the NII extension to bring it into line with the additional \$4.3 million that was provided in the last budget.

Senator CONROY—What is the amount that the ABC has been allocated for continuing funding of the Regional and Local Programming Initiative?

Mr Pendleton—That was the \$19 million that has been dealt with?

Senator CONROY—Yes. Over how many years is this funding allocated for?

Mr Pendleton—It has been allocated for the current triennium.

Senator CONROY—When does that finish?

Mr Scott—Two years to go.

Mr Pendleton—It is the first year; we are still on the first year.

Senator CONROY—The \$19 million is for two more years?

Mr Pendleton—No, the \$19 million is the number in that third year. There was already approval for years 1 and 2 of the current triennium.

Senator CONROY—So there will still be funding programs such as the Canberra weekend TV news and radio stations at Wagin, Ballarat, Katherine et cetera? Will all of those still be—

Mr Pendleton—That is correct. There has been no change and, in fact, they have received the base funding, which is the equivalent of the \$19 million but also the \$4.3 million.

Senator CONROY—It would appear that the 2006 annual report does not contain information that it has in previous years, comparing the ABC's operational appropriation in real terms with 1985-86, the high point of ABC funding. Why is this information no longer included and presented in an accessible way for the public in the 2006 report?

Mr Pendleton—We did not include that in the most recent annual report. It was data that we had been running to encourage a review of the adequacy of our funding, which we had been calling for for some time. That review has now been undertaken and the issue in our minds has been addressed, so we have moved on.

Senator CONROY—I would have thought that would have been a very positive comparison, then, to have had in the 2006 report?

Mr Pendleton—It probably would have.

Senator CONROY—Can you tell me whose decision it was to remove this information from the 2006 report? Someone made the decision. It did not happen by accident.

Mr Pendleton—I would have to take that on notice.

Senator CONROY—Did it go to the board?

Mr Pendleton—No.

Senator CONROY—Was it Mr Scott?

Mr Pendleton—It would have been prepared by the guys preparing the annual report content. I would have to take it on notice to ascertain that for you.

Senator CONROY—Can you tell me what the ABC's operational appropriation figures are for this year in real terms compared with 1985-86? You have got to produce it anyway. What is this year's figure?

Mr Pendleton—For the current appropriation?

Senator CONROY—I am asking for the ABC's operational appropriation figures for this year in real terms compared with 1985-86—in other words, if you actually put it on the table and add this year's.

Mr Pendleton—I have not got that. I will have to take that on notice.

Senator CONROY—I am happy for you to take that on notice and presumably it will come back as good as you are suggesting. We will then be able to judge for ourselves.

Senator KEMP—What about specifying the inflation deflator?

Senator CONROY—The only thing deflating around here is your football team.

Senator KEMP—I think you should do that.

Senator CONROY—Did the ABC request \$22 million for a dedicated digital children's channel?

Mr Scott—There were a number of prebudget submissions that all government agencies went in on. We have held discussions and have been very public about the value that a children's channel could bring. We had those discussions in the lead-up to the budget process and those discussions are ongoing.

Senator CONROY—Is it correct that there is nothing in the budget for digital content?

Mr Scott—No, that is correct.

Senator CONROY—Nothing at all?

Mr Scott—There certainly was not funding for the children's channel.

Senator CONROY—Anything else for digital content?

Mr Scott—No. I must say that the real focus of our funding is around triennial agreements. It was not a triennium year, of course.

Senator CONROY—In response to question on notice 112, the ABC states that as at close of business on 12 February 2007 it had incurred \$183,000 in expenditure in relation to the use of a Channel 10 site. Can you clarify for me how much has been spent to date?

Mr Pendleton—On the Channel 10 site to date we have spent in the order of \$990,000, approximately.

Senator CONROY—Nearly one million?

Mr Pendleton—Nearly one million.

Senator CONROY—Does it still require further work?

Mr Pendleton—Yes.

Senator CONROY—How much will that cost?

Mr Pendleton—It is hard to say at this stage. There are a couple of significant issues that we are yet to resolve up there if we are to be able to operate up there for a longer period of time—car parking, the operation of—

Senator CONROY—Car parks are expensive.

Mr Pendleton—Up there they are, given that it is all national park. There is restricted parking. There is no street parking, so it is a real issue.

Senator CONROY—Everyone keeps getting booked?

Mr Scott—No, that has not been the case.

Senator CONROY—You negotiated that out.

Mr Pendleton—We certainly provide a bus service from the base up but it is difficult for the crews and it adds some operational complexity into our operations up there. The other problem sits around the studio. We are mainly operating in the television studio from our Ferry Road premises, where the Queensland Orchestra is, and that works but it pushes the envelope in terms of business interruption. At some point we are going to need to look at—

Senator CONROY—Is this going to be your permanent site or not?

Mr Pendleton—Channel 10? No.

Senator CONROY—One million dollars?

Mr Pendleton—Yes.

Senator CONROY—Have you moved in?

Mr Pendleton—Into Channel 10?

Senator CONROY—Yes.

Mr Scott—Well, we were there in the second week of January.

Senator CONROY—I do remember.

Mr Scott—As you would have been aware, we put out a tender process to start the formal process round of finding our permanent home for the ABC in Brisbane.

Senator CONROY—I was just checking to make sure that you were not going to stay there.

Mr Scott—It is not ideal where we are now but, given circumstances we faced, our staff have been outstanding and we are continuing to provide good service to the people of Brisbane.

Senator CONROY—Can you take on notice to give us an estimate of how much more it will cost?

Mr Pendleton—I can give you an estimate on the Channel 10 site. Capital is anything up to \$1 million—\$1 million to \$1.2 million.

Senator CONROY—On top of the \$990,000?

Mr Pendleton—The \$990,000 is everything that we have spent—capital expenditure, operational and rental.

Senator CONROY—So it will be about \$2 million?

Mr Pendleton—Yes, it could be in that sort of order.

Senator CONROY—I appreciate you have started the tender process but when do you think you will finalise?

Mr Scott—I would hope in a couple of months we will have a detailed proposal on where the new permanent home is going to be and, of course, then the timetable for the move will depend on what the outcome is. That is something that we have got to consider when we review the tender processes, as in what is available and when it might be available for us to move.

Senator CONROY—I appreciate you have given me some figures on the Channel 10 site. What is the total cost of the relocation of staff from the Toowong site? I appreciate you may need to take that on notice.

Mr Pendleton—No. The total cost of relocation to date sits at about \$3.8 million.

Senator CONROY—What additional costs have been incurred by the ABC because of the transfer of staff away from the Toowong site?

Mr Pendleton—It is all costed.

Senator CONROY—So that \$3.8 million included that.

Mr Scott—It encompasses all of that.

Senator CONROY—In response to No. 115, the ABC states that its records indicate it has received five written complaints about *The Glasshouse* by Liberal and National party politicians and that five questions have been asked on notice since 2004 by Liberal and National party senators. Can we name names? Who has no sense of humour whatsoever? Who are the five Liberal and National politicians?

Mr Scott—I do not have that detail to hand.

Senator CONROY—Come on—we should name and shame people with no sense of humour at all. You have regularly got a smile on your face.

Mr Scott—I would have to take that on notice. It will be edification for you on another day.

Senator CONROY—And the five Liberal and National senators who put questions on notice as well? They may be the same people. There could be 10 Liberals and Nationals with no sense of humour. I refer to your answer to question on notice 163 from February's estimates in which you say:

The ABC is preparing a request for proposal as regards to its outside broadcast work. While at present there are no plans to sell the OB fleet, the ABC will keep an open mind depending on the market response to the RFP.

Can you tell me what is contained in the RFP?

Mr Scott—Do you have that detail?

Mr Pendleton—I do because we have not drafted the RFP at this stage.

Senator CONROY—I was going to ask for a copy.

Mr Pendleton—Particularly with the Brisbane accommodation issues, one of our OBs is permanently now located out of the fleet up there.

Senator CONROY—I do remember we had the discussion about the Kombi van.

Mr Pendleton—Not a Kombi van, a TV OB truck out of the studio, and we are just reviewing that situation. We need to work through it and model up the activity and usage and charge them before we get out there. It is a couple of months away.

Senator CONROY—If the market's response to the RFP is favourable is it likely the ABC would sell its fleet?

Mr Scott—We would need to consider that very carefully. It is a fast-changing market. OB vans were really created by television companies to cover sport and, as you would appreciate, because of the strong market for sports rights, the ABC actually covers comparatively little sport compared to what we once did and the commercial networks, seven, nine and ten, do a lot more sport, channels 7 and 9 in particular. They do not own OB vans; they hire them. They purchase them at the right time. However, there is key local sport that we want to be able to cover, and of particular importance to us are the local and regional footy competitions that we run, women's netball tests. We have been running the lawn bowls—the stuff that we were talking about with Senator Ronaldson earlier. So we would want to make sure that we have factored into any decision making process our ability to continue to deliver this content to our audiences.

Senator CONROY—It is not just sport, though.

Mr Scott—In the main it is sport.

Senator CONROY—I mean there is—

Mr Scott—The National Press Club.

Senator CONROY—There are natural disasters.

Mr Scott—That is true. There is a range of activities.

Senator CONROY—News events that are not being held in the studio?

Mr Scott—No, that is true. What I was saying was that the origin of the vans really is to do with sport. There are other events you use them for and we use them in our broadcasting. At times we will do filming of a show away from the studio setting and we will use the van. The HD van that we have got going into Melbourne will form the basis of our HD studio work in Melbourne, rather than developing a rim around that. We use the OB van in Perth to work our studios, so we need to factor in all of that.

Senator CONROY—Your own fleet will add flexibility.

Mr Scott—It does; that is right. We would want to be able to continue to do that work, and so part of your economics in working this through is not just having \$40 million-plus tied up in capital for the OB vans. With the level of depreciation of those vans you need to constantly upgrade them with new technology. It is also the fact that there are some things that the ABC uniquely wants to do and needs to be in a position to do. If we got rid of the OB van fleet, would we be in a position to do that or not? We take that very seriously.

Senator CONROY—Your news coverage is excellent.

Mr Scott—It is a little different. It is different to sending out a crew to beam back a signal to news. That is not what it is.

Senator CONROY—I understand that. Is it fast-breaking when you have to broadcast something live?

Mr Scott—No, it is not that at all. It is more where you would go to Cowra where Silverchair is appearing for Triple J and you are going to film that concert for JTV. You take the OB van and you have got 10 cameras. It is actually taking a television studio out, rather than have a camera film back. It is not the bushfire. It is the tally room on election night. It is filming *Talking Heads* away from the Brisbane studios. It is the National Press Club. We take the van here to the National Press Club to film an event where you have got multiple cameras. It is that kind of activity.

Senator CONROY—If you did decide to sell them then presumably you have got to hire them?

Mr Scott—Yes, that would be right.

Senator CONROY—What is the cost of hiring an OB van?

Mr Scott—We are in the OB hire van business. We do our resource hire business as part of ABC Commercial. It brings us a very good return because we are hiring out our OB vans when they are available and there is a market for it. It is very strong in Perth. We get a good return on that and that absolutely would have to be factored into any business case or analysis that was done around this—not only what our required service provisions are but what it would cost us to deliver that. That is what the business case will be about.

Senator CONROY—What is the cost of hiring an OB van?

Mr Pendleton—I would have to take that on notice.

Mr Scott—We have not done one lately but they are semitrailers. They are big.

Senator CONROY—I have wandered past the MCG and I have seen a few.

Mr Scott—There can be 15 people working in those vans on a day.

CHAIR—I would like to ask you about the old ABC building in Adelaide Terrace in Perth. I believe that is possibly going to be purchased for the WA Symphony Orchestra. Is that the case?

Mr Scott—I will just talk generally about it. It is still a decision that needs to be made. We still have responsibility back to the Commonwealth to maximise return to the Commonwealth on the value of that property. It has been released that we have received an offer from the National Trust and WASO and others for the use of that building. We need to make an evaluation of that offer in light of our obligation to maximise return back to the Commonwealth, and part of our decision-making process needs to be whether that offer meets that criteria or whether in fact that needs to form part of a meeting of the market. So we will need to do that and we are in the process of making that evaluation.

CHAIR—Are you suggesting that you may put it out to tender?

Mr Scott—We have not finalised that yet. This money will not return to the ABC apart from—

Mr Pendleton—The debt retirement on the digital television conversion. Any net proceed beyond about \$8 million is returned to the Commonwealth on this.

Mr Scott—So that decision-making process is around the return to the Commonwealth. It is not to do with who the ABC wants to sell its building to.

CHAIR—That is interesting. No decision has been finalised at this point?

Mr Scott—That is correct. No decision has been finalised.

CHAIR—Is there anything else that you want to tell me about it.

Mr Scott—No, that is it. I would like to say that we are trying to get you that News Radio rollout but we may need to do it on notice.

Mr Pendleton—Check the dates to make sure the dates are right.

CHAIR—I just want a list and possible dates. I do not want other details.

Mr Scott—We will work on that.

CHAIR—Thank you for that information.

Senator CONROY—For Outcome 1, informed, educated and entertained audiences, and output 1.1, distinctive radio programs, can you provide the unspent funds against the 2006-07 budget, including 2006-07 additional estimates and Bill Nos 5 and 6 funding requests? I would like to find out what the unspent funds were.

