



COMMONWEALTH OF AUSTRALIA

Official Committee Hansard

SENATE

ENVIRONMENT, COMMUNICATIONS, INFORMATION
TECHNOLOGY AND THE ARTS LEGISLATION COMMITTEE

ESTIMATES

(Supplementary Budget Estimates)

MONDAY, 31 OCTOBER 2005

CANBERRA

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SENATE

**ENVIRONMENT, COMMUNICATIONS, INFORMATION TECHNOLOGY
AND THE ARTS LEGISLATION COMMITTEE**

Monday, 31 October 2005

Members: Senator Eggleston (*Chair*), Senator Lundy (*Deputy Chair*), Senators Ronaldson, Santoro, Siewert and Wortley

Senators in attendance: Senators Adams, Allison, Boswell, Bob Brown, George Campbell, Conroy, Eggleston, Joyce, Lundy, Marshall, Nash, Ronaldson, Santoro and Wortley

Committee met at 9.05 am

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

Consideration resumed from 25 May 2005.

In Attendance

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

Department of Communications, Information Technology and the Arts

Executive

Ms Helen Williams AO, Secretary

Ms Fay Holthuyzen, Deputy Secretary, Communications

Dr Rod Badger, Deputy Secretary, Information Economy

Ms Lynn Bean, Acting Deputy Secretary, Arts and Sport

Legal

Mr Don Markus, General Counsel

Corporate and Business

Mr Frank Nicholas, Chief Operating Officer, Corporate and Business Division

Mr Mike Hutchings, General Manager, Information Technology and Facilities Branch

Ms Cheryl Watson, Acting General Manager, Human Resources and Communications

Mr Tim Cornforth, Manager, Regional Network Management Unit

Finance and Budgets

Ms Jennifer Gale, Chief Financial Officer

Telecommunications

Mr Simon Bryant, Acting Chief General Manager, Telecommunications

Mr Brenton Thomas, General Manager, Enterprise, Infrastructure Branch

Ms Carolyn McNally, General Manager, Regional Communications Policy Branch

Mr Andrew Madsen, Acting General Manager, Telecommunications Competition and Consumer Branch

Mr Colin Oliver, Acting General Manager, International Branch

Broadcasting

Mr James Cameron, Chief General Manager, Broadcasting

Mr Gordon Neil, General Manager, Licensed Broadcasting

Mr Rohan Buettel, General Manager, Public Broadcasting
Dr Simon Pelling, General Manager, Digital Broadcasting and Spectrum Management

Information and Communications Technology

Dr Beverly Hart, Chief General Manager
Mr Philip Allnutt, General Manager, Information and Communications Technology Industry
Mr Simon Cordina, General Manager, Creators' Rights and Access Branch
Mr David Jansen, Acting General Manager, Creators' Rights and Access Branch
Ms Andrea Grosvenor, Acting General Manager, Regional Communication Initiatives Branch
Mr Tom Dale, General Manager, Strategic Policy Branch

Information Economy

Mr Keith Besgrove, Chief General Manager, Information Economy Division
Mr James Shaw, General Manager, Strategy Branch
Mr Ashley Cross, General Manager, Security and Business Environment Branch
Mr James McCormack, General Manager, Access Branch
Mr Lindsay Barton, Manager, Access Branch

Arts and Sport Division

Mr Colin Lyons, Acting Chief General Manager, Arts and Sport Division
Mr Peter Young, General Manager, Film and Digital Content
Ms Sally Basser, General Manager, Indigenous Arts and Training
Mr Mark Taylor, General Manager, Arts, Regional and Governance
Mr Les Turner, General Manager, Indigenous Culture and Arts Support
Mr Stephen Richards, Acting General Manager, Sport
Mr Paul McInnes, General Manager, Collections
Ms Kate Cowie, General Manager, Old Parliament House
Mr Andrew Sayers, Director, National Portrait Gallery

Telstra

Ms Kate McKenzie, Deputy Group Managing Director, Public Policy
Mr Douglas Gration, Company Secretary
Mr Geoff Nicholson, Director, Business and Financial Services
Mr Denis Mullane, General Manager, Integrated Network Planning
Mr Greg Adcock, Head of Business and Commercial Operations

Australia Post

Mr Michael McCloskey, Corporate Secretary
Mr Peter Meehan, Chief Financial Officer
Mr Stephen Walter, Group Manager, Corporate Public Affairs
Mr Rod McDonald, Group Manager, Human Resources
Ms Elizabeth Button, Group Manager, Retail Channels and Infrastructure
Mr Don Newman, Manager, Network Infrastructure

Australian Communications and Media Authority (ACMA)

Ms Lyn Maddock, Acting Chair
Mr Chris Cheah, Acting Deputy Chair
Mr Giles Tanner, General Manager, Broadcasting and Radiocommunications

Mr John Neil, Acting General Manager, Telecommunications
Ms Sharon Trotter, manager, Content Assessment
Mr Paul White, Executive Manager, Telecommunications Analysis

Australian Broadcasting Corporation (ABC)

Mr Murray Green, Director, Strategy and Communications
Mr David Pendleton, Chief Operating Officer
Mr John Cameron, Director, News and Current Affairs
Ms Sue Howard, Director, Radio
Mr Michael Ward, Head of Policy and Administration, Television
Mr Colin Palmer, Director, Human Resources
Mr Colin Knowles, Director of Technology and Distribution

Special Broadcasting Service Corporation (SBS)

Mr Shaun Brown, Acting Managing Director
Mr Quang Luu, Head of Radio
Ms Julie Eisenberg, Head of Policy
Mr Jon Torpy, Chief Financial Officer
Mr Paul Broderick, Acting Chief Technology Officer

Arts and Sport

Australia Council

Ms Jennifer Bott, Chief Executive Officer
Mr Ben Strout, Executive Director, Arts Development
Dr Catherine Brown-Watt, Executive Director, Major Performing Arts Board
Ms Megan Coombs, Executive Director, Finance and Services

National Library of Australia (NLA)

Ms Jan Fullerton, Director-General
Mr Gerry Linehan, Assistant Director-General, Corporate Services

National Gallery of Australia (NGA)

Mr Alan Froud, Deputy Director

National Museum of Australia (NMA)

Mr Craddock Morton, Director
Ms Freda Hanley, General Manager, Collections, Content and Technology
Ms Suzy Watson, General Manager, Operations
Ms Louise Douglas, General Manager, Public Programs and Audience Development
Mr Jeff Smart, Chief Financial Officer

National Archives of Australia (NAA)

Mr Ross Gibbs, Director-General
Mr James Barr, Deputy Director-General
Ms Jenny Anderson, Assistant Director-General, Corporate

Film Finance Corporation (FFC)

Mr Brian Rosen, Chief Executive Officer

Australian Film Television and Radio School (AFTRS)

Mr Malcolm Long, Chief Executive Officer

Australian Film Commission (AFC)

Mr Kim Dalton, Chief Executive Officer

Film Australia Ltd (FAL)

Ms Daryl Karp, Chief Executive Officer

Australian Sports Commission (ASC)

Mr Mark Peters, Chief Executive Officer

Professor Peter Fricker, Director, Australian Institute of Sport

Mr Brent Espeland, Director, Sport Performance and Development

Ms Lois Fordham, Director, Corporate Services

Mr Steve Jones, Director, Commercial and Facilities

Australian Sports Drug Agency (ASDA)

Mr Richard Ings, Chief Executive

Mr Kim Terrell, General Manager

Ms Anne Gripper, General Manager, Operations

Ms Catherine Rule, General Manager, Strategy and Support

CHAIR (Senator Eggleston)—I declare open this supplementary hearing of the Senate Environment, Communications, Information Technology and the Arts Legislation Committee, which is considering budget estimates for 2005-06. By resolution on 17 November 2004, 10 February 2005 and 10 May 2005, the Senate referred to the committee the particulars of proposed expenditure for the year ending 30 June 2006 for the Communications, Information Technology and the Arts portfolio and the Environment and Heritage portfolio. The Senate also resolved that this committee should conduct supplementary hearings over the next two days. The committee plans to examine expenditure for the Communications, Information Technology and the Arts portfolio today and the Environment and Heritage portfolio tomorrow, with Heritage in the afternoon.

The committee has set a deadline of close of business on Wednesday, 21 December 2005 for the return of answers to questions placed on notice. I remind senators that the deadline for written questions to be placed on notice is close of business this Thursday. I welcome Senator Helen Coonan, the Minister for Communications, Information Technology and the Arts. I also welcome the portfolio officers appearing today. The committee notes that there are three answers to questions on notice still outstanding from last May's budget estimates round. We would appreciate answers to those questions as quickly as possible.

Before moving to questions, 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. I also remind officers that they will not be asked to express an opinion on matters of policy, and that they will be given a reasonable opportunity to refer questions asked of them to superior officers or to a minister. Witnesses are reminded that evidence given to the committee is protected by parliamentary privilege. I also remind you that the giving of false or misleading evidence to the committee may constitute a contempt of the Senate. Minister, would you like to make an opening statement at this point?

Senator Coonan—No, thank you.

Senator LUNDY—I would not mind making a comment at this juncture.

CHAIR—We have not finished the opening statement, Senator Lundy. If you would like to wait until then, you may do that.

Senator LUNDY—I will wait until then.

CHAIR—These are supplementary estimates hearings, and the agencies heard during these estimates will be only those that have been nominated by various senators. Agencies will be called in accordance with the agenda. Senator Lundy, do you wish to say something?

Senator LUNDY—Thank you. I want to say something with respect to your comments about outstanding questions on notice. The three outstanding questions on notice are from the sports portfolio. I would also like this committee to note that some 260 of the original 481 questions placed on notice at the budget estimates remained outstanding as at 5 August 2005, which was the maximum allowable time in which answers to those questions were to be provided. That is substantially more than half of the questions. I am hoping that either the minister or the Secretary to the Department of Communications, Information Technology and the Arts can provide an explanation to the committee as to why more than half remained outstanding. Perhaps tomorrow morning when Senator Kemp is here he could provide an explanation as to why we are still waiting for the three questions from sport.

CHAIR—It might be better to direct those questions to Senator Kemp.

Senator LUNDY—The 260 questions outstanding, as of 5 August, were from across the whole of DCITA, so I thought now was the appropriate time to seek an appropriate explanation.

CHAIR—We were told there were three questions outstanding, so I do not know whether the minister wishes to make a comment on that.

Senator Coonan—The secretary will.

Ms Williams—There were that many questions outstanding. As you know, we received 481 questions, many of which contained subquestions. They are complex, they contain a high level of detail and they cover most of the 23 portfolio agencies. We are doing what we can to improve the performance across the portfolio. In fact, we have done better than last time and we are continuing to work. But it is quite a load that we have been given this time for a small department with a number of small portfolio agencies, and we regret that we did not do better. However, within four weeks of the due date we were up over 80 per cent so, even though we did not meet the due date, we were working hard to produce those answers.