Mr Pendleton—Unspent funds? What are you reading from?

Senator CONROY—My question.

Mr Scott—Are you quoting from a document?

Mr Pendleton—From the PBS?

Senator CONROY—I am presuming this is from the PBS.

Mr Pendleton—Portfolio budget statement?

Senator CONROY—Yes. I am after your unspent funds against the 2006-07 budget, including the 2006-07 additional estimates and Bill Nos 5 and 6 funding requests. Does that make sense?

Mr Pendleton—I know what the PAES numbers were and what the recently announced budget is.

Senator CONROY—I am looking for the unspent funds.

Mr Pendleton—Any unspent funds within the 2006-07 appropriation are pretty minor. They are either capital in nature—

Senator CONROY—I am happy for you to take it on notice.

Mr Pendleton—I appreciate that.

Senator CONROY—I would also like the unspent funds for output 1.2, television programs of wide appeal, against the 2006-07 budget, including, again, the additional estimates and Bill Nos 5 and 6 funding requests. That is outputs 1, 1.1 and 1.2.

Mr Pendleton—Do you want them as at today, given that we are still within the current financial year?

Senator CONROY—Today or whatever day you are doing them up.

Mr Pendleton—What we are forecasting that to be?

Senator CONROY—Yes, and the same for output 1.3, outcome 2, output 2.1, outcome 3 and output 3.1.

Mr Pendleton—Outcomes 2 and 3 for the analogue and digital transmission are tied funds. Any unspent funds are just returned.

Senator CONROY—Could you indicate whether these unspent amounts will lapse at the end of the financial year or be rephased or reallocated across the forward estimates and indicate the revised funding profile?

Mr Pendleton—With outcome 2 if there is any—

Senator CONROY—I am happy for you to take that on notice. I have some questions I will table but I will give you an indication of those. Is the ABC employing Crosby Textor in any way, shape or form, or considering doing so?

Mr Scott—Not that any of us are aware of.

Senator CONROY—As I said, I have got a string of questions and I am sure that they will all come back ‘no’ so I will table them for you.

Mr Scott—That will make it easy for us.

Senator CONROY—I have a string of questions about advertising campaigns, which I will table as well.

Mr Scott—Thank you.

Senator CONROY—That is all of my questions on the ABC.

CHAIR—I thank the ABC for appearing tonight. Having concluded the ABC we now call DCITA, output 3.1, policy advice and program management that delivers competitively priced accessible and high quality telecommunications broadcasting and postal services and that supports development of an application of competitive capability in information technology and communication technology. It includes NetAlert.

Senator CONROY—DCITA recently released its request for tender for the National Filter Scheme. Can you tell me who drafted the RFT and over what time period?

Mr Rizvi—The document was drafted probably over a period of in excess of four months. We had input from a range of sources. We undertook an information survey of the industry from which we obtained input. We obtained input from an industry expert for whom we separately tendered and we also obtained advice from our legal advisers.

Senator CONROY—Who was the successful tenderer to be the consultant?

Mr Rizvi—For the industry advice that we obtained, the successful tenderer was KPMG.

Senator CONROY—Given that the National Filter Scheme is intended to provide filters for all Australian homes and libraries, did you consult the Australian Library and Information Association prior to releasing this?

Mr Rizvi—We had discussions with the library association on a number of occasions.

Senator CONROY—Prior to the release?

Mr Rizvi—We have had discussions with the Australian Library and Information Association prior to the release. The tender itself seeks from vendors' submissions relating to filter products that would be suitable on stand-alone PCs, as well as filters that would be suitable in a library environment, noting of course that not all library environments are identical.

Senator CONROY—There is not much reference to libraries in the RFT.

Mr Rizvi—I am not sure what you are referring to in terms of the amount of reference.

Senator CONROY—Just that it does not refer to libraries much. Are you going to be testing filter products in the libraries?

Mr Rizvi—We will be testing all the filter products that are submitted against a range of criteria and that will include looking at whether the filter products would be suitable in a library environment.

Senator CONROY—Will you be testing them in libraries as opposed to having a theoretical discussion about whether they will work in a library?

Mr Rizvi—We have a separate tender for a laboratory testing service and it will be tested by them in a simulated environment. It would not be in a library itself, remembering, of course, that the circumstances of individual public libraries around Australia vary quite considerably.

Senator CONROY—That is what I am trying to work out. How can a one-off laboratory test give you a decent explanation or coverage, given there are those differences that you yourself have identified?

Mr Rizvi—That is right. Even if we tested in one or two libraries, that would still not give us the gamut of circumstances that various libraries in Australia have. What the laboratory will do is give us advice on how the various products are testing in different networked environments.

Senator CONROY—I have had industry concerns raised with me that the RFT provides for one type of filter for both home use and library use and that it does not recognise that libraries require a different filter product that is suitable for an enterprise environment like a library.

Mr Rizvi—What we are seeking is for vendors to put forward to us a range of products. We expect to receive in the order of 20-plus different filter products. Some of those will work effectively in a networked environment and some may not. It will depend on the vendors that make submissions.

Senator CONROY—This is just the tender process, though?

Mr Rizvi—Yes.

Senator CONROY—Before you say, ‘Here, these are the ones that are approved’?

Mr Rizvi—It is a tender process to identify the most suitable filter products that would then form part of the scheme.

Senator CONROY—Do you accept the proposition that a home use filter and a library use filter will need to be different?

Mr Rizvi—Not in all circumstances. It will depend on the circumstance of the individual library. The secretary has just reminded me to alert you that within the scheme there will be more than one filter product.

Senator CONROY—That is what I just asked. There will be two different products. There will not be a one-size-fits-all?

Mr Rizvi—There will likely be more than two filter products within the scheme.

Senator CONROY—I understand that because you are not actually going to mandate one company’s eternal riches but what I am asking about is whether there will be products on the list for both homes and libraries and not that there will be two products and they are both universal, that is, designed to accommodate both?

Mr Rizvi—Without pre-empting the outcome of who actually applies, that would be our desire.

Senator CONROY—That is what I was looking for. I wanted to make sure that was the case. The RFT states that the department is seeking to enter into contracts with a number of vendors of PC filter products whereby they will agree to supply the filter products to persons residing in Australia at no cost. Is it correct that there will be no limit on the number of filters that any one Australian household can download?

Mr Rizvi—We are not proposing to seek to limit that, remembering of course that we will be confronted with circumstances where, for example, an individual household may have one, two, three or four computers. In addition, individual parents may seek to try one filter. They may find that it was suitable for their needs or they may find it was not and they will want to try another filter product. What we want to do is to give to parents the filter product that will be most suitable to their needs. At the end of the day they are in the best position to judge what is going to suit their needs within their household.

Senator CONROY—Given the terms of the RFT, how can the successful tenderer be satisfied that persons downloading the filter products reside in Australia?

Mr Rizvi—The persons seeking to participate in the scheme will need to first apply via a government portal or the government call centre. Within that context they will supply to us their email address. We will be able to test that over time, on a sample basis I would freely admit, as to whether those persons reside in Australia or not.

Senator CONROY—What sort of sample—one per cent, five per cent, 10 per cent?

Mr Rizvi—We would use a statistically significant sample. We would need advice from people who are experts in sampling techniques to do that but what we would seek to do is use a statistically significant sample.

Senator CONROY—Notwithstanding that the filter products are made for home use, how can you ensure that the product is not being downloaded by a company?

Mr Rizvi—We cannot be absolutely sure that it is not being downloaded by a company. What we can do, as I said, is use the sampling techniques to determine or test that matter. Where a company seeks to download the product and we discover that, we can take appropriate action. We do not expect many companies would want to download a filter product of this sort, or indeed if there is particular reason why individual companies would.

Senator CONROY—You could wipe out the market, though, if you wanted to.

Mr Rizvi—How do you mean?

Senator CONROY—If a company downloads and then just distributes them.

Mr Rizvi—They are already available for free.

Senator CONROY—Only for homes and individuals.

Mr Rizvi—No, they would be available for homes and individuals; schools may seek to use them; libraries may seek to use them. There are a variety of circumstances in which individual organisations within Australia may seek to use them and, to the extent that those organisations use them to protect children, that is a good public policy outcome.

Senator CONROY—How can DCITA ensure that the product will not be pirated and given to foreign companies or persons living overseas free of charge?

Mr Rizvi—What we obtain as a result of the RFT is access to the filter product and an appropriate licence in it. At the moment it is quite readily feasible, for example, for a foreign company to seek to access the product and exploit the IP. That is governed by the relevant IP laws within Australia and overseas, and they would still be governed by those IP laws.

Senator CONROY—But I am talking about giving it to foreign companies or persons living overseas free of charge.

Mr Rizvi—They may seek to obtain a copy illegally and they may seek to illegally distribute it. That is no different to the current circumstances.

Senator CONROY—I am asking how you are going to stop it.

Mr Rizvi—I do not think the situation actually changes a great deal. At the moment they can buy a copy for \$40 and then do whatever they like with it if they are prepared to break the law.

Senator CONROY—So it does not matter?

Senator Coonan—That is an unfair question. It is regulated by the law.

Senator CONROY—Do you intend to provide the filter products to schools?

Mr Rizvi—If a school wishes to download the filter product, that is perfectly acceptable.

Senator CONROY—Given that the industry has expressed concerns that the products will not adequately work in enterprise environments such as libraries, do you think it will provide adequate protection to children in schools? This is the same sort of issue.

Mr Rizvi—It goes back to the suitability of different products to different circumstances. What we are proposing to do is to put within the scheme a range of different products, and libraries and schools will select the product that is most suitable to their particular environment.

Senator CONROY—There will be a product on the list that works in enterprise environments like schools and libraries?

Mr Rizvi—We believe there will be vendors who will put forward products that will be suitable in that environment. We are aware of products that are suitable in that environment and are currently being used by certain libraries and, if those products are put forward by the vendors, they will be assessed by the laboratory that we will recruit for that purpose. If they meet the standards required then those products may well be included within the range of filter products that are then made available.

Senator CONROY—The RFT states: ‘Successful tenderers will be required to supply a master copy of their filter product to the government to permit the government to print and distribute at the government’s discretion. Distribution of these CD-ROMs will not be considered in assessing whether the vendor has met the agreed levels of take-up of a PC filter.’ Why is it that the government requires a master copy of the filter?

Mr Rizvi—That gives us the flexibility. If alternative forms of distributing the filters become available, it gives the government the discretion to pursue those if those emerge. At this stage we are advising companies that they should proceed on the basis that we will not separately distribute those copies at this stage. However, if the opportunity and the appropriate circumstances arise, the contract gives the government the flexibility to do so.

Senator CONROY—Are you intending to host the filters on your own website?

Mr Rizvi—No.

Senator CONROY—Can you distribute it by DVD or CD?

Mr Rizvi—That will be one of the options that is available to users. For example, if they wish to obtain a filter from one of the vendors on a CD-ROM they are able to do so.

Senator CONROY—From the government?

Mr Rizvi—No, they would apply to the government through the portal, and the request, through either the portal or the call centre, will then be forwarded to the relevant vendor to supply the product.

Senator CONROY—Why do you need a master copy?

Mr Rizvi—The master copy is an option that is provided for in the contract should the circumstances arise that the government wishes to use an additional or alternative means of distribution. As I said, at this stage we are advising companies to assume we will distribute none in that fashion. However, if in future the circumstances arise where the government wishes to distribute in that way, the contract provides for that flexibility.

Senator CONROY—It seems a little odd. Initially you said that you wanted to distribute in other ways and then I asked about DVDs and CDs and you are now saying that it will be referred through the portal back to the—

Senator Coonan—In the first instance.

Mr Rizvi—I will make a distinction. In the first instance there will be two ways of obtaining a free filter. One will be via a download from the vendor's server and the other will be by asking for a CD-ROM from the vendor after having made the request through us. The provision for us to have a master copy would be utilised if at some time in the future the circumstances arose whereby the government was perhaps concerned that not enough take-up was occurring and we wanted to use alternative methods to drive up take-up around Australia.

Senator CONROY—Would you put them in *New Idea* and distribute them?

Mr Rizvi—At this stage we do not have a specific intention to do so. What the contract provides is the flexibility to do so if the circumstances arise.

Senator CONROY—That is what I am trying to understand: what the circumstance is. It would seem to me that, if another form is needed, you could just as easily write into the contract that it has to be provided by the company in another form and then you can tell them to distribute in another form.

Mr Rizvi—That is an alternative that you could consider. What the contract seeks to do is to provide the government with the flexibility to utilise alternative pathways if the government at a subsequent point considers it appropriate to do so.

Senator CONROY—Can you enlighten me on the possible alternative pathways?

Mr Rizvi—We have not considered individual pathways ourselves. What we are saying is that it is important to have the flexibility available in the contract if the decision to do so arose.

Senator CONROY—Why are you not hosting it on your own website?

Mr Rizvi—We are of the view that developing a government portal which hosted the filters of five or six companies would become a significantly more complex exercise. At the moment most of these vendors already host these products on their own servers and we felt that it was most efficient to do it in this fashion.

Senator CONROY—Given that they come into your website first, would it not be simpler for them to download it from your website?

Mr Rizvi—That would mean that we would have to host the filters on our website.

Senator CONROY—Yes, that is what I asked.

Mr Rizvi—At the moment the filter is already hosted on the servers of the individual companies. It is easier to make a link to those companies than to host them on our server.

Senator CONROY—By the government having the master copy under the terms of the RFT, the government can print off as many copies of the filters free of charge.

Mr Rizvi—No. We have indicated in the RFT that we would only do so on the basis of a price to be agreed within the contract. If we were to do so then we would need to renegotiate the questions of the target take-ups.

Senator CONROY—So there would be a fee?

Mr Rizvi—Yes. The RFT requires a fee per 10,000 CD-ROMs purchased or distributed by the government.

Senator CONROY—Are you planning on distributing them?

Mr Rizvi—As I said, at this stage we have no specific plans to do so in that fashion. However, if in the future the circumstances arose where the government wished to do that—

Senator CONROY—When in the future would that be?

Mr Rizvi—We have no specific plans.

Senator CONROY—The RFT states: ‘Successful tenderers will be paid a base amount dependent on the minimum level of take-up of that product and their performance. Where a tenderer falls short of a base level of take-up, the base payment may be reduced.’ If the government makes the decision to print off and distribute copies of the filter free of charge, which you are saying will not happen—

Mr Rizvi—No, I am not saying it will not happen. I am saying that it might happen but we have no plans for it to happen at this stage.

Senator CONROY—I am saying to print it off free of charge; you are saying there is a fee: it is not a free-of-charge situation.

Mr Rizvi—It is free of charge to the user, not free of charge to the vendor.

Senator CONROY—To the government?

Mr Rizvi—Well, the government purchases it, effectively.

Senator CONROY—That is what I am saying. Given that you are contemplating distributing them, is there a situation where, if not enough are downloaded to get to the base level, you decide to print them off and send them out, and is the fee going to be the same as the fee you are charging or will it be less because it is in bulk?

Mr Rizvi—There are two separate transactions there and the two transactions need to be kept separate. There is one transaction that relates to the base level of take-up the company achieves and there will be a negotiation in the contract negotiation process.

Senator CONROY—There is a fee per download effectively?

Mr Rizvi—There is certainly a relationship between take-up levels.

Senator CONROY—They are not giving them away. You are buying them from them on the download process?

Mr Rizvi—They are downloading them to users.

Senator CONROY—And charging you?

Mr Rizvi—And a fee structure will be established for the level of take-up that is achieved.

Senator CONROY—What is the base payment concept?

Mr Rizvi—The base payment would relate to the base level of take-up.

Senator CONROY—The point I am trying to make is this. They are going to receive X number of dollars. If it does not go well through this download process, you will decide to

negotiate a different fee, where presumably you are taking a bulk amount and doing a mass mail-out.

Mr Rizvi—As I said, we need to keep those two exercises separate.

Senator CONROY—They are not separate for the company which may lose money or not be able to make as much money because you decide to do a mass mail-out.

Mr Rizvi—You are right. There is a relationship between the two of them. But, in thinking about them, it is important to keep the relationship between the price that is paid to the company for the base level of take-up—and if the base level is not achieved there would be a reduction in the base payment that would be negotiated as part of the contract negotiations. Put that to one side. You have a separate capacity for the Commonwealth to purchase additional CDs from the company for distribution in some circumstances if those circumstances arose. If the government decided to purchase those, it would have to pay.

Senator CONROY—That would be because it is a bulk purchase at a reduced rate of that fee. The point I am trying to get across is that, if you guys decide that you are going to do the bulk purchase and mail-out, I presume that the unit cost is going to be logically cheaper than the one-off download cost over here.

Mr Rizvi—I would not necessarily assume that is the case, the reason being—

Senator CONROY—If I were a commercial enterprise, I would need that locked down and not at your whim.

Mr Rizvi—I will finish the explanation. There is a fee structure and a take-up rate negotiated as one part of the contract. As a separate part of the contract we will require the companies to advise us on a per 10,000 CD basis what the price would be for 10,000 CDs if the government decided to purchase those directly from the company. If the Commonwealth decided to do so, they would pay the price that is negotiated for that per 10,000 groups of CDs and we would negotiate the base take-up rate in respect of the standard arrangements and adjust those as part of a renegotiation process. That is if the Commonwealth decided to purchase those 10,000. As I have said, at this stage there is no intention to purchase those additional CDs and therefore the base amounts and the base payment structure are unaffected.

Senator CONROY—It is wanting to keep it that way with a commitment from the government that they will not be doing that, but it is a concern in the industry.

Senator Coonan—They have got an opportunity to negotiate. This is a contractual arrangement we are intending, and it will be put in place with those principles.

Senator CONROY—I am trying to ascertain what the terms of the contractual basis are.

Senator Coonan—They are to be worked out but they have got to be negotiated yet, and obviously it will be a commercial contract.

Senator CONROY—I refer now to your question No. 78 from February's estimates hearing in which you stated that The Campaign Palace has been contracted to provide creative services for the telecommunications consumer information campaign for up to \$474,586 excluding GST; Quantum Market Research has been contracted to provide market research services; and the combined total of advertising will be \$774,000. I just want an update on

these figures. How much are we spending on The Campaign Palace and Quantum Market Research? What are the totals and who else is involved?

Dr Hart—Would you mind repeating the question?

Senator CONROY—I am just asking about how much you are paying The Campaign Palace and what we are contracting them for.

Dr Hart—The Campaign Palace was contracted for the development of the direct mail pack which is one component of the campaign.

Senator CONROY—Direct mail pack.

Dr Hart—And the production of the television commercials and press advertisements.

Senator CONROY—The television commercials and press advertisements.

Dr Hart—Essentially the way the campaign is constructed is that the television commercials and the press articles are an alert system for the mail-outs and for the brochure, which is providing consumer information on telecommunication safeguards and raising an awareness of the government's initiatives for regional telecommunications. So The Campaign Palace consultancy was developed to assist with the television and the mail.

Senator CONROY—I would like to go backwards a couple of steps. Are we still paying The Campaign Palace \$474,000? Is it more than that? Is that the final figure?

Ms Forman—The figure you have is excluding GST. The figures we have here are including GST. The current contract with The Campaign Palace is for \$522,045 including GST, which relates to the figure that you have. We are currently renegotiating that contract to take into account some additional expenses that were incurred during the production of the TV commercials and for the redesign of the booklet following market testing.

Senator CONROY—What will be the new cost?

Ms Forman—We expect the new cost to be \$577,645.

Senator CONROY—Is that including or excluding GST?

Ms Forman—Including.

Senator CONROY—Quantum Market Research?

Dr Hart—Quantum Market Research was employed for testing the competitive creative agencies, refining the creative products and tracking the campaign.

Senator CONROY—Do they have an ongoing role?

Dr Hart—Yes, they have.

Senator CONROY—How much is that?

Dr Hart—\$329,934.

Senator CONROY—Is that so far?

Dr Hart—No. That is the total. The payments expected in 2006-07 are \$245,483.

Senator CONROY—The \$329,934 will be the total?

Dr Hart—It will be the total.

Senator CONROY—And you have spent \$245,483?

Dr Hart—We will have by the end of the financial year.

Senator CONROY—So that leaves \$70,000 or \$80,000 ongoing?

Dr Hart—Yes.

Senator CONROY—So that is The Campaign Palace, and that is Quantum Market Research. Were there any other contracts or any other expenditure on other consultants who are involved in this process?

Dr Hart—There is a company called Cox Inall Communications—

Senator CONROY—What have they been contracted for and—

Dr Hart—Strategy development, stakeholder engagement and issues management.

Senator CONROY—How much are they contracted for?

Dr Hart—\$453,909.

Senator CONROY—That is almost half a million dollars?

Dr Hart—Yes.

Senator CONROY—The preparation costs so far are \$577,645, \$329,000, \$934,000 and \$453,909? Those are the total preparation costs for the campaign?

Dr Badger—Just adding to the Cox Inall Communications role, which is not just part of the initial preparations, it also involves regional forums and media relations over time. They started in December last year and they have a role through to June 2008.

Senator CONROY—So that \$453,909 covers all of those projected costs?

Dr Badger—Yes.

Senator CONROY—And that is the total amount of preparation costs so far?

Dr Badger—As I said, the last figure includes more—

Senator CONROY—I accept your point. I am also including the, I think, \$70,000 or \$80,000 from Quantum which is sort of going into the future a bit as well, so—

Dr Badger—Okay. There is also Origin Communications.

Senator CONROY—Origin?

Dr Badger—Yes.

Senator CONROY—What are they doing?

Dr Badger—They play a particular role with regard to the Indigenous dimension of the information campaign.

Senator CONROY—How much is that for?

Dr Hart—\$88,000.

Senator CONROY—Is that ongoing or preparation?

Dr Badger—My understanding is that it is to be completed by 30 June this year.

Senator CONROY—This year and next year?

Dr Hart—This year.

Dr Badger—2007.

Senator CONROY—Have they got an ongoing role in 2008?

Dr Hart—No, it is to be completed by this year.

Senator CONROY—Is there anybody else? Is that the total preparation and management of the campaign ongoing?

Dr Hart—That is right.

Senator CONROY—How much does it cost to make the TV ads? The actual preparation is not included in these costs, is it—or is it?

Dr Hart—It is. I can tell you how much their television component is.

Senator CONROY—I do not want to double count here. I just want to make sure—

Dr Hart—No, I am breaking it up.

Senator CONROY—if The Campaign Palace are responsible for both?

Dr Hart—It is included. It is not—

Senator CONROY—As I say, I did not want to double count. Thank you.

Ms Scott—If we gave you that figure you would be double counting.

Senator CONROY—Yes. Thank you. That was exactly what I wanted to avoid. Thank you very much. So the development of the TV ads is included in this cost? What is the budget for the TV advertising campaign?

Dr Hart—\$201,868.

Senator CONROY—Over what period?

Dr Hart—The first wave has already happened, and there will be a further period to begin on 8 July. And there is an additional cost for that, so the figure I gave you related to the one that has actually happened, and the further amount of \$200,597 is for the one to begin on 8 July.

Senator CONROY—So that comes to \$401,000 or \$402,000. Over what period was that TV advertising, the first wave?

Dr Hart—It was three weeks. It ran from 15 April to 29 April.

Senator CONROY—And the second wave is from 8 July until—

Ms Forman—That is also running for three weeks. I think that the first wave actually ran for three weeks from the 15th. The 29th is not correct.

Dr Badger—Three weeks from the 15th.

Senator CONROY—Sure, okay. That is three weeks from the 15th?

Dr Badger—That is one of those problem areas.

Senator CONROY—That is the first wave and the second wave. Is there a third wave?

Dr Hart—Not of television or of press advertising.

Senator CONROY—So there is no more TV advertising involved?

Ms Forman—Because the advertisements were using the same character so that people would see an association between them, there was an intention in the strategy to have a third wave in 2008 which would actually alert people to the information contained in the yellow pages. Telstra provides a page in there which covers the role of ACMA and the role of the TIO, but a lot of people are not totally aware that that is there, so that advertisement has been filmed as part of the production of the first two advertisements. But, timing and so forth is not—

Senator CONROY—When will that run?

Ms Forman—We have not resolved that at this stage.

Senator CONROY—In the first half of the financial year?

Dr Badger—No. It is planned in 2008, I think. Yes, 2008.

Senator CONROY—It would not start before January 2008?

Dr Badger—Not as far as I understand. Yes.

Senator CONROY—How much is being spent on that one?

Dr Badger—We will take it on notice.

Ms Forman—We will take it on notice.

Senator CONROY—Is that because there is not a figure or we just do not have it handy?

Dr Badger—We do not have it to hand. We will check on the status of the figure and get back to you.

Senator CONROY—Is it possible to get it back for tomorrow? I will still be here tomorrow morning.

Dr Badger—That should be good.

Senator CONROY—I will have it by tomorrow?

Dr Badger—Yes.

Senator CONROY—Great.

Ms Forman—The figures that we gave you there, the \$200,000 figures for the two TV placements, are actually for the placement, the time, if you like, that we were purchasing. So we do not have any cost for that third advertisement. The actual production costs are wrapped into The Campaign Palace costs, so they are already accounted for.

Senator CONROY—That was the television commercials—

Dr Badger—I think it is quite possible that, as we have not made a decision about the length of the placements for 2008 for the TV, that we will not have a figure.

Senator CONROY—It may not be possible?

Dr Badger—It may not be possible.

Senator CONROY—Okay.

Dr Badger—A decision on timing and how long has not been taken.

Senator CONROY—Let us talk about the press advertisements. How many waves are we having, what are they costing, and when?

Dr Hart—The figure for the rural press advertising which was two adverts in eight papers across the country was \$42,254. And as with the television there was a further round of press advertising which is \$42,254, so it has just been split into two parts.

Senator CONROY—Sorry, I missed that last sentence.

Dr Hart—The same amount for a further round again to begin on 8 July, the same time as the TV.

Senator CONROY—At the moment we are talking about a regional telecommunications strategy—is that right?