CHAIR—I think it is fairly important, too, to make sure that questions are not repetitious and that they are on new issues and that they are important issues. Answering questions is a great burden on the departments and their staff and takes a lot of time. We will now proceed. I call agencies in accordance with the agenda. We begin today's hearing with the ABC.

[9.11 am]

Australian Broadcasting Corporation

Senator GEORGE CAMPBELL—Mr Green, I presume you are leading the bowling today?

Mr Green—I am leading the ABC team on this occasion.

Senator GEORGE CAMPBELL—I will direct my questions to you. Has the workers compensation premium for 2005-06 been announced?

Mr Green—I will ask the Chief Operating Officer to respond to the particular point you have made.

Mr Pendleton—It was with regard to 2005-06?

Senator GEORGE CAMPBELL—Yes.

Mr Pendleton—At this stage there is a preliminary number of 3.14. That is an estimation.

Senator GEORGE CAMPBELL—How does that compare with the last financial year?

Mr Pendleton—The 2004-05 premium was 2.5.

Senator GEORGE CAMPBELL—What accounts for the rise?

Mr Pendleton—The calculation of the premium is based on claim cost, so it would be as a result of expectations of rising claim cost of individual cases.

Senator GEORGE CAMPBELL—It is an assessment made by Comcare?

Mr Pendleton—By Comcare.

Senator GEORGE CAMPBELL—Based on your history?

Mr Pendleton—Based on our history.

Senator GEORGE CAMPBELL—That would tend to indicate that your claims are tracking up?

Mr Pendleton—In cost.

Senator GEORGE CAMPBELL—Have any further cases involving bullying or harassment claims been taken to a tribunal or a court since the last estimates hearing?

Mr Pendleton—New matters to the tribunal?

Senator GEORGE CAMPBELL—Have any new matters relating to bullying or harassment been taken to any tribunal or to any court since the last estimates hearings?

Mr Pendleton—One new one.

Senator GEORGE CAMPBELL—Can you tell us what that is?

Mr Pendleton—One new matter involving an allegation of bullying has gone to HREOC.

Senator GEORGE CAMPBELL—In what state?

Mr Pendleton—WA.

Senator GEORGE CAMPBELL—Perth?

Mr Pendleton—Yes.

Senator GEORGE CAMPBELL—Are you able to tell us the number of workers compensation claims relating to psychological injury that have been lodged, in addition to those that you provided in answer to question 21 at the last estimates hearings?

Mr Pendleton—I can inform the committee that the number of workers compensation claims alleging psychological injury for the current year is six. For 2004-05, it was seven.

Senator GEORGE CAMPBELL—The six is in addition to the figures you gave us on the last occasion?

Mr Pendleton—I am not sure. I do not have those written answers with me.

Senator GEORGE CAMPBELL—You said that liability had been accepted by Comcare for 18 claims that had been raised since 2003. What is the number now?

Mr Pendleton—I can give you the numbers in total back to 2000-01.

Senator GEORGE CAMPBELL—It says here that there were 11 in 2003-04 and seven in 2004-05. What has been the number so far in 2005-06?

Mr Pendleton—Six have been accepted by Comcare.

Senator GEORGE CAMPBELL—So in the first five months of this year there have been six claims?

Mr Pendleton—Those claims could relate to incidences over any period of time.

Senator GEORGE CAMPBELL—They may do, but they have been lodged within this financial year.

Mr Pendleton—Yes.

Senator GEORGE CAMPBELL—Can you tell me how many staff have taken leave for psychological injuries where there has been no workers compensation claim submitted?

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

Senator GEORGE CAMPBELL—Can you also take on notice what the estimated cost has been of those staff absences?

Mr Pendleton—Yes.

Senator GEORGE CAMPBELL—Where are the six psychological injury claims located?

Mr Pendleton—The actual location? I would have to take that on notice.

Senator GEORGE CAMPBELL—Can no-one here provide that information?

Mr Pendleton—No.

Senator GEORGE CAMPBELL—An answer to the last set of questions on notice stated that liability had been accepted for six psychological injury claims in Western Australia since 2003. That answer also stated that there were a range of mechanisms for the injuries, one of which was bullying. Can you confirm that the ABC has not undertaken any formal investigations into bullying claims in WA since 2003?

Mr Pendleton—That is correct: we have not.

Senator GEORGE CAMPBELL—Can you explain why that is the case, given the decision by Comcare in relation to those six claims?

Mr Pendleton—Decisions by Comcare would be made in relation to what staff members present with their claims.

Senator GEORGE CAMPBELL—But they did find that the claims were related to bullying.

Mr Pendleton—Comcare would have accepted the claims.

Senator GEORGE CAMPBELL—And the ABC did not see fit to investigate why the claims had been made and whether there was any substance to them.

Mr Pendleton—If the staff member had not made the allegation to the ABC, we would not have investigated it. But if the staff member had presented allegations of bullying to the ABC, we certainly would have investigated it.

Senator GEORGE CAMPBELL—But it wouldn't have concerned you that a staff member had made a claim based on bullying to Comcare? Comcare had accepted that claim and there must have been some basis for their acceptance. That did not concern you enough to inquire as to whether there was any veracity to the claim?

Mr Pendleton—With the complaints that were raised in relation to WA, the ABC did approach both the unions and a number of staff to seek sufficient information to look into those matters, but we could not get sufficient information.

Senator GEORGE CAMPBELL—What would be sufficient information? Comcare must have had sufficient information to accept the claim.

Mr Pendleton—I am not in a position to know what information Comcare has. Certainly, we would need to—

Senator GEORGE CAMPBELL—I assume that they do not just accept claims willy-nilly without testing them.

Mr Pendleton—But in relation to our investigations, we would need to understand the detail of the alleged bullying and against whom it was alleged to have been perpetrated.

Senator GEORGE CAMPBELL—And you did not have any of those details?

Mr Pendleton—That is my understanding.

Senator GEORGE CAMPBELL—In response to my question No. 34, you recommended against the acceptance of liability in one of the six cases. Was that the case involving the bullying?

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

Senator GEORGE CAMPBELL—Does no-one here have that information?

Mr Pendleton—We do not know and will have to take it on notice.

Senator GEORGE CAMPBELL—So you are not able to tell me offhand which of the six cases you recommended against acceptance of liability?

Mr Pendleton—I do not have that information with me.

Senator GEORGE CAMPBELL—Would you take that on notice and provide us with an answer as soon as you can. Mr Pendleton, how many staff at the ABC in Western Australia have now undertaken the workshops you refer to in answer to question No. 22?

Mr Pendleton—I am not certain on the WA number. I know that across the ABC about 50 per cent of our staff have completed the training so far.

Senator GEORGE CAMPBELL—Have all the ABC management in Western Australia undertaken the mandatory training?

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

Senator GEORGE CAMPBELL—Would you also take on notice my first question about the numbers in Western Australia who have undertaken the training?

Mr Pendleton—Yes.

Senator GEORGE CAMPBELL—In answer to question No. 23, you stated that \$197,000 was budgeted for occupational health and safety training for the 2005-06 financial year. How much of this money was actually spent?

Mr Pendleton—It was more than that. In the order of \$250,000 was spent on OH&S training in the 2004-05 year.

Senator GEORGE CAMPBELL—Did you say \$250,000?

Mr Pendleton—Yes. Senator, I have just received the numbers in relation to the WA training: 194 staff have been trained—

Senator GEORGE CAMPBELL—Out of how many staff?

Mr Pendleton—270.

Senator GEORGE CAMPBELL—In your answer to question No. 26, you stated that 43, 58 and 19 health and safety representatives and management representatives were trained in 2002-03, 2003-04 and 2004-05. How come only 19 health and safety representatives and management representatives trained in 2004-05, yet you spent \$50,000 more than you had budgeted for?

Mr Pendleton—I would have to take the question on notice and find out what the program was for the year.

Senator GEORGE CAMPBELL—Are there any members of the occupational health and safety committees that operate within the ABC who remain untrained?

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

Senator GEORGE CAMPBELL—Did Comcare conclude that the ABC had breached the Occupational Health and Safety Act in the past year?

Mr Pendleton—In the past year I think there were two cases where improvement notices were issued to the ABC.

Senator GEORGE CAMPBELL—What action has the ABC taken in respect of those breaches?

Mr Pendleton—In respect of one of those matters the ABC has fully completed all the recommendations and cleared that report. I think the second matter is ongoing but, again, the ABC has implemented most of the recommendations from that review.

Senator GEORGE CAMPBELL—What did they relate to, Mr Pendleton?

Mr Pendleton—I think the first matter related to a box falling out of a cargo net off our tower at the Toowong site as it was being winched down from the site. The second instance related to an incident where a box slid off the back of a truck and injured one of our staff.

Senator GEORGE CAMPBELL—Is the ABC currently conducting an internal audit of the delivery of training?

Mr Pendleton—I am not sure where the internal auditors are; I would have to take that on notice. They may well be.

Senator GEORGE CAMPBELL—You are not aware of whether there has been an internal audit conducted of the training section?

Mr Pendleton—I am not 100 per cent certain. I think there was a review on their plan for the year, but whether they have completed it I would have to take on notice.

Senator GEORGE CAMPBELL—Is there anybody here with you that is aware of what is happening in the training section?

Mr Pendleton—I do not think so. Can I take that on notice?

Senator GEORGE CAMPBELL—If you take it on notice, if there was an audit conducted, can you provide us with the key findings and recommendations of that audit?

Mr Pendleton—Sorry, Senator. I think there was one conducted last year.

Senator GEORGE CAMPBELL—That is probably the one I am talking about. Can you provide us with the key findings and the recommendations of that audit?

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

Senator GEORGE CAMPBELL—Were the findings of such a nature that the matter was referred to the board?

Mr Pendleton—All group audit reports are considered by the audit and risk subcommittee of the board.

Senator GEORGE CAMPBELL—So that is a matter of course.

Mr Pendleton—Yes.

Senator GEORGE CAMPBELL—Was this matter referred to the full board?

Mr Pendleton—I am not aware that it was.

Senator GEORGE CAMPBELL—So it was only done by the normal process through the subcommittee of the board.

Mr Pendleton—Yes. The subcommittee does update the board on its deliberations.

Senator GEORGE CAMPBELL—I understand that, but there is a difference if it is done as a matter of course through the subcommittee or whether the subcommittee is concerned enough to refer the issue for consideration by the full board—and you say that did not happen.

Mr Pendleton—I am not aware.

Senator GEORGE CAMPBELL—Can you take that on notice and confirm it, or otherwise, for us? Are you aware of whether or not the subcommittee that considered the report made any of its own recommendations in respect of training?

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

Senator GEORGE CAMPBELL—Did the subcommittee determine that a further external inquiry had to be undertaken into the delivery of training at the ABC?

Mr Pendleton—The ABC is in the process of undertaking a review of its learning initiatives and strategies throughout the organisation.

Senator GEORGE CAMPBELL—I see. Was that as a result of a recommendation from the board's subcommittee?

Mr Pendleton—I believe so.