Dr Hart—We are talking about a consumer campaign. It is a campaign essentially to alert consumers to the safeguards that are available in telecommunications and to raise their awareness of initiatives in regional telecommunications.

Senator CONROY—I got the impression from that statement that this is a campaign—these TV and press ads—that has rural regions as its target. Is that right?

Dr Hart—That is right.

Senator CONROY—So this is a regional, rural campaign at this stage?

Dr Hart—It is. It is around three million households across regional Australia.

Senator CONROY—Is there a reason it is only going to regional areas at this stage?

Dr Hart—Sorry?

Senator CONROY—The filters are going to everybody, aren't they—the filter option?

Dr Badger—It is related to the origin of the campaign. The campaign came out of a recommendation of the regional telecommunications inquiry and effectively that has been the focus of the consumer awareness information campaign. It is on regional Australia.

Senator CONROY—I will come back to that. Now I turn to the direct mail pack. What is in the direct mail pack?

Dr Hart—There is a covering letter which just introduces the consumer to—

Senator CONROY—Who is that from?

Dr Hart—That is from the minister.

Senator CONROY—Has it got a photo on it?

Dr Hart—No, it does not have a photo.

Senator Coonan—We must remedy that.

Senator CONROY—I thought you were slipping there, Minister, just for a moment.

Senator Coonan—This is terribly helpful. Thank you, Senator Conroy.

Senator CONROY—I just increased the cost for you there? Make sure it is three-colour. Now, what else is in it?

Dr Hart—It is just a summary of the information which is covered in the booklet itself, so it actually describes the fact that—

Senator CONROY—Sorry, is this in the letter or—

Dr Hart—This is in the letter.

Senator CONROY—I want to know what is in the pack, not what is in the letter. I do not want that.

Dr Hart—Okay. The letter and the—

Senator CONROY—Pamphlet?

Dr Hart—Yes.

Senator CONROY—Were the costs of the printing of the letter and the pamphlet included in these other costs before, or do they have separate costs?

Dr Hart—The printing and distribution costs are a total of \$2,055,996.

Senator CONROY—\$2,055,996. That is \$2 million?

Dr Hart—That is correct.

Senator CONROY—That is for the direct mail. How many houses is it going to?

Dr Hart—Around 3.1 million.

Senator CONROY—That was printing and distribution?

Dr Hart—Yes, it is.

Senator CONROY—No magnet. I had my hopes on that magnet.

Dr Hart—There is a magnet.

Senator CONROY—There is a magnet; fantastic. Is there any room left on the fridge?

Dr Hart—It is naturally just on the back of it.

Senator CONROY—Is there a note in there, a PS: ‘Take off the other government magnet; put this one on the fridge’—because my fridge is full?

Senator Coonan—It is important to have a cumulative effect.

Senator CONROY—I cannot open my fridge door; it is weighed down.

Senator Coonan—We do not ration the safeguards.

Senator CONROY—So the pamphlet includes the magnet. I would have been very disappointed—

Dr Badger—I think I had better say that the pamphlet has integrated in it a magnet to allow the pamphlet—

Senator CONROY—If it has a magnet on it, I do not really think I can call that a pamphlet anymore, to be honest. I think that is a redundant phrase for the brochure. Are there any other costs?

Senator BIRMINGHAM—How many pages are there to this so-called magnet brochure?

Dr Hart—It is difficult because it is a folder.

Senator BIRMINGHAM—It looks like a brochure to me.

Ms Forman—It is indexed so that you can go straight to the page that you need to access.

Senator BIRMINGHAM—It has lots of information; it is much more than a magnet, I would say.

Senator CONROY—Much more than a magnet. Have you tested it? Have you put it on a fridge and then sort of flicked it upwards to see if it sticks on the fridge, because the weight may get too much above the magnet and start pushing it down the fridge? Have we done some road testing?

Ms Forman—I have not personally done that.

Dr Badger—I think we can assume that, given the amount of money that is involved in the testing processes, we would be very upset if the people who provided us with the material had not tested the effectiveness of the magnet.

Senator CONROY—Do you want to take one home and test it on the fridge for us for tomorrow, just to make sure it does not sort of slip on down because there is too much weight?

CHAIR—Senator Birmingham has some questions—

Senator CONROY—I know I have overdone my 20 minutes. I am happy to throw to Senator Birmingham.

CHAIR—Ever so slightly.

Senator CONROY—That is all right. I am happy to throw—

CHAIR—We are on a different subject, the Do Not Call Register, so we might need different people.

Senator BIRMINGHAM—Thank you. There is a fridge here. Can we test it on this fridge? That fridge might not be big enough.

Ms Forman—The version I have does not actually have the magnet unfortunately, so I cannot test it.

Senator BIRMINGHAM—So that one will definitely slide straight off the fridge?

Ms Forman—Definitely.

Senator BIRMINGHAM—Excuse me, I am a relatively new senator. There may be issues on this project that are more in the public domain than I am aware of, but I am going to try to get a little bit of extra information on them if I can.

Senator CONROY—You—

Senator BIRMINGHAM—I am sure the minister will give me all the information I need, Senator Conroy. I am sure she will give me all the information I require. With regard to the Protecting Australian Families Online program, could you tell me if this type of program has been trialled anywhere else in the world? Has it been rolled out anywhere else?

Mr Rizvi—We have been doing some research on this and, from the research that we have done to date, we have not been able to find anything which is run by a government that

provides free PC-level filters to individual households. We have found instances of individual non-government organisations that provide filters free of charge to a very narrow range of people—for example, a particular community in the United States—but there is no example we have been able to find anywhere in the world where governments provide PC based content filters free of charge.

Senator BIRMINGHAM—Those non-government bodies would be philanthropic bodies or community organisations and very—

Mr Rizvi—They are relatively small community organisations who would be providing these for their particular community.

Senator BIRMINGHAM—It is safe to say, if there is no other government agency in the world that appears to be pursuing this type of initiative, that Australia will be something of a world leader in this regard?

Mr Rizvi—That would be a reasonable conclusion to draw based on the research we have done to date.

Senator BIRMINGHAM—Has there been any feedback from other countries or any interest in the type of approach that Australia is taking? Are you aware of whether anyone is looking to model what we are doing, in other countries?

Mr Rizvi—I am not aware of any, but I imagine that, once the program is out there, there will be substantial interest from many governments looking to see how we have done it.

Senator BIRMINGHAM—Has there been strong take-up in the handful of communities where it has been trialled, or is it very hard to tell?

Mr Rizvi—We have not been able to get to the bottom of take-up rates in our research. The individual circumstances we have identified are fairly narrow.

Senator BIRMINGHAM—Can you provide a brief time line for the rollout of the software? You may have covered some of this with Senator Conroy before, and I apologise if you have.

Mr Rizvi—Yes. We put out the RFT that Senator Conroy referred to early in May. Submissions in respect of that RFT are due on 30 May. During the bulk of June we will be testing the filter products proposed by individual vendors for consideration. Those products will be tested by an independent expert laboratory. Based on the reports we receive from that independent expert laboratory, we will then have an understanding of the performance levels of each of the filter products put forward. That will provide us with a basis to negotiate a contract with the relevant vendors. We hope to finalise those contract negotiations during July. At the same time, we are currently going through the process of building the government portal, which will be the fulcrum of the operation of the program, and developing a call centre helpline. Of course, in July we will need to bring those three elements together and to test them jointly. That will enable us to have the program go live.

Senator BIRMINGHAM—That is quick progress from May through to, hopefully, July in terms of going live. It is very impressive. Senator Conroy asked about schools and so on. Has there been any resistance and what has been the reaction of state government bodies to the potential availability of the software?

Mr Rizvi—The discussion with state governments on this matter has predominantly revolved around their role in funding and their responsibility for public libraries. The minister has written to state governments seeking advice on what they propose to do to enable a child-safe environment in public libraries with regard to the use of internet filters. The advice we have received is that to date only the ACT and Tasmania have taken any significant steps in terms of utilising internet filters. We are continuing to look for ways in which we can encourage state governments to embrace filters, and public libraries to use them more extensively.

Senator BIRMINGHAM—The ACT and Tasmania are the only two that have taken proactive steps already. Are some states more enthusiastic about the project you are working on than others?

Mr Rizvi—The minister has indicated an intention to write again to state and territory governments seeking updates about what more they have done since her earlier letter. The deadline for advice from state governments in that regard will be in June. That will enable a discussion of this matter at the Online and Communications Council in late June. At that point we will have a better idea of the position of each of the state governments.

Senator BIRMINGHAM—Obviously, the hope is that they will play a major part in rolling it out in their community infrastructure.

Mr Rizvi—We think it is very important that state governments play a strong role here.

Senator BIRMINGHAM—Can you outline any support offered to consumers by way of technical assistance and any innovative approaches to achieve consumer take-up?

Mr Rizvi—We will be doing two things to encourage take-up. We will be running a comprehensive information campaign to alert users to the availability of the free filters and how they can go about obtaining them. As I mentioned to Senator Conroy, the two means by which they can obtain the filters will be via the government portal or via the call centre. The second means by which we will promote take-up will be through the promotion efforts of the vendors themselves. The contracts we hope to negotiate with the vendors will provide an incentive for them to maximise take-up of their particular product because the financial returns from maximising take-up are greater. We will be asking for, or have requested in the RFT, information from the individual applicant vendors about what measures they will be taking to promote their products once they are made available free of charge.

Senator BIRMINGHAM—I assume there will be capacity for the vendors to upgrade their products within the contracts as new technologies are developed?

Mr Rizvi—That is a very important dimension of the contract. At this stage, because the total value of the industry in this area is relatively small and the take-up of filters has been small, the preparedness of vendors to invest in improving the quality of the product has not been as strong. That is simply because the returns have not been there. With the government's entry into the market, the incentive to innovate and to invest in innovation increases significantly. By innovating, they can make a better product available, and a better product means better take-up and a better return for the individual vendors. We believe this set-up will accelerate investment in innovation in this technology.

Senator BIRMINGHAM—So will there be that flexibility within the contracts for an ongoing cycle of upgrading and innovation given that focus and attention?

Mr Rizvi—The contract will seek to reward innovation.

Senator BIRMINGHAM—Very good.

Senator CONROY—Can you confirm some figures for me? Preparation costs, including a little bit of ongoing administration, are \$1,449,488; television ads, \$402,465; press ads, \$84,000; and direct mail, printing and distribution, \$2,055,996. Barring errors, that comes to \$3,991,949—that is, about \$4 million. Does that sound right?

Mr Rizvi—Very close.

Dr Hart—The actual breakdown is \$4.1 million for 2006-07.

Senator CONROY—For 2006-07?

Dr Hart—Yes.

Senator CONROY—How much in 2007-08?

Dr Hart—It is \$1.8 million.

Senator CONROY—For a grand total of—

Dr Hart—\$5.9 million.

Senator CONROY—I appreciate that you explained that this idea arose from a regional—

Dr Hart—Telecommunications inquiry.

Senator CONROY—What are we doing about metropolitan Australia, Minister? This is just going to regional and rural areas. What is planned for the rest of the country? I presume we will be advertising and running a campaign for the rest of the country.

Senator Coonan—There is no immediate proposal in terms of the kind of campaign that is running at the moment. That was part of the regional telecommunications inquiry. That was a response to Estens, who identified regional Australia, and Indigenous Australia in particular, as the areas that would benefit from this campaign. So there is no immediate intention to replicate that kind of advertising more broadly.

Senator CONROY—How will we let people in the city know about the filter?

Senator Coonan—That is a different campaign.

Senator CONROY—So we have one campaign for the filter regarding regional Australia. What is the other campaign?

Senator Coonan—No.

Ms Scott—Senator, I wonder whether it would benefit us if we tabled the document that we referred to earlier.

Senator CONROY—Will it stick to the thing if you table it?

Ms Scott—It is about the telecommunications safeguards.

Senator Coonan—In other words, it has nothing to do with the filter.

Senator CONROY—So what is that campaign about?

Senator Coonan—This is about all those safeguards that you are going to roll back, remember?

Senator CONROY—Are we still on communications and the consumer information campaign?

Senator Coonan—That is it, yes.

Senator CONROY—Will we come to the filter campaign in a minute then?

Ms Scott—That is right.

Senator CONROY—Is there an intention to communicate the telecommunications safeguards to the rest of Australia?

Senator Coonan—My previous answer applies to that.

Senator CONROY—It is a different campaign?

Senator Coonan—No additional campaign of the kind that was covered in the regional telecommunications campaign is the subject of the pamphlet.

Senator CONROY—Will that pamphlet be distributed to anybody else?

Senator Coonan—It may be incidentally, but it is not as part of the campaign.

Senator CONROY—What does ‘incidentally’ mean?

Senator Coonan—I might put one in one of my letters, for instance, to a constituent who might write in, and that sort of thing.

Senator CONROY—So there is no government campaign?

Senator Coonan—No.

Senator CONROY—How many households are there in Australia?

Senator Coonan—I am not sure, but this went to roughly 3.1 households.

Senator CONROY—So there is no intention to provide this information to any other households via direct mail, press or television?

Senator Coonan—No.

Senator CONROY—So the only way that pamphlet will be distributed is how we have described tonight?

Senator Coonan—As I have said, it could be distributed by—

Senator CONROY—Other than if you gave it to some members of parliament and they did?

Senator Coonan—Exactly, or it might be that I instruct my department to put one in if there is a relevant constituent letter to which I am responding, or to which they are responding.

Senator CONROY—Understood.

Senator Coonan—But it will not be part of the paid campaign.

Senator CONROY—Back to the net filter. The minister indicated that there was a different campaign to advertise the net filter. What do we have planned? What can I look forward to? Do we have a fridge magnet?

Mr Rizvi—No, Senator, we do not have any magnets.

Senator CONROY—You are not going to have magnets for the computer? It would seem appropriate to have something stuck on the computer.

Mr Rizvi—We are certainly giving consideration to stickers or logos that might stick to computers, particularly in the context of libraries so that it will enable libraries to clearly identify to students which of their computers have the filters operating on them and therefore are child safe.

Senator CONROY—What sort of advertising campaign do we have?

Mr Rizvi—The government has announced an advertising campaign budget of \$18.3 million for the Protecting Australian Families Online package.

Senator CONROY—What does that \$18.3 million consist of?

Mr Rizvi—The \$18.3 million is inclusive of GST. The figures that I have here are exclusive of GST, so I just make that point at this moment.

Senator CONROY—Why do we keep excluding GST in these figures?

Mr Rizvi—I am not entirely sure, Senator. I just wanted to make that clear before I ran through the numbers for you.

Senator CONROY—Can I get the GST put back in?

Mr Rizvi—If we can take that question on notice we will give you the figures exclusive of GST.

Senator CONROY—It would be great if you could do that by tomorrow morning.

Mr Rizvi—Okay.

Senator CONROY—Is that figure of \$18.3 million with or without GST?

Mr Rizvi—The \$18.3 million is inclusive of GST.

Senator CONROY—Give me the breakdown. It is just that when I add these figures up they obviously will not add up to \$18.3 million.

Mr Rizvi—I am sorry, I have to correct that, Senator. The \$18.3 million is exclusive of GST.

Senator CONROY—Can I get the GST put back in for the purposes of consolidation?

Mr Rizvi—Correct.

Senator CONROY—Can I just clarify the figures we were talking about earlier for the telecommunications regional consumer information campaign. Were they with or without GST? We added the GST back in so the \$5.9 million includes GST?

Senator Coonan—Yes.

Senator CONROY—Back to the \$18.3 million plus GST.

Mr Rizvi—Yes. That figure is broken down as follows, and these are budget figures over three years—that is, 2006-07, 2007-08 and 2008-09.

Senator CONROY—Did you refer to 2006-07?

Mr Rizvi—No, this is for the three years combined.

Senator CONROY—When did it start?

Mr Rizvi—It will start in 2006-07 because a considerable proportion of the preparatory work is undertaken in 2006-07. So these are three-year figures. The budget for research, which includes development, benchmarking, concept testing, tracking and evaluation, is \$575,000.

Senator CONROY—Who gets that? Who is the lucky winner?

Mr Rizvi—That was the Wallis Consulting Group. We have a public relations consultant, and that is \$450,000 over three years.

Senator CONROY—And the winner was?

Mr Rizvi—Quay Connection. We have an advertising agency and the name of the advertising agency is 303 Advertising. To get the total value of the budget for the advertising agency I will need to add up two numbers, \$307,000 plus \$739,713, which gives a total of \$1,046,713 for the advertising agency.

Senator CONROY—Right.

Mr Rizvi—Then we have \$11.909 million for the grossed-up media buy. That includes television, print, direct mail, radio, internet, NESB media, Indigenous media, print handicap media.

Senator CONROY—When are the TV advertisements running?

Mr Rizvi—They will run from the date of the launch of the campaign.

Senator CONROY—What is the date of the launch?

Mr Rizvi—That has not been finally settled yet. That is being worked through.

Senator CONROY—I am willing to bet it is before November though.

Ms Scott—I think we answered earlier—I think to Senator Birmingham's question—when we indicated that it would be late July

Mr Rizvi—Or early August, around that time.

Ms Scott—Or early August, around that time.

Senator CONROY—The TV advertisements will run from then. So you have booked them?

Mr Rizvi—No, they have not yet been placed.

Senator CONROY—What percentage of the media buy will be in the first three months of the campaign?

Mr Rizvi—The intention is to increase the take-up of the filters as quickly as possible. Certainly a significant portion of the expenditure of the campaign will take place in 2007-08.

Senator CONROY—What proportion will take place in the first three months after the launch, be it TV ads? I know it is going to be hard to find any placement for a TV advertisement in the next four months because to get the net advertisement up you probably have to knock off the industrial relations advertisement or knock off the—

Mr Rizvi—The final percentage of that will have to be determined through the Ministerial Committee on Government Communications and that has not yet been finally settled.

Senator CONROY—Was the total \$18.3 million?

Mr Rizvi—No.

Senator CONROY—What else have I missed?

Mr Rizvi—There is \$3.278525 million for printing and distribution of a direct mail booklet for point of sale materials.

Senator CONROY—Slow down—a direct mail booklet. Is this a booklet, a pamphlet, a fridge magnet? What are we talking?

Mr Rizvi—It is a booklet.

Senator CONROY—A booklet. Do you have a copy?

Mr Rizvi—No, I do not have a copy.

Senator CONROY—How many pages?

Mr Rizvi—I just need to check how many pages that will be. It is 12 pages.

Senator CONROY—About roughly what size? Is it A4?

Mr Rizvi—It is A4. That funding also includes point of sale material.

Senator CONROY—How many houses is that being mailed to?

Mr Rizvi—We are aiming for eight million.

Senator CONROY—Eight million. Does it have a letter in it as well?

Mr Rizvi—It will include a letter.

Senator CONROY—A letter signed by?

Mr Rizvi—That will have to be finally determined.

Senator CONROY—Surely it is the minister?

Mr Rizvi—That is a decision yet to be made.

Senator CONROY—Minister?

Senator Coonan—I am sorry, I missed that.

Senator CONROY—I am just looking after your interests, as always. I just wanted to make sure that your name and photograph are on this letter as well.

Senator Coonan—I am so grateful.

Senator CONROY—But they are not sure. A final decision has not been made.

Senator Coonan—That is true. Sometimes I am excluded from these mail-outs.

Senator CONROY—Well, I cannot let that happen, can I?

Senator Coonan—Senator Conroy, I cannot explain why but sometimes that happens.

Senator CONROY—Put your foot down, Minister. You have to have your photograph and your name on it. I presume the letter is coming from you.

Senator Coonan—Yes, it will.

Senator CONROY—Or is there a suggestion it could be coming from the Prime Minister?

Senator Coonan—No. I will be writing the letter, as I understand it.

Senator CONROY—You will be writing the letter, okay—with photograph?

Senator Coonan—I doubt it very much.

Senator CONROY—Stop being bashful!

Senator Coonan—Well, you know, you have to be anonymous around the place, do you not?

Senator CONROY—So there will be a direct-mail letter to eight million homes.

Mr Rizvi—Point of sale material.

Senator CONROY—From government bookshops?

Mr Rizvi—No. The idea would be to place the point of sale material where people purchase computers—for example, when someone is purchasing a computer—to alert them to the availability of a PC filter which would be, we believe, one of the most effective ways of alerting people to the availability of the filters.

Senator CONROY—What sort of point of sale establishments are we talking about?

Mr Rizvi—Essentially, establishments that sell computers.

Senator CONROY—So every Harvey Norman store in the country will have one of your advertisements up?

Mr Rizvi—That is yet to be negotiated in terms of which—

Senator CONROY—How many points of sale are we talking about this propaganda being involved in?

Senator Coonan—Senator Conroy, are you seriously suggesting that it is not—

Senator CONROY—I support the filter.

Senator Coonan—Yes, I would hope so.

Senator CONROY—But the propaganda around it is a different issue.

Senator Coonan—But if you have got one and no-one knows about it, what is the point of that?

Senator CONROY—No. Look, I do not think anyone is going to fail to notice, Minister.

Senator Coonan—Seriously, the point of sale is an appropriate thing to consider.

Senator CONROY—How many points of sale are we negotiating to be in?

Mr Rizvi—We have not yet finally determined that.

Senator CONROY—Are we negotiating with major departmental chains at the moment?

Mr Rizvi—We are in discussion with a number of them.

Senator CONROY—Who are we talking to? Name names. Come on.

Senator Coonan—That is confidential, I would have thought, at the moment.

Mr Rizvi—I am not sure whether we could name names until we have finalised the list.

Senator CONROY—Presumably it is the major electrical—

Mr Rizvi—It is major retail shops.

Senator CONROY—Dick Smith, Harvey Norman, David Jones.

Senator Coonan—They are potential places.

Senator CONROY—They are the obvious ones.

Senator Coonan—Senator Conroy, there has been no decision. You cannot badger the witness about it.

Senator CONROY—Okay. Is there an estimate of how many distribution outlets, roughly, will be covered by the people you are talking to? You must have an estimate of their footprint.

Mr Rizvi—We would have to take that on notice.

Senator CONROY—Ah, I think there was a nod there.

Ms Scott—No.

Senator CONROY—No? Okay. So an unknown number of Dick Smith stores, Harvey Norman stores and David Jones stores will all have government advertising in them.

Senator Coonan—Well, that is not established, Senator Conroy.

Senator CONROY—But we have a budget allocation here for point of sale.

Senator Coonan—Yes, but you have named some organisations. There is no agreement. It is not appropriate, in my view, for you to be stating some concluded arrangement when there is not one.

Senator CONROY—Keep going. I am sorry I interrupted you. What do we have left?

Mr Rizvi—Finally, the balance of the funding is for the staff within the department associated with developing the campaign.

Senator CONROY—So \$18.3 million for this particular campaign, to advertise the filter for computers, being mailed out to eight million homes. Has anyone been able to do the GST calculation? I am not willing to have a go myself because I am sure I will stuff it up. Has anyone been able to do that yet, just while we have been talking?

Mr Rizvi—It might be best if I just take on notice how the GST is calculated. I am not an expert in calculating GST.

Senator CONROY—So tomorrow morning we will be able to round that up? Someone can do the math overnight, surely.

Ms Scott—Yes.

Proceedings suspended from 9.28 pm to 9.49 pm

Senator CONROY—Are there any other costs?

Ms Scott—We were going to offer an explanation of the inclusive and exclusive GST, if that would be of interest.

Senator CONROY—That is good; go for it.

Ms Gale—The department has actually appropriated GST exclusive, but where a budget warrants GST it calls on a different appropriation.

Senator CONROY—Does that mean that you just add two numbers together?

Ms Gale—Yes.

Senator CONROY—So I should not say 10 per cent of \$18.3 million?

Ms Gale—If the contract warrants the payment then we provide it, plus GST.

Senator CONROY—So you will be able to give us a figure in the morning? You are the chief financial officer, so you should not look at anyone else. If you could do that now it would be great.

Ms Gale—We will review them and provide the correct numbers, no problems.

Senator CONROY—You will review them?

Ms Gale—We will review the numbers and provide them in the morning.

Senator CONROY—Thank you very much. Are there any costs other than the GST on top of the \$18.3 million for the net filter program?

Mr Rizvi—The \$18.3 million is the total campaign budget.

Senator CONROY—Is there anything outside the campaign budget that I need to know about?

Mr Rizvi—There is the budget for the filters themselves, and the program.

Senator CONROY—What is the cost of the filters projected to be? What is the projected uptake and what are we expecting to spend on the filters?

Mr Rizvi—The program funding over the forward estimates period is \$93.3 million.

Senator WONG—I am sorry to interrupt, Senator Conroy, but could you give me a breakdown of the figures?

Senator CONROY—Could you break that down?

Mr Rizvi—Yes. I will have to use the calculator again, I am sorry.

Senator WONG—Do you just divide it by four?

Senator CONROY—I do not think so. Presumably the uptake would be early on following the massive advertising campaign. Could you give us a breakdown tomorrow morning?

Mr Rizvi—Yes. I might take that break-up on notice, Senator.

Senator CONROY—Can you give it to us tomorrow morning?

Mr Rizvi—Yes, we should be able to provide it tomorrow morning.

Senator CONROY—Could you give us the breakdown of the \$18.3 million, or the GST plus the \$18.3 million? Could you give us that breakdown for 2006-07, 2007-08 and 2008-09?

Mr Rizvi—Yes, we can provide it. If we can take that question on notice as well, Senator, we will provide a breakdown year by year.

Senator WONG—You cannot tell us now what the appropriation for the 2006-07, 2007-08 and 2008-09 budget is on the \$18.3 million?

Mr Rizvi—Senator, there was an adjustment where some money was re-phased from 2006-07 into 2007-08. I just want to make sure that I get the calculation for that re-phasing absolutely correct. I would not want to mislead you with the numbers.

Senator CONROY—How much was re-phased?

Mr Rizvi—The re-phasing is probably the reason I would like to take that question on notice and get it to you first thing in the morning.

Senator WONG—Mr Rizvi the CFO is here; she has just returned.

Ms Scott—It is around \$7 million, Senator.

Senator WONG—From 2006-07 to the forward years?