Senator GEORGE CAMPBELL—When did that inquiry commence?

Mr Pendleton—It has not commenced yet. We are in the process of engaging external advisers to undertake that review.

Senator GEORGE CAMPBELL—So you have not engaged anyone yet to undertake it?

Mr Pendleton—Not at the moment.

Senator GEORGE CAMPBELL—Have you put out terms of reference?

Mr Pendleton—The terms of reference have been drawn for that review.

Senator GEORGE CAMPBELL—Have you sought expressions of interest?

Mr Pendleton—Quotes are being sought from a number of providers.

Senator GEORGE CAMPBELL—And how far are you from appointing the external body to do the examination, whoever that might be?

Mr Pendleton—I would have thought that in the next two or three weeks we should have that review up and running.

Senator GEORGE CAMPBELL—Can you make available to the committee the terms of reference for the inquiry?

Mr Pendleton—Yes.

Senator GEORGE CAMPBELL—Who drew up the terms of reference for the inquiry?

Mr Pendleton—They were drawn up by Human Resources and Training and Learning.

Senator GEORGE CAMPBELL—Was the current head of training involved in drawing up the terms of reference?

Mr Pendleton—She would have had input into them.

Senator GEORGE CAMPBELL—Who would have signed off on the final terms of reference?

Mr Pendleton—I would have.

Senator GEORGE CAMPBELL—Who does the head of training report to?

Mr Pendleton—The Director, Human Resources.

Senator GEORGE CAMPBELL—So it was human resources and the head of training that drew up the terms of reference—a little like Caesar appealing to Caesar. I suppose we have to wait and see what the outcome is.

Mr Pendleton—Part of the process of a review will be the establishment of a steering committee, which will be chaired by me with output directors involved to ensure that the needs of the organisation are reflected within that review.

Senator GEORGE CAMPBELL—So the review will be conducted by people who are not directly involved with the training program or the training department.

Mr Pendleton—That is correct.

Senator GEORGE CAMPBELL—Has the head of Human Resources expressed any concerns to you or to the board or to the Managing Director, Mr Balding, about the performance of the training unit?

Mr Pendleton—No.

Senator GEORGE CAMPBELL—Has anyone expressed concern?

Mr Pendleton—To me?

Senator GEORGE CAMPBELL—Yes.

Mr Pendleton—No. I would not have thought concern; a number of people have views about the training within the ABC.

Senator GEORGE CAMPBELL—Presumably negative views if you have had—

Mr Pendleton—Some positive, some negative.

Senator GEORGE CAMPBELL—How many positions are held by the training unit?

Mr Pendleton—I think there are about 19 or 20 positions in training.

Senator GEORGE CAMPBELL—Are all these positions filled at the moment?

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

Senator GEORGE CAMPBELL—How many of the 19 positions are full time?

Mr Pendleton—I think they are FTEs. I would have to take on notice how many of them are full time. I would have thought the vast majority—

Senator GEORGE CAMPBELL—Nineteen full-time equivalents?

Mr Pendleton—Nineteen FTEs.

Senator GEORGE CAMPBELL—Can you also take on notice how many of those positions are filled by temporary occupants?

Mr Pendleton—Yes.

Senator GEORGE CAMPBELL—Where will you draw the temporary occupants from?

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

Senator GEORGE CAMPBELL—Maybe I should have sent you these questions about a fortnight ago. I am getting a bit concerned. I have been consistently asking you questions about these areas and the ABC for at least four or five estimates hearings, and consistently people come along with apparently no knowledge of the areas about which the questions are being asked. I did give some forewarning about some of the questions that I would be asking

here this morning. Are any of the staff in the training unit allocated functions outside of training?

Mr Pendleton—I am not aware that any staff are allocated functions outside of training.

Senator GEORGE CAMPBELL—Is Mr Palmer aware? He is here; he seems to have a lot to do with training. Can you answer that question, Mr Palmer?

Mr Palmer—Is anyone drawn from outside—

Senator GEORGE CAMPBELL—Are any staff allocated other functions outside of training?

Mr Palmer—No, not to my knowledge.

Senator GEORGE CAMPBELL—Isn't one of your trainers working in Production Resources?

Mr Palmer—Not that I can recall, no.

Senator GEORGE CAMPBELL—Can you take that on notice and check it out.

Mr Palmer—I will.

Senator GEORGE CAMPBELL—Does the ABC have a business plan or a set of measures against which this performance can be measured?

Mr Pendleton—It has a corporate plan.

Senator GEORGE CAMPBELL—How did the review that was undertaken of the performance of the unit match up against the corporate plan?

Mr Pendleton—The internal audit review?

Senator GEORGE CAMPBELL—Yes.

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

Senator GEORGE CAMPBELL—Is Mr Palmer able to answer that question?

Mr Palmer—No, but I can return to the previous question you asked: is there someone outside training? A lot of the training advisers are indeed posted to other divisions. They are still part of training and they work to and for those divisions.

Senator GEORGE CAMPBELL—They are multiskilled? They work in other divisions?

Mr Palmer—They are part of training and they are assigned to certain divisions to assist them in their training endeavours.

Senator GEORGE CAMPBELL—But they are assigned as trainers in other divisions?

Mr Palmer—Advisers, yes.

Senator GEORGE CAMPBELL—My advice is that this particular individual is working in Production Resources but not as a trainer.

Mr Palmer—They are not necessarily trainers. They facilitate training and they advise on training plans.

Senator GEORGE CAMPBELL—Why would they be working in Production Resources if their focus is on training?

Mr Palmer—That I do not know. I do not know the background. We do not have people in divisions; we have trainers and advisers who are posted to divisions to assist them in their plans.

Senator GEORGE CAMPBELL—I can understand that structure. But I would assume that the focus of the people who are part of the training unit is on training, not on production as such?

Mr Palmer—Correct.

Senator GEORGE CAMPBELL—And that that is what they would be performing in the separate departments?

Mr Palmer—Yes.

Senator GEORGE CAMPBELL—The advice I have been given is that at least in one instance that is not the case.

Mr Palmer—That could be the case. I am not familiar with it. I cannot recall those circumstances at this point in time.

Senator GEORGE CAMPBELL—Can you take it on notice and check it out for me.

Mr Palmer—Yes.

Senator GEORGE CAMPBELL—Is it true that a number of divisions have lost confidence in the delivery of training by the training unit?

Mr Palmer—I believe so, yes. We are constantly in touch with the divisions and we are very receptive to criticism if we are not doing it correctly. That is something I have instilled in the head of learning to keep up.

Senator GEORGE CAMPBELL—That would be taken into consideration in this inquiry?

Mr Palmer—Yes, certainly.

Senator GEORGE CAMPBELL—Was Radio one of those divisions?

Mr Palmer—Yes, I believe so.

Senator GEORGE CAMPBELL—Is News and Current Affairs another of those divisions?

Mr Palmer—Yes, we have had issues with News and Current Affairs in the service delivery, but that has been rectified.

Senator GEORGE CAMPBELL—Is it true that there was a group of senior managers from all the output divisions who met to consider the most effective means of delivering training and skills development, and that the head of training was excluded from their initial meetings?

Mr Pendleton—I am not aware of the meeting.

Mr Palmer—I am not aware.

Senator GEORGE CAMPBELL—You are not aware of the meeting?

Mr Pendleton—No.

Senator GEORGE CAMPBELL—Can you take the question on notice and provide advice on that?

Mr Pendleton—Yes.

Senator GEORGE CAMPBELL—If the meetings did take place and if the head of training was excluded, what were the reasons for excluding the head of training from the meetings?

Mr Pendleton—We will look into it.

Senator GEORGE CAMPBELL—Ms Howard, did you commission Valerie Geller of Geller Media International to provide training to ABC local radio announcers?

Ms Howard—She provides training to presenters across all of radio. She has done that for the last five years.

Senator GEORGE CAMPBELL—Is that an ongoing contract?

Ms Howard—No, it is a year-by-year contract depending on whether there are enough new presenters coming through for her to train. It is not ongoing.

Senator GEORGE CAMPBELL—How much does that exercise cost the ABC?

Ms Howard—Over the last five years I think it has cost us about six per cent of our training budget—or thereabouts. We can give you the figure for each calendar year if you wish.

Senator GEORGE CAMPBELL—Can you give us that in dollar terms?

Ms Howard—Yes, we can do that.

Senator GEORGE CAMPBELL—How does Ms Geller charge for a session?

Ms Howard—I do not know per session. We actually negotiate a flat fee for her each year, depending on the length of time she stays at work and the number of people she trains.

Senator GEORGE CAMPBELL—I am advised it is \$US3,000 per day plus travel costs.

Ms Howard—She may well do that in the US. We negotiate a fee with her.

Senator GEORGE CAMPBELL—Does that sound in the ball park?

Ms Howard—It sounds a trifle high. As I said, she knows our budget constraints and we negotiate with her each year.

Senator GEORGE CAMPBELL—Can you provide me with what she was been paid for training over the past five-year period?

Ms Howard—Certainly. What we pay her also contains travel and accommodation costs.

Senator GEORGE CAMPBELL—Yes, I understand that. You might separate the travel and accommodation costs out from what she is directly paid to perform the training.

Ms Howard—If we are able to, we will.

Senator GEORGE CAMPBELL—Is the funding for this exercise taken out of the ABC's training budget?

Ms Howard—It is taken out of ABC Radio's training budget, yes.

Senator GEORGE CAMPBELL—How many announcers receive training?

Ms Howard—We can give you that figure. I cannot give it to you off hand.

Senator GEORGE CAMPBELL—With respect to the announcers—

Ms Howard—Sorry, it is not just announcers; it is presenters and producers who are trained by Ms Geller.

Senator GEORGE CAMPBELL—Are these the ‘Sales is from Mars, Programming is from Venus’ courses?

Ms Howard—Not that I am aware of, no.

Senator GEORGE CAMPBELL—I just wondered where the producers and the presenters fitted into that scenario?

Ms Howard—I believe that Ms Geller has a colleague in the US who talks about sales. It is not about what we contract her to do.

Senator GEORGE CAMPBELL—It is not part of what she delivers?

Ms Howard—Certainly not, no. Nor, I imagine is it part of what she delivers to the BBC or CBC.

Senator GEORGE CAMPBELL—In the training she provides does she take into account the ABC’s code for presenters?

Ms Howard—Do you mean the editorial policies?

Senator GEORGE CAMPBELL—Yes.

Ms Howard—Yes, she does.

Senator GEORGE CAMPBELL—When she does a presentation?

Ms Howard—Yes.

Senator GEORGE CAMPBELL—Is it true that announcers who have attended her training courses have been counselled subsequent to the completion of the course with breaching the code?

Ms Howard—It is not her role to train presenters or producers in the editorial policies.

Senator GEORGE CAMPBELL—But if she is providing training to the announcers—

Ms Howard—She is not providing editorial policy training.

Senator GEORGE CAMPBELL—You just said she takes them into account when she provides the training.