Senator CONROY—They were planning on launching it this financial year, but it is now in July.

Mr Rizvi—If I could, I will confirm all the figures in the morning.

Senator WONG—That is fine. But, just to be clear, that \$18.3 million starts in the current financial year.

Senator CONROY—And that is exclusive of GST. There are preparation costs.

Mr Rizvi—We will get you the precise up-to-date figures tomorrow morning.

Senator CONROY—Thank you.

Ms Scott—In the meantime—I have had the CFO speaking in my ear—the re-phasing of the campaign was \$7 million and the re-phasing of the filter element is \$18.774 million.

Senator CONROY—Thank you. Are there any other costs relating to the program? We have the actual cost of the filters and we have the advertising costs. Are there any other costs?

Mr Rizvi—That is the full allocation to the program that was made and announced in the minister's media release. It comes to the total that is in the media release, which is \$116.6 million.

Senator CONROY—I wanted to ask about Connect Australia. Did you get the short straw on that one, or did you escape?

Mr Rizvi—Sadly, no, Senator.

Senator WONG—Did you just handball this guy? That looked like a handball to me.

Ms Scott—No, it is fine. I think Connect Australia is a multiple program, so we will probably have a bit of a football team out the front.

Senator CONROY—That is quite all right; I like football. I was going to ask about the advertising campaign. I was not going to go into the full details—I will come to them—but I just wanted to finish off our splurge of spending tonight.

Ms Holthuyzen—There is no advertising campaign for the broadband connect program. There were advertisements to get applications in and things like that, but there is no actual advertising campaign.

Senator CONROY—There is a line item in the budget for Connect Australia. Maybe I have the name of the program wrong. I understand that there is a third advertising campaign around broadband. Does that ring a bell with anyone? People appear to be shaking their heads. I would be very pleased to hear that it did not.

Ms Holthuyzen—No.

Senator CONROY—So this department is engaged only in two advertising campaigns?

Ms Holthuyzen—Two advertising campaigns, that is correct.

Senator CONROY—I thought at the last estimates committee hearing we came across a third campaign. I just have a memory that three things were likely to be happening—perhaps the Do Not Call Register?

Senator Coonan—That is ACMA.

Senator CONROY—Does it not ring a bell with anyone? I must say that I would be very pleased if it did not.

Senator KEMP—There appears to be some confusion.

Senator CONROY—No, I am just overwhelmed about the number of letters I will be getting from Senator Coonan.

Senator Coonan—I am going home right now to wait by my letterbox.

Senator KEMP—It sounds like a bit of confusion to me.

Senator WONG—I wish to clarify an issue. Budget paper No. 2006-07 had a Connect Australia advertising campaign of \$5.9 million.

Ms Scott—Senator, I think we have just done that one.

Senator CONROY—That is the telecommunications regional one.

Senator WONG—That is now the telecommunications regional, is that right?

Ms Holthuyzen—Yes.

Senator Coonan—We have already done that.

Senator WONG—Yes, I know we have done that. I think you called it something different previously.

Senator Coonan—No, it was not. Its origin was the regional telecommunication campaign, so we know where it came from.

Senator WONG—But in the terms of the budget line items though?

Senator CONROY—So it is Regional Telecommunications?

Senator Coonan—That is it.

Ms Scott—Pointing you in the Right Direction.

Senator CONROY—I see there are two line items.

Ms Scott—Yes.

Senator CONROY—There is Regional Telecommunications and there is Connect Australia.

Ms Scott—Pointing you in the Right Direction, yes, with a budget of \$5.9 million, and then Protecting Australian Families Online.

Senator CONROY—So there are three line items that I am looking at in Budget Paper No. 2, which is where these are taken from. One is called Regional Telecommunications, another is called Connect Australia, and one is called Protecting Australian Families Online. If Regional Telecommunications and Connect Australia have merged, that is okay, but I am just reading from the budget papers.

Senator Coonan—We will just check it, Senator Conroy.

Ms Scott—Senator, are you quoting last year's budget papers, or this year's budget papers?

Senator WONG—Budget Paper No. 2, 2006-07.

Ms Scott—I have brought this year's along. I am sorry, I do not have last year's.

Senator Coonan—We will take it on notice because we are not quite sure.

Senator CONROY—Okay. There is no broadband advertising campaign. I remember a discussion about a letter to tell people how good our broadband connections were. There was some suggestion at the last Senate estimates.

Senator Coonan—If I recall, and my memory may not serve me correctly, I think there was some reference to it in the RTI. That is my recollection.

Senator WONG—There is a very small section.

Senator Coonan—Dr Hart confirms my recollection is correct.

Senator CONROY—They have merged into that one document.

Senator Coonan—Yes.

Dr Hart—There was never a separate campaign for broadband. There is a very small element of the booklet which has some initiatives. It mentions the broadband initiatives.

Senator CONROY—Okay.

Senator Coonan—These are broadband and mobile coverage.

Senator WONG—Can we be clear, just so I understand—and Ms Scott, you will obviously want to take this on notice—the \$5.9 million that is discussed in last year's Budget Paper No. 2 at page 65, which has \$5.9 million appropriated for Connect Australia, is the

same expenditure that is now what I think you have described as regional Telecommunications Safeguards.

Senator Coonan—Telecommunications Safeguards, yes.

Senator WONG—Yes.

Senator Coonan—We will take that on notice, senator.

Senator WONG—Thank you. There was also, as part of the GCU active campaign's tabled document, half a million dollars relating to Regional Telecommunications. Would that relate to this campaign?

Senator Coonan—We think so, yes.

Ms Scott—I think that relates to our last answer.

Senator WONG—Meaning the \$5.9 million?

Ms Scott—That is right.

Senator WONG—That is clear.

Senator CONROY—So that \$6 million there, with those two figures added, we only got up to—

Senator Coonan—We got to \$5.9 million.

Senator CONROY—\$5.98 million, I am sorry. That covers that.

Senator WONG—What I want to just confirm is that the half a million is included in the \$5.9 million.

Senator Coonan—Yes. We will check that.

Senator WONG—Thank you.

Senator CONROY—I am exhausted by that amount of spending. I will change tack for a while. Minister, how many personal staff do you have working for you?

Senator Coonan—Me?

Senator CONROY—Yes.

Senator Coonan—I am not sure. I would have to check the current number but in the order of about 16 or 17, which includes electorate staff.

Senator CONROY—Okay, which is four now, is it not?

Senator Coonan—I will have to whip round and do a count, and I will let you know in the morning.

Senator CONROY—Given that it is a large portfolio, would it be fair to say that you and your staff travel regularly for business purposes?

Senator Coonan—Yes.

Senator CONROY—It would be fair to say that the vast majority of travel undertaken by you and your staff is interstate, between capital cities and within Australia?

Senator Coonan—I would not like to confirm that because—

Senator CONROY—Just give me the vast majority.

Senator Coonan—A lot of it is in New South Wales.

Senator CONROY—Well, within Australia.

Senator Coonan—Certainly in Australia, yes, definitely.

Senator CONROY—When you travel internationally, do you take personal staff and departmental staff?

Senator Coonan—On the occasions I have travelled internationally I think I have taken one staff member, possibly two on one occasion. Usually I take either my chief of staff or the relevant senior advisor.

Senator CONROY—So when you are taking staff, does the department prepare briefings for you and your staff before you go?

Senator Coonan—I always have a brief, yes.

Senator CONROY—And you are briefed by the department.

Senator Coonan—Yes.

Senator CONROY—Who signs off on your international trips undertaken by you and by your staff?

Senator Coonan—I will have to take it on notice. I am not quite sure what the chain is because I do not do it personally. It is organised in a way where I think it is approved by the Prime Minister—that is my recollection—and the itinerary is usually designed by the department.

Senator CONROY—You are not one of the more travelled ministers.

Senator Coonan—No. I do not travel greatly.

Senator CONROY—You are not a highly travelled minister by any means.

Senator Coonan—No. I am nailed to the floor, basically.

Senator CONROY—I know that you have gone overseas a couple of times, but not frequently.

Senator Coonan—Not very much.

Senator CONROY—So you would recall most of the reasons you have taken your trips.

Senator Coonan—Yes, I probably would.

Senator CONROY—And who went on them.

Senator Coonan—I may not do that, but I would be able to check very quickly.

Senator CONROY—Did you or any of your staff travel to the United Kingdom in 2006?

Senator Coonan—I have certainly travelled to the UK and I think I probably did in 2006.

Senator CONROY—Late 2006?

Senator Coonan—I do not know. I would have to check.

Senator CONROY—Can you recall the nature of the trip and whether the trip was approved and paid for by DCITA?

Senator Coonan—By whom?

Senator CONROY—Your department, the Department of Communications, Information Technology and the Arts.

Senator Coonan—It was really basically to deal with Ofcom and to look at Digital Australia, but I really do not know. Can you not ask finance about this? They have all the records. This is just my recollection.

Senator CONROY—Sure. I am not trying to hold you to it.

Senator Coonan—No. I am not suggesting for a minute that this is a fulsome explanation. I would really have to go and have a look.

Senator CONROY—No. I am not trying to hold you to a specific.

Senator Coonan—But I recall a trip to the UK where I had very intensive briefings and consultations with Ofcom. I also saw BT and looked at issues like operational separation, those sorts of issues. I remember that very vividly.

Senator CONROY—And DCITA, your department, was asked to prepare a brief for that trip?

Senator Coonan—I imagine they were, yes. I mean, I certainly get briefed on every trip.

Senator CONROY—Has a report of the trip been prepared?

Senator Coonan—For whom?

Senator CONROY—Do you not prepare a report? Or does the department not prepare a report? I assume a departmental official—

Senator Coonan—I usually have the secretary with me and the secretary has on each occasion been aware of what it is about, or alternatively a very senior person is there.

Senator CONROY—You have a new secretary of the department.

Senator Coonan—I do.

Senator CONROY—So I cannot ask Ms Scott.

Senator Coonan—Yes. But there has been a body of work done following all of my trips.

Senator CONROY—Yes. On the UK trip, how many staff did you take?

Senator Coonan—From recollection, one.

Senator CONROY—Do your staff ever travel overseas by themselves?

Senator Coonan—I beg your pardon?

Senator CONROY—Do your staff ever travel overseas by themselves?

Senator Coonan—Look, I would imagine that they do.

Senator CONROY—On business?

Senator Coonan—They would undertake numerous trips to various conferences and fora—of course they do. I am sorry, not my staff. You mean DCITA people?

Senator CONROY—No, your staff.

Senator Coonan—No, they do not.

Senator CONROY—So none of your staff has ever travelled overseas by themselves, as in not accompanying you?

Senator Coonan—Not that I am aware of.

Senator CONROY—Okay, good. Senator Coonan, you are a big proponent of the online media. Is that a fair description?

Senator Coonan—It depends what you mean by online media.

Senator CONROY—You have been quoted as saying:

... when it comes to a variety of sources of opinion—the lifeblood of healthy democratic debate—there can be no question that the Internet has revolutionised the distribution of opinion.

The Internet is bristling with blogs, websites, podcasts and chatrooms where thousands upon thousands of views and opinions are expounded and spread. I have been accused of claiming that the Internet is a ‘replacement’ for diversity of ownership and content.

I have never made that claim—but I have always recognised that the Internet is a powerful source of news and opinion at an international, national and regional level—and its impact is growing exponentially.

You have also said:

The media’s growing respect for online offerings may eventually debunk the claim that the Internet as a news source lacks credibility.

In fact, the Internet has revolutionised the distribution of opinion, making the market place of ideas and information more transparent than ever before.

Are those quotes from you?

Senator Coonan—They could well be.

Senator CONROY—I am hoping they are. I think we got them out of your speeches.

Senator Coonan—I do make a number of speeches.

Senator CONROY—I know that; I follow them all. So, you would believe that online media is a credible form of media?

Senator Coonan—I am not quite sure what policy this refers to.

Senator CONROY—Is the *Brisbane Times* website a credible media site? It is all about media diversity. That is a policy of yours.

Senator Coonan—A policy is in place and I do not see how this goes to it.

Senator CONROY—I am talking about diversity of media and cross-media ownership.

Senator Coonan—You are not really; you are talking about a Brisbane media site. I have not seen it.

Senator CONROY—It is the *Brisbane Times*; it is a Fairfax—

Senator Coonan—I have not read it online.

Senator CONROY—Is News Corps' blogger Tim Dunlop's blog entitled Blogocracy one of the credible media sites?

Senator Coonan—I do not know, Senator Conroy; I have not seen it.

Senator CONROY—You have been advocating that they are part of a revolution in the distribution of opinion. Do you have any favourites?

Senator Coonan—I am not going to answer that. What does this go to?

Senator CONROY—You have argued that online media is a credible marketplace of ideas. That is what you have said. Can you explain why Crikey is excluded from the budget media lockup given that it is one of Australia's leading media—

Senator IAN MACDONALD—You cannot be serious.

Senator Coonan—Senator Conroy, I know you are filibustering madly trying to fill the time, but that is not a permissible question.

Senator CONROY—You do not get to decide that.

Senator Coonan—I am afraid I decide what I answer.

Senator CONROY—Yes, but you do not decide what I ask.

Senator IAN MACDONALD—The chairman should insist that it is relevant.

Senator CONROY—Are you prepared to make any representations to the Treasurer?

Senator Coonan—It is the Treasurer's portfolio responsibility to decide who goes into the budget lockup.

CHAIR—I am actually interested.

Senator CONROY—Are you prepared to make representations to the Treasurer, given that the Treasury has excluded Crikey, informing it that the decision is in accordance with practice adopted in previous years with criteria set down by the Treasurer? A copy of that criteria was requested, but it was not provided. I am just hoping—

Senator Coonan—You are filibustering. Ask the Treasurer.

Senator CONROY—I am asking whether you will make representations—

CHAIR—Is it not the point that it is a matter for the Treasurer?

Senator CONROY—on behalf of Crikey.

Senator Coonan—That is a matter for the Treasurer.

Senator CONROY—I am asking if you will—

Senator Coonan—That is a matter for the Treasurer, Senator Conroy.

Senator CONROY—I am asking if you will support—

Senator IAN MACDONALD—This is not a matter for an estimates committee.

Senator CONROY—I am asking the minister whether she is prepared to support—

Senator IAN MACDONALD—You are obviously getting too many bad mentions from Crikey and you are trying to buy your way back in.

Senator CONROY—It is a terrible slur on an organisation to suggest that it is available to be bought. It is not like Queensland Liberal preselection.

Senator Coonan—Filibustering.

Senator IAN MACDONALD—At least we have preselection, unlike the Labor Party, which just parachutes people from Melbourne into Newcastle seats.

Senator CONROY—I was just hoping that the minister would be prepared to, as they say, put her money where her mouth is.

Senator IAN MACDONALD—That is not a matter for estimates.

Senator CONROY—I was just hoping the minister would weigh into the debate.

CHAIR—It is 10.15 pm. Time is moving on relentlessly.

Senator CONROY—I was just hoping the minister would weigh into the debate.

CHAIR—We have a lot of officials here—

Senator CONROY—A blog.

CHAIR—who may feel that this is a waste of time.

Senator CONROY—The loss of a radio signal in a remote area is significant to the community. Are you aware that the Warmun community in the Central Kimberley-Pilbara region recently lost their ABC signal? I am sure Senator Eggleston will be interested in this one as well.

CHAIR—They lost their what? ABC—

Senator CONROY—Signal. I am sure you are interested as someone who travels in that region.

Senator Coonan—You should have asked the ABC.

CHAIR—That would have been the appropriate thing to do. Presumably it will be restored.

Senator CONROY—We can move to my next question. Did you know they lost the signal? It is all right if you did not. As a result of this failure, and numerous other maintenance issues in the region, Pilbara and Kimberley Aboriginal Media, or PAKAM, made an application to DCITA—which is not part of the ABC—for the repair and maintenance of the broadcasting equipment on behalf of 14 communities to ensure that such failures did not occur. Can you confirm why that funding was refused? It is perfectly straightforward. It is a DCITA question.

Dr Pelling—We will have to take that question on notice. We do not have the information available.

Senator CONROY—Minister, can you give the Warmun community an assurance that their radio service will continue uninterrupted if basic repair and maintenance of their broadcast equipment is not provided for?

Senator Coonan—I would like to take some advice about that. The officer needs to take the question on notice to verify the position. Then I will be in a position to be advised by the department.

Senator CONROY—You may be aware that Nyoongar Radio in Western Australia was forced to shut its doors last year. Are you aware that that closure was as a result of a loss of funding of approximately \$50,000 over five years and a number of conditions and demands imposed by DCITA?

Senator Coonan—Was that the only reason they lost it?

Senator CONROY—I get to ask the questions. If you want to ask that question, why not ask the department?

Senator Coonan—I know that was a genuine question and I trying to clarify the situation. Are you suggesting that—if it is correct—the loss of funding was the sole reason for the closure or are you suggesting some other reason? If so, I would like to know what you are suggesting.

Senator CONROY—I am just asking the question; I do not always have the answer before I ask a question. I know that may surprise you.

Senator Coonan—That is very unwise, Senator Conroy.

CHAIR—Yes, very unwise. Is Nyoongar Radio Perth Aboriginal Radio?

Senator CONROY—DCITA met with Nyoongar Radio on 25 July 2006 and agreed to a public funding agreement. However, the PFA was not received from DCITA by Nyoongar Radio until the Friday—

Senator Coonan—Is this a question or a statement?

Senator CONROY—The PFA was not received from DCITA by Nyoongar Radio—

Senator Coonan—What is the PNA?

Senator CONROY—PFA. I just said; it is the public funding agreement. Sorry if you did not hear me the first time.

Senator Coonan—I am sorry; I did not hear it.

Senator CONROY—It was not received until the Friday before they closed the doors. I wonder why that was.

Senator Coonan—We must take that question on notice.

Senator CONROY—Sure.

Senator Coonan—There is just no way—

Senator CONROY—There is no reason to get excited.

Senator Coonan—No. I wish I was excited; I am very unexcited about it.

Senator IAN MACDONALD—You are doing remarkably well to stay awake.

Senator Coonan—We will take the question on notice and see if there is some factual basis for your statements.

Senator CONROY—Subsequent to Nyoongar Radio's closure, has any funding been allocated for another community radio service in the region?

Mr Neil—We do not directly fund community broadcasters; they are funded through the Community Broadcasting Foundation. We provide annual funding to them, and the allocation of money to different community broadcasters is determined through that foundation. We do not directly fund any of those groups or impose requirements on them in relation to funding. We would need to take the question on notice to clarify the situation. I think they are confusing us with someone else.

Senator CONROY—No, they contacted me and said they had met with DCITA. If it was someone other than DCITA, I am perfectly relaxed.

Dr Pelling—We will explore it further.

Mr Neil—I think it is unlikely that they met with DCITA, but we will check.

Senator CONROY—I return to one of the issues we discussed before—that is, digital TV and conversion. Where are we at with channels A and B?

Dr Pelling—A process is being conducted by the Australian Communication and Media Authority to develop the marketing of those two channels, and they are in the process of taking that forward at the moment.

Senator CONROY—A marketing plan, did you say?

Dr Pelling—Yes. The channels will be sold at auction. In order to provide a product for auction, ACMA develops a series of documents which sets out exactly what the product is that they are selling.

Senator CONROY—Has ACMA provided those documents yet?

Dr Pelling—No. They are working on them at the moment.

Senator CONROY—ACMA has not provided them.

Dr Pelling—They have not publicised them.

Senator CONROY—No. Have they provided them to the minister?

Dr Pelling—Not that I am aware of, no. There is a range of policy issues being considered and on which the department and, on occasion as necessary, the minister are consulted, but the package has not been provided to us at all.

Senator CONROY—I might come back to that. Minister, I do not think there was anything in the budget, but I am hoping you can correct me and point me to something, to assist with community TV switching over to digital broadcasting.

Senator Coonan—No. In *Ready, get set, go digital*, there is a reference to the fact that consideration will be given to how community TV is able to convert to digital. That is in prospect and under consideration but there is no budgetary allocation for it at the moment.

Senator CONROY—No budgetary allocation at the moment, but is there any rough indication, Minister?

Senator Coonan—No. I have it under consideration but I do not have any time frame around it. I want to look at it in consideration with the allocation of the new channels and generally look at how we review the spectrum.

Senator CONROY—Okay. And we are still ruling out a must-carry provision with Channel A?

Senator Coonan—I have all things under consideration but I am not in a position to say.

Senator CONROY—I thought you had ruled—I am not trying to be cute—I thought you had previously said no.

Senator Coonan—Well, I have said that I am not in a position to announce a final policy in relation to the conversion for community television.

Senator CONROY—But in terms of the auction in Channel A I thought you had previously said that it would not have a must-carry provision.

Senator Coonan—That is correct. That is the current decision.

Senator CONROY—That is your current decision.

Senator BIRMINGHAM—Has the government given community TV a guarantee in terms of its transition from analog to digital?

Senator Coonan—Yes. We have said that. The only thing we have not committed to is when.

Senator CONROY—Or whether there will be a simulcast period.

Senator Coonan—There is a range of things that I am not in a position to announce, but I have said that we will not be leaving them behind. We will look after them in some way. I have not said when, or how.

Senator CONROY—At the estimates hearing in February we discussed whether anyone had registered interest in starting an HD channel. Are there any takers yet? Have we had anyone come forward?

Dr Pelling—I am not aware of any changes to the answer that we gave you at that time.

Senator Coonan—That is right.

Senator CONROY—So no-one has started broadcasting in HD?

Dr Pelling—Not that I am aware of.

Senator CONROY—This is the multichannel.

Dr Pelling—Yes. Not that I am aware of.

Senator CONROY—No-one has come to you and said that they are about to?

Senator Coonan—They would not need to.

Dr Pelling—No, they would not need to.

Senator CONROY—But you would be aware of a pretty significant development.

Dr Pelling—Yes.

Senator CONROY—You would hear about it before me; that was all I meant.

Dr Pelling—Possibly.

Senator CONROY—I am sure of it. In your response to question 80 from the last estimates, you state that a recent survey of users by ACMA indicates that nearly 30 per cent of Australian households may have access to digital free-to-air television. Can you clarify for me whether this nearly 30 per cent do, or do not, have access to digital television? ‘May have’ is a bit of a vague term.

Dr Pelling—Okay. ACMA’s survey indicated that of the order of 29 per cent of people have access to digital television. I cannot remember exactly the terms of the questions that they asked and therefore exactly how they structured their answer, but, broadly speaking, that figure and other figures that we have from industry, based on sales of set-top boxes, suggest that somewhere of the order of 28 or 29 per cent of Australian households have taken up digital television. It is confirmed by other figures.

Senator CONROY—It is just that you said ‘nearly 30’—I will accept 28 or 29 is nearly 30—of Australian households may have’. I am just confused about why you needed to say the word ‘may’ instead of saying ‘have access to digital television’.

Dr Pelling—Okay. I think the correct answer, based on the figures that we have both from industry and from ACMA, is that of the order of 28 per cent of people have access to digital television; in other words have digital receivers.

[10.25 pm]

CHAIR—Senator Birmingham has some questions about digital matters.

Senator BIRMINGHAM—I am happy to give Senator Conroy a break after his long run. While we are on Digital Australia, could you perhaps give me some examples of overseas entities, if there are any that are similar to Digital Australia that have been established, please?

Dr Pelling—Yes. One particular example is an organisation called Digital UK which is a body comprising a modest number of staff who serve a similar purpose to the kind of role that we envisage for Digital Australia in this country. It has a role in terms of communications about digital television, a coordination role with industry and generally is at the forefront of the final stages of the conversion process to digital television. So certainly the UK has a similar model. There may well be other countries. I am not immediately aware of them. We have looked at this in the past but I cannot remember.

Senator BIRMINGHAM—It is a similar model and obviously it has been looked at in terms of the advantages or the lessons that might be learned from an introduction phase and so on.

Dr Pelling—Yes.

Senator BIRMINGHAM—Perhaps you could elaborate for me just a little bit on some of the benefits to consumer choice that Digital Australia will be able to provide, especially for consumers.

Dr Pelling—Digital Australia will be a unit within the department.

Senator CONROY—It is an organisation of the government.

Dr Pelling—Yes. It is an organisation within the department which will be based in Sydney. It will have a key role in terms of the number of aspects of taking forward the digital conversion process to finalisation in the time period that the government sets, which is expected to be in the 2010 to 2012 period. In particular I think it will be providing a sort of leadership and coordination role in terms of taking forward the process to completion. A lot of work has to be done in finalising the rollout of services—in making sure the consumers are getting the right messages about digital conversion and the fact that they have to convert and in ensuring that they understand what different types of equipment can do. Essentially a plan has to be developed for switching off Australia's analog televisions on a region by region basis or however the government decides to do it. Digital Australia, within the limits of what its staff of about 20 people will be able to do, will play a key role in that coordination process. It will also play a key role in liaising with various industry groups. Recently the minister announced an industry advisory group which will work with Digital Australia to coordinate industry efforts in achieving the switch-over.

Senator BIRMINGHAM—Can you elaborate a little bit more on that industry advisory group and how it is going to ensure that industry is participating in the deliberations towards that transition?

Dr Pelling—Industry obviously plays a key role in digital transition from a number of aspects. By 'industry' we mean a broad range of players. The broadcasters themselves obviously are critical to the whole switch-over process and they will have to be brought along as part of the process. Receiver manufacturers are a key part of the process. Retailers and service people, such as people who install antennas and have other aspects of ensuring that consumers have a good experience about digital television, will all be included in a group which will provide a forum for the range of issues that industry needs to address for coordinating activities. It could, for example, form subgroups that might address particular aspects of technical issues. But it is not going to replace the overall effort. In other words, industry will still have to take on a range of initiatives itself. It is not suddenly going to become the answer to all of industry's problems. But it is very important that everyone pulls together and that industry and the government pull together to achieve a very ambitious switch-over target. The coordinating body will provide a forum for doing that. It will meet fairly regularly and work with the staff of Digital Australia.

Senator BIRMINGHAM—When will the first meetings of that body take place?