Ms Howard—She is aware of the editorial policies, but it is not her role to train them in the editorial policies. It is her role to train them to be the best presenters and interviewers that they can possibly be.

Senator GEORGE CAMPBELL—Have you observed Ms Geller conducting this training?

Ms Howard—Not for three or four years, but, yes, I have observed her.

Senator GEORGE CAMPBELL—Has it concerned you at any time that the sort of training Ms Geller is providing could, in fact, lead presenters to breach the code?

Ms Howard—No, it has not.

Senator GEORGE CAMPBELL—It has not?

Ms Howard—No, I would be very surprised if her training led presenters to breach editorial policies.

Senator GEORGE CAMPBELL—Doesn't she teach a particular way of presenting?

Ms Howard—I am not sure what you mean.

Senator GEORGE CAMPBELL—I have not seen the course, but I understand there are certain tricks or methods that she encourages presenters to use.

Ms Howard—We do not teach presenters to use tricks. Sorry, I am not sure what you mean.

Senator GEORGE CAMPBELL—Tricks of the trade. Everybody has a trick of the trade somewhere.

Ms Howard—Really? I am not sure what you mean. She is—

Senator GEORGE CAMPBELL—I listen to the ABC regularly, and I can pick some of the tricks of the trade.

Ms Howard—I would say her training is motivational. She is there to teach people to make what they do interesting.

Senator GEORGE CAMPBELL—Make what they do interesting?

Ms Howard—Yes, to make what comes out of the airwaves interesting.

Senator GEORGE CAMPBELL—Did the announcers who have been counselled for breaches of the code raise any concerns with you that the training they received from Ms Geller had contributed to those breaches?

Ms Howard—Not with me, no.

Senator GEORGE CAMPBELL—Did they raise it with anybody? I do not know who would have counselled them.

Ms Howard—Not that I am aware of. It would take a fair degree of deliberate misunderstanding, I think, to take what Ms Geller teaches and then breach the editorial policies. That would take a fairly high level of misunderstanding on the part of the presenter, I would think.

Senator GEORGE CAMPBELL—Why do you go to someone like Ms Geller to provide this training? Is there no-one locally with the skills or knowledge to provide that training?

Ms Howard—I would say there is no-one in Australia who has quite her level of motivational skill and who is as good at summing up the abilities of presenters as she is—no-one I have met. As I said, she is also used by the BBC for the same reason and by CBC as well as many European broadcasters, because she is recognised as one of the experts in her field.

Senator GEORGE CAMPBELL—Does the training that is provided by Ms Geller go out to tender or is the contract just directly negotiated with her?

Ms Howard—We have not tendered to date. I cannot imagine to whom we would tender.

Senator GEORGE CAMPBELL—There must be some people in Australia who do this type of work.

Ms Howard—I have not heard of them, I am afraid.

Senator GEORGE CAMPBELL—You have not sought them either, have you?

Ms Howard—I think I would know about them if they were out there.

Senator GEORGE CAMPBELL—You think you would know about them, but you would not be certain.

Ms Howard—I would imagine that we would have heard of them by now. I am not aware of them.

Senator GEORGE CAMPBELL—But you do not put this out to tender?

Ms Howard—No, we have not to date.

Senator GEORGE CAMPBELL—We will look at the total costs when you provide them to us. Mr Pendleton, can you tell us how much taxpayers' money the ABC has spent defending workplace bullying and harassment cases in courts and tribunals in the last five years?

Mr Pendleton—I am not sure what period this data relates to; we have gone back and looked at the costs related to the matters that we have defended. The cost to the ABC of defending claims is in the order of \$219,000. In addition to that, the cost of the advice that we have taken in relation to investigations or allegations is about \$162,000. So the total is about \$381,000.

Senator GEORGE CAMPBELL—Do you have the period over which that has been spent?

Mr Pendleton—From 2000, I think.

Senator GEORGE CAMPBELL—How many cases did that involve?

Mr Pendleton—About 11 or 12 cases.

Senator GEORGE CAMPBELL—Can you tell me how much has been spent in regard specifically to the Barakat case?

Mr Pendleton—About \$113,000.

Senator GEORGE CAMPBELL—So almost a third. How much of that was on QC's fees?

Mr Pendleton—I do not actually have the breakdown of the individual amount for that particular case.

Senator GEORGE CAMPBELL—Can you take that on notice?

Mr Palmer—Probably about 30.

Mr Pendleton—Roughly \$30,000.

Senator GEORGE CAMPBELL—That is a very significant amount out of the total for one case. Is that because the ABC regarded the Barakat case as being a benchmarking exercise?

Mr Pendleton—I think it was just the nature of the case. It has been a long and complex case.

Senator GEORGE CAMPBELL—I think it has been made exceedingly complex, but we will come to that a bit later on. I asked Mr Balding at the last estimates to review the cases that had been referred to him or cases where individuals had directly communicated with him. Has that review been conducted?

Mr Pendleton—It has.

Senator GEORGE CAMPBELL—Was that conducted by Mr Balding himself or by someone else on his behalf?

Mr Pendleton—Mr Balding called for that information and reviewed it himself.

Senator GEORGE CAMPBELL—What were Mr Balding's findings?

Mr Pendleton—Mr Balding was satisfied that each of the matters that had been referred to him had been actioned appropriately by the ABC or were in the process of being actioned.

Senator GEORGE CAMPBELL—So he did not believe there was any need to vary the ABC's approach in relation to bullying matters.

Mr Pendleton—At this stage, no. The ABC is happy with its bullying policy, but the Managing Director has commissioned a review recently of the ABC's bullying policy and procedures. Subsequent to him reviewing those matters, there were a couple of additional matters that came to his attention in relation to bullying. Given that there is a significant amount of interest in the ABC's policies, he thought it was appropriate at this point in time to engage in an independent review about our policies and procedures to make sure that we are doing everything we possibly can to manage these situations.

Senator GEORGE CAMPBELL—If this review that is being proposed finds that your procedures were less than adequate, will that spur Mr Balding to go back and review the cases that have already occurred?

Mr Pendleton—If the review determines that our procedures need enhancement then we will definitely enhance our procedures. Will the review look at individual cases of bullying that are due to go before the courts? It is not specifically looking at those but, if something fundamental is determined by the review that is wrong with our procedures, yes, we can go back and look at the matters that have been handled under the existing policy.

Senator GEORGE CAMPBELL—I think you would be compelled to go back and look at them, wouldn't you, if you found that there was something substantially wrong with your current procedures?

Mr Pendleton—Yes.

Senator GEORGE CAMPBELL—Why have you chosen to carry out a review now, only 18 months after it was instituted?

Mr Pendleton—As I said, subsequent to the last estimates, the managing director reviewed the matters that had been brought to his attention. A couple of former staff have come forward since that time with complaints about bullying or the way their bullying allegations were handled. The MD thought it was an appropriate thing to do to do anything we possibly can to ensure that we have got it right.

Senator GEORGE CAMPBELL—So presumably he saw enough in what he reviewed that concerned him enough to introduce this inquiry?

Mr Pendleton—I think the ABC's bullying procedures are best practice. We are confident that our procedures adequately deal with the issue.

Senator GEORGE CAMPBELL—I do not think that some of your staff would think you are performing best practice on bullying.

Mr Pendleton—It does not hurt to go and have a look, ask the question and open ourselves up to have a look at these policies and procedures.

Senator GEORGE CAMPBELL—Was this review put out to tender?

Mr Pendleton—We are taking quotes in relation to it.

Senator GEORGE CAMPBELL—Have you set out a set of criteria?

Mr Pendleton—Yes.

Senator GEORGE CAMPBELL—Is that available? Can you make that public?

Mr Pendleton—I can get that for you.

Senator GEORGE CAMPBELL—How much is the review likely to cost the ABC?

Mr Pendleton—I would estimate about \$80,000.

Senator GEORGE CAMPBELL—When are you likely to choose the company to conduct the review?

Mr Pendleton—We already have.

Senator GEORGE CAMPBELL—Who is the company?

Mr Pendleton—It is a company by the name of IHR. It is a Melbourne based firm.

Senator GEORGE CAMPBELL—Who are the principals involved in that company?

Mr Pendleton—The principal of the company is a fellow by the name of Stephen Bell.

Senator GEORGE CAMPBELL—He has a background in these matters?

Mr Pendleton—The firm specialises in human resources and industrial relations matters. Their strength is in both the HR and the legal skills.

Senator GEORGE CAMPBELL—I see.

Mr Pendleton—Importantly, it is a firm we have not used in the ABC. It is independent of us.

Senator GEORGE CAMPBELL—You have never used them before?

Mr Pendleton—No.

Senator GEORGE CAMPBELL—You are confident that they have the skills to look at the bullying aspects in particular?

Mr Pendleton—I believe so. They have quite an extensive background in work they have undertaken. There are probably 150 previous organisations that they have worked in, not necessarily doing bullying reviews but doing similar types of reviews. They have undertaken reviews of organisations' bullying policies and procedures. So I think they have the track record and credentials to do it.

Senator GEORGE CAMPBELL—I understand that the review will take the form of 150 random interviews with staff across the nation. Given what I know of the ABC and the bullying claims, it is very obvious that they tend to be concentrated in a number of hot spots. Isn't the very fact that you do a broad-brush examination of 150 random selections across the country likely to skew the outcome, given that you know there are concentrations of this problem in, for example, Melbourne and Adelaide and to a lesser degree in Tasmania and Western Australia? In particular, the newsrooms appear to be the central focus of a lot of the issues that have arisen.

Mr Pendleton—The review will do a number of things. The sample of 150 is to get a statistical sample across the organisation to get a sense of how the policy is working. The review will also look at previous bullying cases that have been undertaken within the ABC to get an understanding of how those matters have been dealt with and how the application of the policy has actually been applied. Importantly also, staff have been invited, if they wish, to contact and participate in the review as well. So I think that is a pretty broad coverage that should address the issues that you raise.

Senator GEORGE CAMPBELL—So they will deal with these hot spots specifically as well as the general areas?

Mr Pendleton—They will go and have a look at the reported matters that have come before us.

Senator GEORGE CAMPBELL—You say that the staff will have the opportunity to participate?

Mr Pendleton—They have been invited.

Senator GEORGE CAMPBELL—What is the protocol for them doing that? Will they be able to communicate directly with IHR?

Mr Pendleton—In the first instance, we have recently issued a note to staff about how they can engage. If there are enough staff within a particular location, we will have specific reference groups involving IHR and that group of people. If there are only individual cases, we will deal with them separately.

Senator GEORGE CAMPBELL—Will they bypass the normal procedures within the ABC?

Mr Pendleton—They will talk directly with IHR.

Senator GEORGE CAMPBELL—So they will not have to communicate with anyone internally in the ABC first? They will not have to go through your HR department or any other department?

Mr Pendleton—HR will coordinate how they can access IHR.

Senator GEORGE CAMPBELL—If that is the case, won't some individuals be concerned about coming forward?