Dr Pelling—The invitations to the organisations that will be representative of the group have been sent out by the minister. We have responses from most of them. The timing of the first meeting will depend on the final establishment of the Digital Australia unit, which is in the process of being staffed. There is recruitment action in relation to Digital Australia at the moment and it is advancing fairly quickly. We are in the process of establishing and fitting out offices in Sydney for Digital Australia. Hopefully, within a reasonably short period that office will be up and running. It will then be able to coordinate the first meeting of the group.

Senator BIRMINGHAM—Am I correct in my understanding that the head of Digital Australia is yet to be announced?

Dr Pelling—That is correct.

Senator BIRMINGHAM—Is there a time frame in which you would expect that appointment to be made?

Dr Pelling—As soon as possible. We have been engaged in a recruitment process for the senior executive staff of Digital Australia and it is quite well advanced.

Senator BIRMINGHAM—Would you expect that person to have strong industry skills or background?

Dr Pelling—That is ultimately a matter for the recruitment panel. But, yes, it will be a senior leadership and management job requiring knowledge of the industry and capacity to manage the organisation and its role.

Senator BIRMINGHAM—You said before that the officers will be based in Sydney; is that correct?

Dr Pelling—That is right.

Senator BIRMINGHAM—How many staff will it have?

Dr Pelling—It will have approximately 20 personnel when it is fully staffed.

Senator BIRMINGHAM—Will there be particular programs or work done by Digital Australia targeting elderly or disadvantaged Australians to provide them with assistance?

Dr Pelling—That is a matter for the government to consider. A range of issues will be ongoing considerations for the government over the next little while as it moves forward to switch over, including, for example, whether there should be particular assistance programs. Digital Australia will play a role in advising the government on those issues. But ultimately that is a matter for the government.

Senator BIRMINGHAM—I had better draw a line there on Digital Australia. I can keep going, Senator Conroy.

Senator CONROY—No, that is all right. Thanks for that.

Senator IAN MACDONALD—Can I ask about the Do Not Call Register?

Senator Coonan—We would have to get in a whole new group of people.

Senator IAN MACDONALD—I will read *Hansard*.

Senator CONROY—Do not worry; I will be asking questions about it.

Senator IAN MACDONALD—I thought we had dealt with that.

Senator CONROY—You have not dealt with it. If you wish to ask questions, you should feel free.

Senator IAN MACDONALD—No, the committee has. I am a team player on this committee.

Senator CONROY—I can assure you that you are not on my team, and I am certainly not on your team.

CHAIR—Let us not get nasty.

Senator CONROY—No, I am not. I am waiting for them to decide whether they are asking any questions.

Senator IAN MACDONALD—We have decided that you are wasting time.

CHAIR—Ms Scott wishes to make a comment about this, so let us listen.

Ms Scott—The Australian Communications and Media Authority is responsible for implementing the Do Not Call Register. The staff will be available tomorrow.

CHAIR—Thank you very much. You may proceed.

Senator CONROY—Thank you, I was just waiting for the call.

Senator IAN MACDONALD—More filibustering.

Senator CONROY—No, waiting for the call. There was a bit of confusion earlier about the names of the programs we were discussing. I want to clarify the name of the regional advertising campaign. What is its name?

Senator Coonan—The actual name is Your Telecommunications Safeguards: Pointing You in the Right Direction.

Senator CONROY—The advertising campaign for that was \$5.9 million.

Senator Coonan—That is the figure we gave you.

Ms Scott—That is correct.

Senator CONROY—Which consists of TV ads, press advertisements and a mail-out to 3.1 million homes.

Ms Scott—Correct.

Senator CONROY—What is the name of the other campaign we were discussing?

Ms Scott—Protecting Australian Families Online. That is related to the filters for the PCs.

Senator CONROY—That consisted of \$18.3 million, plus GST.

Senator BIRMINGHAM—Stop repeating the same question.

Senator CONROY—I am trying to be accurate and precise. That takes it to over \$20 million.

Ms Scott—The figure we gave you was \$18.3 million.

CHAIR—We have dealt with GST issues.

Senator CONROY—I am trying to clarify it.

Ms Scott—I have just sent my team out with the CFO to get exactly what you asked for.

Senator Coonan—Senator Conroy, we will take the question on notice and give you a statement.

Senator CONROY—I just want to confirm that with GST the figure would be over \$20 million on any reasonable—

Senator Coonan—We do not know yet.

Ms Scott—That is why we have the team out with—

CHAIR—We have people looking into it.

Senator CONROY—It is \$18.3 million plus GST—

Senator IAN MACDONALD—This seems to be a repeat of what we have already—

Senator CONROY—I am trying to clarify the exact names.

Senator IAN MACDONALD—Senator Conroy is just filibustering. Can we not go home and come back tomorrow?

Senator WONG—We understand that you find this embarrassing.

Senator CONROY—Absolutely.

Senator IAN MACDONALD—Are we going to trawl—

CHAIR—That is an unfair comment, Senator Wong.

Senator CONROY—We understand the arrogance of your government in trying to close down committees. But if I can get back to my questions in peace—

CHAIR—No-one is closing down the committee, Senator. An officer is looking into this who will provide you with answers.

Senator WONG—He has moved on.

Senator CONROY—I just wanted to confirm that this campaign involving around \$20 million consists of TV ads, press ads, a mail-out to eight million homes and an unknown number of distribution outlets along the lines of a Harvey Norman store or a Dick Smith store—that is, an unknown number of points of sale, to use your phrase. That gives us a grand total of almost \$26 million in advertising for these two government campaigns. Is that correct?

Senator Coonan—No, we will not confirm it. We will confirm the correct figure in the morning.

Senator CONROY—We have already got to \$25.5 million before we get to the GST figure.

Senator Coonan—We will confirm it in the morning.

CHAIR—The minister has answered.

Senator CONROY—It is already more than \$25 million and you will add to that cost, which will probably take it close to \$26 million in the morning. Is that correct?

Senator Coonan—As we said about 10 minutes ago, we will confirm the correct figure in the morning.

Senator CONROY—Thank you very much. I want to ask a few more questions about Digital Australia. I think Senator Birmingham was just grilling you about it.

Senator KEMP—I thought he covered it very extensively.

Senator BIRMINGHAM—We have a good understanding.

Senator CONROY—It was announced by the government in November 2006, but today, some six months later, it does not actually exist. Is that fair?

Dr Pelling—We are in the process of recruiting staff for Digital Australia.

Senator CONROY—Have we recruited any staff?

Dr Pelling—We are close to finalising the senior executive service staff.

Senator CONROY—So we have zero staff currently in Digital Australia after six months?

CHAIR—You would know that we have just covered this already, Senator Conroy, if you were paying attention.

Senator CONROY—I am sorry, but I am not actually asking the same questions as Senator Birmingham.

CHAIR—But they are in the same area.

Senator CONROY—They are.

Dr Pelling—Essentially, we are in the process of recruiting staff.

Senator CONROY—You have zero staff; is that correct?

Dr Pelling—Yes.

Senator CONROY—Was that a yes?

Senator Coonan—If you are in the course of recruiting, it must follow that you do not have them engaged; you are in the process of engaging them.

Senator CONROY—So, zero staff.

Senator IAN MACDONALD—You really need to get a new question writer.

Senator Coonan—You have said that four times.

Senator CONROY—When do you anticipate having a full complement of staff?

Senator IAN MACDONALD—Shortly.

Senator CONROY—No, the chief executive was shortly. I am talking about a full complement of staff.

Dr Pelling—The full level of funding is available from the next financial year. So there is slightly lower funding this financial year. I do not have a clear answer in terms of every staff member, but we would hope to have most of them on board as part of the selection process we are engaged in.

Senator CONROY—How many staff is that?

Dr Pelling—It is 17 for the current selection, rising to a total of a maximum of 20.

Senator CONROY—So you are hoping to have 17 on board in the next month or two?

Dr Pelling—I am not sure whether we will have the full 17 in the next month or two, but that is our aim. We want to get this going as quickly as possible.

Senator CONROY—How much has been spent on recruitment?

Dr Pelling—We will have to take that question on notice.

Senator CONROY—What is the salary of the chief executive officer or the chair? What do we call this position?

Dr Pelling—The chief executive, I suppose.

Ms Scott—The level will be a band 3 deputy secretary position and, being a member of the SES, typically they will be on an AWA.

Senator CONROY—So what are we budgeting for?

Ms Scott—Because that will go to an individual contract—as Senator Birmingham said earlier, this relates to a person with industry focus, or potentially from industry—we would not in advance be settling—

Senator CONROY—You must have a ballpark figure?

Ms Scott—We do have a ballpark figure, but probably reducing on negotiating skill if I announce it to the committee. If I tell you it is a band 3 position I hope that that will give you an indication.

Senator CONROY—What is a band 3 position—upper or lower? I do not know. You were cryptic when you suggested that that should give me an indication. I am saying to you that, unfortunately, it does not. I might need another clue. Should I phone a friend?

Ms Scott—I might take that question on notice.

Senator CONROY—Minister, are you are you confident that your switch off target of 2010 to 2012 is still viable?

Senator Coonan—That is what Digital Australia will be working on very shortly. That is why we will have our full complement of people on board to work away on these issues. So, if you ask me again, no doubt I will have a better way of answering the question other than to say that I think it will be met.

Senator CONROY—I did not quite hear your answer.

Senator Coonan—I think it will be met.

Senator CONROY—You think it will be met?

Senator Coonan—Yes. I do not see any reason why it should not be.

CHAIR—Senator Conroy, while you are looking for questions, Senator Fielding has a couple of questions.

Senator FIELDING—My question is in regard to the National Filter Scheme.

Senator CONROY—It is a \$20 million advertising campaign.

Senator FIELDING—I have been listening intently to some of that.

Ms Scott—Senator, we have a person next door working with the chief executive officer on another answer. Would you give us just half a minute?

Senator FIELDING—Yes, certainly.

Senator CONROY—Do you think they will have an answer when they come in?

CHAIR—Do you have any other questions that you wish to ask?

Senator FIELDING—No. There was a bit of discussion earlier about libraries and filters. Someone commented that Tasmania and one other area had responded back with some details about filters for libraries. This is on the National Filter Scheme, libraries.

Mr Rizvi—Yes, that is right, senator. There were responses from the states to the letter that the minister sent out on 3 February 2006.

Senator FIELDING—I am just trying to marry it up with the questions asked earlier about the RFT. From my understanding, the RFT is based around home based and single-user PCs. I am trying to work out how the RFT would deal with places where you have network servers—our libraries use network servers—and how the RFT would handle it.

Mr Rizvi—If I may, Senator: this particular RFT relates to PC-level filters. Some of the PC-level filters that are in the market are in fact able to operate in a networked environment; some of them cannot. As a result of this process we will be receiving examples of both types, and we will assess all of those using an expert independent laboratory to check their performance. Separately, there will be another RFT relating to ISP-level filtering.

Senator WONG—And you will have a choice. People will have a choice.

Mr Rizvi—That is right.

Ms Scott—There will not be just one eventual winner out of the RFT in the sense that only one product will be available. A range of products will be available for parents, libraries or schools and they will be able to choose. So we are aiming to cover libraries and other situations where children will be protected from this material.

Senator FIELDING—You are confident that the people responding to the tender are aware that it also needs to cater for network servers?

Mr Rizvi—Certainly the RFT6 will elicit examples of both types of filters.

Senator FIELDING—Thank you.

Senator CONROY—How did you go with the adding up?

Senator Coonan—We will do it in the morning.

Senator CONROY—If you do not have an answer it is okay. You were dobbed in. You were out the back with the calculators. I thought that as soon as you came back to the table I would ask you whether you had a number.

Senator Coonan—We said that we would take the question on notice and provide you with an answer in the morning.

Mr Rizvi—We are still working on it.

Senator CONROY—That is okay.

Mr Rizvi—We are happy to do so.

Ms Scott—We have given very detailed breakdowns, right down to individual elements. As the chief financial officer explained, appropriations are in one format and our expenditure could be in another.

Senator CONROY—I am happy to wait until the morning. I just thought that I would take this opportunity to ask.

Ms Scott—It is not as straightforward as it sounds.

Senator CONROY—That is why I did not want to do the calculation myself. Sorry, Senator Fielding; I interrupted you.

Senator FIELDING—I wanted to ensure—because I have had concerns raised with me that people might not be clear it is server based as well as stand-alone PCs. Can you give me an assurance that they are fully aware?

Mr Rizvi—We have the RFT with us, yes. We will go through the RFT and find the relevant words in it. In relation to questions that were asked of us following the RFT, which is part of the tendering process, questions relating to that matter have been raised and we are providing further information in response to them.

Senator FIELDING—Do those questions and answers go back to each of the people that are bidding?

Mr Rizvi—They will be posted on the AusTender website, so they will be available for all to see.

Senator FIELDING—I might also do a bit of checking tonight. Thank you.

CHAIR—Senator Fielding, does that conclude your questions?

Senator FIELDING—It does.

CHAIR—Senator Conroy said that he was happy to conclude this section of the estimates when Senator Fielding had concluded his questions. We will adjourn now and recommence at 9.00 am tomorrow morning.

Committee adjourned at 10.47 pm