Mr Pendleton—They will be able to go directly to IHR as well. We will provide that information to ensure that staff who want to go directly to IHR can do that.

Senator GEORGE CAMPBELL—You have not provided that information to start with?

Mr Pendleton—At this stage we have provided notification to staff about how they can engage with IHR.

Senator GEORGE CAMPBELL—And that they can do it directly?

Mr Pendleton—They can do it directly, definitely.

Senator GEORGE CAMPBELL—And that their submissions to the IHR will be treated as confidential.

Mr Pendleton—Yes.

Senator GEORGE CAMPBELL—When is the inquiry likely to be completed?

Mr Pendleton—We hope that it comes to completion by the end of this year, but it depends on what sort of response we get from the staff about how much data there is. Certainly we hope to have some sort of report by the end of this year.

Senator GEORGE CAMPBELL—I was hoping Mr Balding would be here, because an issue of considerable concern has arisen. I did ask for Mr Mason and Ms Hurley to be available today. The ABC has determined not to provide them. On what grounds did you decide not to make those two individuals available?

Mr Green—We certainly received your request and considered it. Our view was that the best people in a position to answer any concerns which were not outlined in the request were the people responsible for the running of the business that those two staff members you have identified are part of. For that reason Sue Howard, the director of Radio, is here. She has ultimate responsibility for the running of the Radio division. Colin Palmer, who is the Director of Human Resources, is also here. Our belief is that both those senior executives might be in a position to respond to your inquiries.

Senator GEORGE CAMPBELL—In the normal course of events, Mr Green, I would have accepted that, but the reason that I asked those two individuals to be here is that a matter has arisen that goes to privilege of the Senate. At the moment I am contemplating referring that matter of privilege to the Senate. It directly involves Ms Hurley and Mr Mason. If they are not here to provide satisfactory answers to me then that will strengthen my resolve to pursue it in another way. I was hoping that they might have been able to clarify why they took certain actions and what those actions meant. If you have made the decision not to make them available then I will have to consider the other course of action.

Mr Green—I understand that.

Senator GEORGE CAMPBELL—Mr Pendleton, do you remember the issue that I raised with Mr Balding at the last estimates in relation to the fish story in Tasmania?

Mr Pendleton—Yes.

Senator GEORGE CAMPBELL—Are you aware that Mr Cox, who was the subject of that story, on reading the transcript of the estimates hearing, wrote directly to Mr Balding on 20 May and raised a number of serious issues relating to the way in which the ABC was dealing with workplace harassment and with his particular circumstances in Tasmania?

Mr Pendleton—Yes.

Senator GEORGE CAMPBELL—Are you aware that the letter which he sent to Mr Balding and the ABC manager, Cath Hurley, was also sent to my office?

Mr Pendleton—Yes.

Senator GEORGE CAMPBELL—What action did Mr Balding take in response to Mr Cox's correspondence?

Mr Pendleton—Mr Balding referred the letter to me to review. I have responded to Mr Cox in relation to the matters that he raised, where he believed that he had been misrepresented in statements that were made by the ABC, particularly in relation to whether he received the fish and whether he solicited the fish. I think that in that letter Mr Cox made allegations of bullying in respect of his current manager. Those matters have been dealt with in accordance with the ABC's bullying policies.

Senator GEORGE CAMPBELL—Can you just run back over that last comment you made?

Mr Pendleton—I think it is the letter that Mr Cox sent after estimates to the managing director, and I think in that letter he stated that the ABC had made incorrect statements at estimates about his case.

Senator GEORGE CAMPBELL—Yes, that is right. And your response was?

Mr Pendleton—I responded to that. I think Mr Cox was of the view that he did not solicit the fish and that he did not accept the fish. In fact, the matter of the case is that he did, and the facts were agreed by both him and the ABC. I do not think anybody disagrees that he did say words on air to the effect of: 'Where's the fish?' Mr Cox did physically receive two trout from the fisherman and subsequently gave them, I think, to a lady in the canteen.

Senator GEORGE CAMPBELL—I understand that he gave them to the canteen. That is in his letter.

Mr Pendleton—That is right.

Senator GEORGE CAMPBELL—So he did not personally gain from the two fish?

Mr Pendleton—But he did accept the fish.

Senator GEORGE CAMPBELL—So they got past the guards that you had stationed on the doors at the ABC in Hobart?

Mr Pendleton—I am just recounting what we responded to in the letter, based on the facts of the matter.

Senator GEORGE CAMPBELL—I understand that he got the fish and the fish were passed on to the canteen. He did not personally gain as a result of the fish, but I think that is a

separate issue from the one we are currently discussing. Are you aware that Mr Cox is now facing fresh charges of misconduct?

Mr Pendleton—I believe so.

Senator GEORGE CAMPBELL—And that there are three allegations?

Mr Pendleton—Yes.

Senator GEORGE CAMPBELL—There are three grounds. One is that he made vexatious allegations against Ms Catherine Hurley. When did he make those allegations?

Mr Palmer—That is correct, but I cannot specifically recall the timing. There are new allegations that he has made vexatious comments against Cath Hurley, yes.

Senator GEORGE CAMPBELL—What are those allegations?

Mr Palmer—I think it is the vexatious nature. I would have to get the letter to recall it, and I do not have that to hand. There are matters of repeated behaviour, of breaching confidentiality and of undertaking allegations without substance of that nature.

Senator GEORGE CAMPBELL—What are the vexatious allegations that he made against Ms Hurley?

Mr Palmer—It had its genesis, I believe, in directions that Mr Cox was given concerning editorial matters to do with online material.

Senator GEORGE CAMPBELL—What were the vexatious allegations that he made against Ms Hurley?

Mr Palmer—‘Vexatious’ implies a repeated behaviour, and that is what is perhaps emerging.

Senator GEORGE CAMPBELL—Sorry, that is a new one to me. I thought vexatious was petty.

Mr Palmer—Yes, correct.

Senator GEORGE CAMPBELL—Who determined that the allegations were vexatious?

Mr Palmer—We have not reached that stage yet. It has been put to Mr Cox to come and have an interview with Mr Mason. That interview, or discussion, has not occurred yet.

Senator GEORGE CAMPBELL—But what are the claims that are supposed to be vexatious? What are the allegations he made that are regarded as vexatious?

Mr Palmer—I do not have that specific detail with me here today.

Senator GEORGE CAMPBELL—But you are the head of IR, Mr Palmer; surely you are aware of this case.

Mr Palmer—I am aware of it, but—

Senator GEORGE CAMPBELL—When the fish story arose you were quick to go to Tasmania to try and resolve that story.

Mr Palmer—It was not so much quick as an attempt to remedy, reach agreement on and get some resolution of it.

Senator GEORGE CAMPBELL—I think that these three claims against Mr Cox are of much greater substance than the fish story.

Mr Palmer—I suppose everything has its context. I am aware of the nature of the claims. I do not have the specific allegations before me.

Senator GEORGE CAMPBELL—Who has launched the charges against Mr Cox in relation to him making vexatious allegations?

Mr Palmer—They arose from Cath Hurley and the formal allegations were made by Michael Mason.

Senator GEORGE CAMPBELL—But Ms Hurley has not made the allegations?

Mr Palmer—That was their genesis. Yes, I suspect that the allegations, the concerns or the alleged breaches have arisen from some interactions Ms Hurley has had with Mr Cox, and Mr Mason has taken them up in a formal sense. We are trying to deal with these things at an arm's length.

Senator GEORGE CAMPBELL—Has Ms Hurley officially complained to Mr Mason about the vexatious allegations?

Mr Palmer—There are complaints from Ms Hurley about Mr Cox's behaviour, yes.

Senator GEORGE CAMPBELL—But has she specifically complained to Mr Mason about the vexatious allegations?

Mr Palmer—Yes, I believe so.

Senator GEORGE CAMPBELL—Has Mr Mason taken action?

Mr Palmer—Yes. He has started an inquiry and to seek some further details from Mr Cox. The inquiry is still afoot.

Senator GEORGE CAMPBELL—I understand that the inquiry is still afoot. What constitutes the allegation that Mr Cox made those allegations public outside the ABC?

Mr Palmer—I do not have those details.

Senator GEORGE CAMPBELL—Who made that allegation against Mr Cox?

Mr Palmer—I would have to go to the details; I do not have them with me today.

Senator GEORGE CAMPBELL—And what constitutes the claim about his failure to follow lawful directions relating to his online work?

Mr Palmer—It is based around compliance with editorial policies to do certain things or remove certain things that may, in the mind of the relevant manager, be contrary to editorial policies about content. As I understand it, Mr Cox was responsible for putting that content there, was asked to remove it and took some time to do so despite repeated requests.

Senator GEORGE CAMPBELL—Mr Cox has been the subject of a number of issues or claims against him over the past few years. Is that correct?

Mr Palmer—That is true; and vice versa.

Senator GEORGE CAMPBELL—Does he have a reasonable concern that in fact he is being deliberately targeted in respect of his employment with the ABC?

Mr Palmer—I could understand that he would have that concern. There have been a number of attempts to try to settle the matter with Mr Cox over the years, unsuccessfully.

Senator GEORGE CAMPBELL—I understand that. I have a letter—I think it was from Mr Cox’s union representative—which documents a number of cases that occurred with Mr Cox over a period of time. In his letter, Mr Mason simply makes the bold statement to Mr Cox that he notes ‘you have chosen to make your allegations public outside the ABC’. The only information or allegations that Mr Cox has made or is aware of being made public outside the ABC is the copy he sent to me of the letter he sent to Mr Balding, which was in response to the issues which were raised at the last estimates. Is that what Mr Mason is referring to?

Mr Palmer—I could not tell you specifically. But there was the attempt to convene a meeting—

Senator GEORGE CAMPBELL—Has Mr Mason discussed this with you?

Mr Palmer—No. I am not the principal in this matter. I will certainly make a judgment on it, but it is being handled by one of my staff in consultation with Mr Mason. I would not be going through the details of it or driving it, given that I am most likely going to be the final decision maker on it. As I said before, we try to keep at arm’s length in dealing with these matters.

Senator GEORGE CAMPBELL—But it is being dealt with by your department?

Mr Palmer—Correct.

Senator GEORGE CAMPBELL—Has the individual in your department who is handling this matter consulted you about it?

Mr Palmer—Yes. He has given me overviews on the matter.

Senator GEORGE CAMPBELL—Have you sought to make any independent assessments of the issues that are at hand?

Mr Palmer—Not at this point in time; it is a bit early.

Senator GEORGE CAMPBELL—So the knowledge you have so far is a biased knowledge to that extent?

Mr Palmer—It is just a broad overview of where we are going on this. The important part was that Mr Cox was to have a meeting to discuss in detail the allegations and to put his side of the story. That meeting has not yet occurred. It was scheduled for one or two weeks ago but did not occur. We are attempting to meet with Mr Mason, Mr Cox and Ms Hurley—and with Mr Cox’s representative, if he so wishes—to discuss the issues. Mr Cox may very well have a good explanation. That is the nature of those sorts of discussions: to see if there is anything that is missing.

Senator GEORGE CAMPBELL—When are they to take place?

Mr Palmer—We had scheduled them, I believe, for 6 October, but Mr Cox produced a medical certificate from his doctor saying that it produced some stress to attend the meeting, not necessarily to work. That period was for about four weeks. I think that period has now passed. Mr Burrows from my department has said that we are attempting to reschedule

another meeting. To my knowledge, that has not occurred yet. I am pretty confident it has not occurred.

Senator GEORGE CAMPBELL—I think Mr Cox has suffered considerable stress over a period with regard to relationships in his employment. Has the ABC done anything to assist him to deal with this stress?

Mr Palmer—Yes, in the early days. We advised him that he could go to EAP and a number of other things.

Senator GEORGE CAMPBELL—What is EAP?

Mr Palmer—It is the employee assistance program that is run by Davidson Trahaire Corpsych. That is the organisation contracted to the ABC to provide counselling for personal and work related matters for all employees. It is a free service provided to employees and Mr Cox was encouraged to go there. It is a confidential service. He was encouraged to approach that service.

Senator GEORGE CAMPBELL—Has he availed himself of that?

Mr Palmer—That is a matter for him and Corpsych. It is a confidential service. We are not told of the outcome, nor should we be. I do not have any knowledge of his using the service offered under that program.

Senator GEORGE CAMPBELL—Under which section of the ABC employment agreement has Mr Cox been charged?

Mr Palmer—There has been no charge; there have been allegations. It would be improper conduct and failing to observe lawful instruction, I would imagine.

Senator GEORGE CAMPBELL—There have been no charges laid. I thought you said earlier that he had been charged.

Mr Palmer—No. The ABC do not have a series of charges, as we used to have a decade or so ago. There are allegations made and we go through due process. That due process is currently under way with Mr Cox in respect of the last set of allegations made.

Senator GEORGE CAMPBELL—Which section of the employment agreement is he alleged to have breached?

Mr Palmer—The section under 'Misconduct' which goes to improper conduct or failing to observe lawful instructions. I do not have the specific citation but it is sitting there somewhere.

Senator GEORGE CAMPBELL—Would that be section 57?

Mr Palmer—It sounds like it.

Senator GEORGE CAMPBELL—Section 57.1.1(a) and (d)?

Mr Palmer—It could very well be. There is a list of allegations or definitions of misconduct in the agreement.

Senator GEORGE CAMPBELL—What is regarded as improper conduct?

Mr Palmer—It is pretty broad. It depends on the circumstances and also mitigation. Improper conduct could very well be releasing confidential information—anything that is

considered improper under a proper test. It could relate to the code of conduct or breaches of editorial policy. It could relate to criminal conduct.

Senator GEORGE CAMPBELL—Where in Mr Mason's letter would we find any mention of 'wilfully disobeys or disregards a lawful direction'?

Mr Palmer—I do not specifically recall what is in Mr Mason's letter. I am pretty sure there would be some reference back to the employment agreement.

Senator GEORGE CAMPBELL—Mr Mason's letter specifically went to—

Mr Palmer—I would say again that at this stage the allegations have been made. We have yet to discuss that with Mr Cox and seek his response.

Senator GEORGE CAMPBELL—I am trying to understand where the allegations that were made fit into the charges that Mr Mason has outlined in his letter. He says that the allegations are there, that he made vexatious claims and that he made the information public.

Mr Palmer—'Vexatious' would be improper, in my mind.

Senator GEORGE CAMPBELL—There may be an argument about what is improper and what is vexatious. They are not necessarily one and the same thing. It may be petty but it may not be improper. It may be regarded as being petty.

Mr Palmer—There is a question of degrees, certainly. But a vexatious claim, in my mind, would be improper. We could talk about degrees, but certainly the basic definition of 'vexatious claim' is improper conduct.

Senator GEORGE CAMPBELL—So you say this is set down for October.

Mr Palmer—We were scheduled, if I can recall, for 6 October. I am only guessing, at that stage. But Mr Cox could not meet that appointment.

Senator GEORGE CAMPBELL—And you are seeking to reschedule?

Mr Palmer—Correct.

Senator GEORGE CAMPBELL—We will have to await the outcome of that, although events here may circumscribe some of it. Can you outline to me what the status of the Neheda Barakat case is?

Mr Palmer—Yes. As you would no doubt be aware, the ABC appealed for a full bench of the Industrial Relations Commission, of which there was a mixed decision coming down. One of those points of decision was to refer the matter of the allegations of bullying back to a single member, Commissioner Greg Smith, to the Industrial Relations Commission concerning an inquiry between Bass and Barakat directly—not the global investigation the union and Ms Barakat were seeking. That matter has currently progressed between Commissioner Smith and the ABC and the MEAA. With respect to other matters like mediation, we are progressing quite well with Ms Barakat. She has accepted formal mediation with Mr Bass, herself and a number of other staff members in the ABC who have issues with Ms Barakat. We are progressing that with some counsellors with EAP to act as mediators. There will be an intake or a premediation by Corpsych to assess the ability of the parties to go into further mediation, and that is scheduled for some time in the next week or so.

Senator GEORGE CAMPBELL—Why has Barakat not been put back on the payroll?

Mr Palmer—She was put back on the payroll as of last Monday, the 25th.

Senator GEORGE CAMPBELL—Last Monday.

Mr Palmer—Correct. Following her formal agreement to mediation, on the prior Friday, which would have been 21 October, we received, very late, an email from Ms Barakat confirming her acceptance to go into mediation. That was the trigger point for us to return her to the payroll on the first working day, which was the 24th. That was confirmed with her, I believe, on Friday.

Senator GEORGE CAMPBELL—On Friday.

Mr Palmer—Last Friday. A letter was sent to her—

Senator GEORGE CAMPBELL—It must have been late last Friday.

Mr Palmer—It was; it was very late.

Senator GEORGE CAMPBELL—When you say that she has been put back on the payroll, is she now engaged for all purposes?

Mr Palmer—There are some significant issues between herself and Mr Bass, and Mr Bass and herself, and other members, as I mentioned, of the *Inside Business* program. We are attempting to mediate that and, as I said, that is what has been planned this week or next week as soon as the parties can get together. She is not physically at work because of that issue regarding mediation. It would be most irresponsible for us to return her to the workplace, given the feeling that is ostensibly there.

Senator GEORGE CAMPBELL—So she is on the payroll, but she is not engaged in useful employment.

Mr Palmer—Correct.

Senator GEORGE CAMPBELL—When will a decision be made about that?

Mr Palmer—As soon as we get a successful outcome to the mediation. That is the critical go or no go position.

Senator GEORGE CAMPBELL—How long will that process take?

Mr Palmer—We would like it to be very quick, but it depends on the issues and how intractable or otherwise any of the issues and positions are that are put by any of the parties. Mediation could be very quick or it might be a bit protracted. We would like it to be reasonably expedient.

Senator GEORGE CAMPBELL—Does the mediation involve looking at other options in terms of her ongoing employment?

Mr Palmer—It is a pretty open process. It will explore any options put on the table by any person. There are no pre-fixed rules to that extent. I would like to think there would some lateral thinking there.

Senator GEORGE CAMPBELL—I would like to think there is too. Given that that process is under way, and that she is back on the payroll, I do not have any further questions—at this stage, anyway—in relation to the Barakat case, other than to say it is a pretty long period of time to keep someone hanging out.

Mr Palmer—There are some very intractable differences.

Senator GEORGE CAMPBELL—I understand that, but she was off the payroll for a year and a half.

Mr Palmer—Since a few weeks after April 2004, I believe, when her leave credits ran out.

Senator GEORGE CAMPBELL—And you would be aware that she has suffered some considerable financial difficulties over that period of time?

Mr Palmer—That is the allegation that has been made.

Senator GEORGE CAMPBELL—The ABC would not be vindictive enough to try and starve people out, would it?

Mr Palmer—No, we are not in that kind of business. That is not something we engage in at all.

Senator GEORGE CAMPBELL—It seems to happen as part of the process.

Mr Palmer—There are always two sides to the story. We try to get both sides together as quickly as we can.

Senator GEORGE CAMPBELL—I accept that there are always two sides of the story, Mr Palmer, but there is more than one way to skin a cat, so to speak, and putting undue pressure on individuals is not an honest or an appropriate way to deal with it. Nevertheless, that is the way in which the thing panned out. But hopefully it is now on the way to resolution.

Senator SANTORO—I normally do not ask personal questions at the beginning or indeed right throughout the estimates, but we were expecting Mr Balding to be in attendance. Is there a reason why he has not managed to accompany you this morning?

Mr Green—Mr Balding is not here, and I am leading the ABC representation before the Senate this morning.

CHAIR—We usually do expect Mr Balding to be here and we would appreciate an explanation of why he is not, if you would be kind enough to do that.

Mr Green—I understand that Mr Balding, since he has been engaged with the ABC, either as the chief financial officer or the director of finance, or the managing director, has attended every previous Senate estimates. With respect, I do not think it is unprecedented for departmental secretaries or heads of agencies not to always attend Senate estimates.

CHAIR—We expect the heads of departments and agencies to be present at estimates and we would be grateful if you could convey that to Mr Balding. We expect him to be here in future.

Mr Green—I will pass on your comments, Chair.

CHAIR—Thank you.

Senator SANTORO—I do not think Mr Green understood or has attempted to answer my question. Is there a reason why Mr Balding is not here? I am totally aware, and my eyesight is not failing me to the extent that I cannot see, that you and the other officers are here. The

question I asked you is: is there a reason why Mr Balding is not here? Did he give you a reason why he is not here?

Mr Green—Mr Balding is his own decision maker. He is not here, and that is all I have to say.

Senator SANTORO—Again, Mr Green, I do not want to be contrary but I have 973 questions to put to Mr Balding. I want to question him on another 60 or 70 questions that I put in correspondence to him a few weeks ago. I feel quite frustrated by the fact that he is not here, if that is not already clear to you. My question to you again is: did he tell you why he is not here today?

Mr Green—No, he did not.

Senator SANTORO—I would appreciate it if you could, from this point onwards, just give actual answers to the questions. I put you and the ABC on notice: I am not going to desist from the way that I go about questioning the ABC. All you are doing is aggravating me and other senators. We will just keep on coming. If I have to go to the government and ask for a special inquiry into bias at the ABC, I will do that. I am not at all impressed by Mr Balding's absence. I understand his attendance had been previously notified to the committee, and it was withdrawn late last Friday afternoon. You can all sit there and look as sanctimonious, as serious or—like a couple of the officers behind you—as lacking in seriousness as you want to, but I am telling you that I am not at all impressed by the absence of Mr Balding. I have 2½ thousand pages of transcripts, because every time I ask a question he says that he has to check the record, and when he does check the record I get nonsense for an answer in the vast majority of cases.

Some of us actually take our jobs very seriously. There are about 28 people in Australia monitoring what the ABC does. I receive between 15 and 20 tapes a week, and out of that we get transcripts. We are absolutely, deadly serious, some senators—I would suggest most senators—in that we want to go about making the ABC accountable. A simple statement of 'The ABC is the most accountable media organisation,' does not wash with me, because we as a parliament have given you about \$1.2 billion of public funds. The lack of accountability as a result of Mr Balding's absence from here today is certainly not appreciated by me.

CHAIR—I might add to that. It really is a very serious matter. We expect to have the heads of agencies here at estimates. This is the Parliament of Australia. We are representing the Australian people and this is a public accountability process in terms of the expenditure agreed to by the Australian parliament. We cannot tolerate a situation in which heads of major agencies or bodies such as yours do not appear before estimates. I would like to make it absolutely crystal clear to you that in future we expect Mr Balding or his successor in that position to be present.

Senator SANTORO—Having said what I said, I acknowledge the point that you made that Mr Balding has been a very regular and diligent attendee at these meetings and throughout this process. I acknowledge that. But he would have been aware, as the ABC would have been aware from correspondence that I have been providing to you, that I put out a media advisory yesterday detailing the areas. I cannot be more helpful to the ABC than

putting out a detailed media advisory giving you some notice as to what I am going to be cross-examining you on.

CHAIR—I trust you understand the gravity of our views on this.

Mr Green—I certainly understand the force of your comments. Without in any way wanting to diminish them, can I suggest to you and the committee that the people that the ABC have as our team here before you today represent a substantial part of our business at the very highest level. While I have every faith in and recognise the importance of the chief executive in terms of our business, the day-to-day operation of the ABC is represented before you today at this committee by the people who have ultimate responsibility for each of the output areas. We are before you today and we are happy to respond to your questions.

Senator SANTORO—In the end, Mr Balding cross-references most of my questions to the operational people, of which I imagine you are representatives. Does that mean that you will take my questions and actually answer them today without them being cross-referenced to anybody else? Could I expect that today, when I finally get to ask some questions?

Mr Green—Today, as I explained when we began, we have, as part of our group representing the ABC, the Director of News and Current Affairs, the Director of Radio and Michael Ward, in his capacity as Director of Television. So, in terms of much of our output, we have people at this committee who are ultimately responsible for each of those areas of the ABC.

Senator SANTORO—If Mr Balding had said to you that he was sick or if he was called away for a funeral or a birth—that, to me, would have been totally acceptable. But, for you to come here without any explanation, after his attendance had been notified—and subsequently withdrawn—I find to be discourteous to this committee and, through this committee, to the Senate, particularly in view of the substantial effort that we have put into the estimates process. I feel like putting complaints about my whole 973 or 977 questions. How would that impact on the ABC? I feel like going to the government and asking for a special inquiry into allegations of bias. I would just like to finish, with the indulgence of other senators and the chair—

Senator ALLISON—You are asking quite a lot—

CHAIR—Senator Allison, Senator Santoro has the floor.

Senator SANTORO—Politicians, particularly senators, are not unreasonable people. We would be happy to accept a proper explanation. But in the absence of an explanation I will again and finally go on the record as saying that I am disappointed and find it disrespectful.

Senator RONALDSON—I find it quite extraordinary—

Senator ALLISON—Excuse me, Mr Chair, I tried to raise a point of order and was told I was not to speak. If I may now—

CHAIR—Senator Santoro has finished. Senator Ronaldson is now making a comment and he is entitled to do that.

Senator ALLISON—When am I entitled to raise a point of order?

CHAIR—Senator Santoro has finished; so let us hear what Senator Ronaldson has to say.

Senator RONALDSON—Mr Green, you should take a very clear message back to your CEO that I think this is an utter disgrace. It is treating this committee and the Senate with contempt. It is contemptuous behaviour.

Senator ALLISON—May I raise a point of order, Mr Chair?

CHAIR—Yes, Senator Allison.

Senator ALLISON—Thank you. This is not very productive use of the committee's time. The point has been made on several occasions by you and Senator Santoro. We do not need Senator Ronaldson to also repeat it. I suggest that we get on with asking questions of the officers who are present.

CHAIR—Thank you, Senator Allison. I will let Senator Ronaldson make his comment.

Senator RONALDSON—With the greatest respect, Mr Chair, I think this is a very important issue.

CHAIR—It is a very serious matter.

Senator RONALDSON—There has not been a legitimate reason given for Mr Balding's nonattendance. Has he been to other Senate estimates?

CHAIR—He has always attended.

Mr Green—Senator, I just mentioned before that Mr Balding has been to every previous Senate estimates hearing that the ABC has been involved in, either as director of finance or as the managing director.

Senator RONALDSON—It rather begs the question as to what he has got to hide, I would have thought.

CHAIR—As a final comment, I will say that we are not prepared to accept a precedent under which the head of an agency does not appear before this committee. That is completely unacceptable to this committee. This committee represents the Senate and thereby the people of Australia. We expect the heads of agencies to be here. There may be competent people here who head sections of the ABC, but we expect the head of the ABC, who is responsible for its overall management, to appear before this committee at estimates. That applies, you will find, to all other committees and all other agencies in this estimates process. I would be very grateful if you would, as I said, convey the gravity of our views to Mr Balding. Having said that, I suggest we proceed.

Senator GEORGE CAMPBELL—I am concerned to follow up and clarify an issue in relation to the Barakat matter. I understand that you said that she received a letter on Friday.

Mr Palmer—One was sent to her.

Senator GEORGE CAMPBELL—I understand that she has still not received that letter. I do not know how you sent it.

Mr Palmer—By email.

Senator GEORGE CAMPBELL—She has still not received it. And she has still not received any payments into her cheque or savings account or whichever it is that you pay her wages into.

Mr Palmer—I can formally confirm with you on the record that last Friday a letter was emailed to Ms Barakat. I have it here. It was sent to her, to Commissioner Greg Smith of the commission and, I believe, to the MEAA in Victoria. It confirmed that the ABC was putting her back on the payroll as of Monday, 24 October, and that we would be hoping to get her into the payroll for the payday coming up on, I think, Thursday.

Senator GEORGE CAMPBELL—Which is this week.

Mr Palmer—Yes. I suspect, all things going well with the payroll—and I am advised that the advice from us got to payroll on time—that she will find something in her pay this Thursday.

Senator GEORGE CAMPBELL—Mr Palmer, can you check whether or not the email that was sent actually did get to her? She says that she did not receive any advice.

Mr Palmer—There is no technical way I am aware of that we can confirm, short of a bounceback—

Senator GEORGE CAMPBELL—I think these days you can check whether or not an email has been opened at the other end, and if it hasn't—

Mr Palmer—There is certainly bounceback, yes.

Senator GEORGE CAMPBELL—Can you send a fresh copy?

Mr Palmer—We certainly can do that.

Senator SANTORO—Mr Green, in Mr Balding's most recent reply to me regarding my questions on notice from the last estimates—and I have his replies here in this folder if we need to refer to any detail—he dismisses the problems that I raise by using the excuse/reason that the ABC produces hundreds of bulletins a week and there will be 'a small number of lapses', as he put it. Would you agree with me that he is ignoring the fact that the vast majority of my concerns actually relate to a very small number of mainly current affairs programs—especially radio programs—such as *AM*, *PM*, *Lateline*, *The World Today* and the *7.30 Report*? Is he, and are you and Mr Cameron in particular, conscious of the fact that I am not talking about the hundreds—and thousands, perhaps—of news bulletins that you produce but that the vast majority of my questions relate to *AM*, *PM*, *Lateline*, *The World Today* and the *7.30 Report*? Are you conscious that that is what I have been focussing on? Although after today I am tempted to widen my scope even further.

Mr Green—Senator, I take it you are referring to the letter that you wrote to the Managing Director on 13 September?

Senator SANTORO—And that he replied to on 26 October, yes.

Mr Green—That is right.

Senator SANTORO—I have just extracted his reasoning as to why he reckons that the problem is not as bad as I suggested it is.

Mr Green—And this was the letter where you outlined some ongoing concerns following our last meeting at Senate estimates, at which we identified you asked 54 questions, and we provided responses to those 54 questions. That is the response you have just referred to.

Senator SANTORO—That is one of the responses. You did provide responses to all the questions. Most of the responses—let me put it more clearly, the vast majority of responses—quite honestly, were totally unsatisfactory, and I will come back to a few of those in a minute. But that is one of his responses: ‘Why are you worried? We broadcast hundreds and thousands of news broadcasts right across Australia. You come up with, let us say, 500 examples of breaking of rules. They are not many in the overall context of all the news stories that we broadcast.’

Mr Green—There is an issue of context. When one assesses any allegation of editorial problems, one always has to look at the matter of scope, and that was the background to that comment from Mr Balding.

Senator SANTORO—Say a presenter of *AM*, *PM*, *Lateline*, *The World Today*, the *7.30 Report* or one of those shows transgresses 50 times in three months. Am I taking it out of context? You do not regard that as a fairly frequent breach of the rules by one presenter?

Mr Green—You talk generically about the rules. I would want to understand what rules you are talking about that were being breached. Some rules have the status of guidelines. Others have the status of being mandatory. So we need to be clear about the sorts of rules that you talk about in a generic way.

Senator SANTORO—I will come back to one or two specific examples shortly. Guidelines should be quite clear recommendations, shouldn’t they?

Mr Green—That is right. You have used the word ‘recommendation’, and that is what they are.

Senator SANTORO—And when those recommendations are breached as frequently as 40 to 50 times by one presenter in a period of two or three months, how would you regard that? We are just speaking generically. As I have said, I have close to 900 questions that I want to put to you. I will run out, mercifully for you, by the end of my allotted time. I have lots of specifics, but I will just talk generically—40 or 50 breaches of rules or recommendations or guidelines; call them whatever you want. You do not think that indicates a systemic problem in a program like the *7.30 Report*?

Mr Green—No, I do not, necessarily. You need, if I may say, to be a little clearer as to what you are suggesting. There is a fundamental distinction between editorial policies that are mandatory and guidelines—or recommendations, as you have paraphrased the term—which have to be judged context by context in a given situation. To bundle them all up and say that the ABC is breaching rules is not a very helpful way to get any clarity as to the nature of your concerns.

Senator SANTORO—Are you suggesting that that is what I have done, Mr Green? Have I bundled them all up this morning and during other times when I have cross-examined Mr Balding and the ABC?

Mr Palmer—No, I am not suggesting that at all, Senator. I am suggesting that if we are to have a helpful discussion on this matter, one has to distinguish between editorial policies that are mandatory and guidelines that may be issued in particular circumstances that are a suggested way in which editorial staff might tackle a particular story.

Senator SANTORO—So you are saying that if there is no consistency in the application of those guidelines by editorial staff or presenters then it is excusable or understandable.

Mr Palmer—We would have to look at the circumstances.

Senator SANTORO—Let's get into some of the specific circumstances—

Mr Green—With respect, can I ask if you accept what I am saying: that rather than talking generically about rules and how they might apply in the context of editorial program management at the ABC, there is a distinction between editorial policies that are a document of the ABC board and are mandatory and recommendations or guidelines that might arise out of some particular issue or story context that a particular editorial manager suggests to his or her staff. There is a quite fundamental distinction.

Senator SANTORO—I do not think that the distinction, though, would excuse the application of a recommended course of action as inconsistent as the ABC editorial people and presenters apply those recommendations. Again, ample examples of these are very specifically contained within my correspondence to Mr Balding. Very early in the piece he gives me an answer to question 4, and then most of the other answers that he provides to the rest of my questions simply say: 'This question relates to a previous policy on labelling which is no longer followed by the ABC. See response to question 4.' That raises another issue: the total lack of response about breaches of guidelines and policy prior to the policy being changed, undoubtedly as a result of pressure that was applied by estimates committees such as this. Again, I go on the record as saying that I find the fact that he utterly ignores the questions asked about previous breaches on the basis that there are now new policies in place as being totally unacceptable. It is one of the most offensive replies that any member of parliament could ever receive. Obviously, I will circulate it widely to other media outlets and to specialist writers that may have an interest, and they can make their own judgments about the adequacy of this sort of stuff.

I intend to escalate it. As a senator who puts in many hours in between estimates, I am not going to cop this sort of stuff. To be honest, I do not know what else I can do. I do not know what government would prefer that I do. I can say to you that I am independent in terms of my willingness to keep on pursuing this. If you guys thought that I was a patsy for a previous minister when I first took on the ABC, as some of your people suggested that I was, then I give you fair warning that there is a whole network of Australians that are monitoring you and that I am going to escalate this as much as I possibly can. I find that reply from Mr Balding and the attitude this morning—particularly the absence of the executive director—highly offensive.

Now let's get into some specifics, because I am probably just assisting you by not getting into them.

Senator LUNDY—I feel compelled to make the observation that such passion shown by Senator Santoro in seeking the appropriate representation by the ABC here has never been shown by any coalition senator when Labor has raised similar complaints, be it from the lack of the presence of the CEO of Telstra or that of other agencies. We, too, agree that this is an extremely serious issue. We agree that Mr Balding absolutely should be here today. This sets an appalling precedent. We look forward to the support of coalition senators for the claims of

the Labor opposition and other opposition parties for fair and appropriate representation, when called for.

Senator SANTORO—Do you think Mr Balding should be here?

Senator LUNDY—We certainly do.

Senator SANTORO—Good on you.

Senator LUNDY—I am making the point because I feel compelled to highlight some previous hypocrisy on the part of you and other coalition senators.

CHAIR—Senator Lundy, I might correct some of your comments. Coalition senators have agreed with the ALP about the need for the CEO of Telstra to attend estimates over the last six or eight years that I have been on this committee. We have also insisted that the director of the National Gallery attend, when in fact he has not attended, so I do not think your comments are valid. We expect the heads of agencies to be here and to be accountable to estimates. That is a policy held by all parties in the Senate.

Senator SANTORO—Mr Green, I want to ask you about the written answers of Mr Balding in respect of questions concerning the ban on ABC journalists using the term ‘our troops in Iraq’. To recap for Mr John Cameron, who sits on your left today, your news boss banned this practice just before the start of the Iraq war, ostensibly because, as the ABC did not own them, they were not ‘ours’. In question 189 of the Senate estimates of 3 and 4 November 2003, I asked the following of Mr Balding:

Do you accept that ABC News and Current Affairs has referred and continues to refer to “our cities”, “our scientists” and “our athletes”?

Mr Balding’s answer was:

No, the ABC does not accept this proposition. If there are occasional examples of this usage in ... reporting, they are against ... [our] style guidelines ...

Mr Green, between March 2003, when Mr James Cameron’s memos were issued, and November, when the ABC answered my questions, I have counted a minimum of 152 breaches of the ‘our’ rule. I say ‘minimum’ because, as I indicated to you before, I do not monitor every ABC radio and TV bulletin in the nation. I monitored quite a number, but not all of them. The actual figure could in fact be substantially higher. What is your comment on that very specific number of breaches of the ‘our’ rule.

Mr Green—I would like to ask John Cameron, who is Director of News and Current Affairs, to respond to that question.

Mr John Cameron—We conducted our own search, in light of what you came up with, but it was limited by time and technicality. We came up, in the last couple of months, with only one example of ‘our’ in news and current affairs programming. There were quite a lot of others, I think, in general programming on radio and television. I do not say it does not happen—of course it happens—but it is on the low end of the scale of offences against the style guide, so I suggest that, when it does happen, it is not a hanging offence. That is my point, I suppose. But I would far prefer that it did not happen at all, which is why it is in the style guide that we all follow.

Senator SANTORO—I actually have a file here that refers to all of those breaches. I would be happy to make that available to you to show that there have been, as I put to you, 152 lapses in a little over six months. I would be more than happy to make that available to you after estimates. I will write to Mr Balding and draw it to your attention. Would you commit to providing me with a specific response to each one of those breaches as to why you think it happened or maybe suggest if I am not quoting it or if I am out of context? Mr Green has this morning suggested that we might go about this business.

Mr John Cameron—I am more than happy to do that.

Senator SANTORO—In relation to each one of those breaches?

Mr John Cameron—Yes, if we can mount the wherewithal to do so, we certainly will.

Senator SANTORO—Beg yours?

Mr John Cameron—If we can mount the wherewithal to look at every single one and find every single example—

Senator SANTORO—That is the problem that you are creating for yourself: we will now come back to you with many examples. As I said, I have many hundreds of pages of transcripts and instances. The problem that you create for yourself is that you will eventually come back and tell me you do not have the resources, which, by the way, is probably quite a reasonable comeback.

Mr John Cameron—That was my entire point. I think part of the point is also that, from what I said before, a lot of the examples do not pertain to my area, as in news and current affairs, they are spoken by talent on the ABC—people who are not even ABC employees. Some of the examples that we came up with on our search were not ABC people at all, they were people speaking on our news bulletins or on our programs.

Senator SANTORO—Mr Green, when I put it to Mr Balding that this is what was happening, he dismissed me by saying that these were occasional breaches. Would you categorise a minimum of 152 lapses in a little over six months, and sourced from a relatively small pool of mainly daily or weekly current affairs programs, as occasional?

Mr Green—That seems a large number. Can I ask you what particular genres of programs do these appear in? Are these news and current affairs programs or—

Senator SANTORO—That is correct.

Mr Green—are they programs that have news and current affairs that happen to be on local radio or are they ABC employees who are using this term? Are they talent or guests or interviewees?

Senator SANTORO—As I indicated to you, Mr Green, *AM*, *PM*, *Lateline*, *The World Today* and *The 7.30 Report*.

Mr Green—Can I just ask you further, are these people who are actually responsible for the presentation of these programs or are these guests that appear on the programs?

Senator SANTORO—No, they are people who are responsible for the presentation and introduction of the programs.

Mr Green—We would be very concerned by that number.

Senator SANTORO—I want to clarify the scope of the rule about ‘our’. In the November 2003 written answer to question No. 189, the ABC stated:

It is long accepted style that the ABC’s News and Current Affairs programs do not use “our” in any of these instances.

Is that still the rule, Mr Cameron or Mr Green?

Mr John Cameron—Yes, it is.

Senator SANTORO—Would those instances include any of the following, and I ask you to listen carefully to this list: our Vietnam involvement; our sailors in Vietnam; our Anzacs; our diggers; our Australian Federal Police helping in London; our forensic police in Bali after the bombings; our secret intelligence services; and our defence and intelligence services? Would it be correct that you do not use ‘our’ in any of these instances?

Mr John Cameron—I would prefer not.

Senator SANTORO—The ABC does not own any of them, does it?

Mr John Cameron—That is the bottom line.

Senator SANTORO—Can you explain why your journalists used all those expressions and let me know what, if any, action was taken?

Mr John Cameron—I would have to look at the people who were responsible for these style guide breaches and then get back to you.

Senator SANTORO—Would you like me to provide you with the transcripts of all of those instances where those guidelines were breached?

Mr John Cameron—That would be fine.

Senator SANTORO—Would you undertake to answer each one of them specifically and perhaps address the issue of context, which your chairman and now Mr Green seem to raise as perhaps being a lapse on my part when I consider the use of the word ‘our’ and that maybe if I considered it in context I might not be complaining?

Mr John Cameron—That is fine by me.

Senator SANTORO—Thanks, Mr Cameron. Mr Cameron, you gave some other examples in your memos, didn’t you, including not referring to ‘our premier’?

Mr John Cameron—I may have.

Senator SANTORO—I assure you that you did. In further memos you stated, ‘The guidelines must be treated as directives, not suggestions.’ You also warned a journalist: ‘From now on, continued transgressions or mistakes will lead to counselling and formal documentation. This in turn can have a major impact on career progression and eventually ongoing employment status.’ That would suggest, Mr Cameron, that you were very serious about it, weren’t you?

Mr John Cameron—It is part of the never-ending pursuit of excellence.

Senator SANTORO—They were directives, not suggestions?

Mr John Cameron—They are, but I might point out that they are also in a style guide book and they apply to a sweeping range of hundreds of style issues. Of course, every rule has an exception and there are occasions when exceptions are acceptable.

Senator SANTORO—When the context may be appropriate?

Mr John Cameron—When the context may be appropriate.

Senator SANTORO—That is why I am asking you whether you will address each and every one of them, at the risk of overburdening you logistically. We just need to get to the bottom as to whether, as I claim, there is a systemic problem or whether it is just a whole series of coincidences where 152 examples are all in proper context and I have no reason to complain.

Mr John Cameron—I am hoping that many of them are what you say. I did a back-of-the-envelope exercise coming here. These are figures again and I do not want to sound like I am trying to snow over the episode, but we put to air literally millions of words every week on our news and current affairs programs on radio and television.

Senator SANTORO—But I acknowledge that.

Mr John Cameron—It is inevitable that there will be—

Senator SANTORO—I absolutely acknowledge that, but I do not monitor many of the millions of words that you put to air. As I said, what I am mainly focussing on is those four or five programs. That is why, with respect, I do not believe that your excuse has any impact on my attitude towards these issues. Because if I did manage to convince even more people to monitor you in the way that they are, I probably would come up—not probably I am quite sure—with even more breaches of directives and guidelines than I am coming up with now. So I think you should desist from giving me that as a reason, because it will only motivate me to go and monitor more programs and then keep on asking you to specifically clarify for me more individual cases. I really am very interested in those high-profile, very influential news broadcast and current affairs programs. They are the ones that I am interested in at the moment.

Mr John Cameron—I understand that and I look forward to seeing the examples you have compiled.

Senator SANTORO—You also stated in your memos—directed, as usual, at all news and current affairs staff across all programs in all states and territories and elsewhere—that the rules are not optional they are mandatory. Are the various *Stateline* programs exempt from your news and current affairs divisional style guide?

Mr John Cameron—Clearly not, no.

Senator SANTORO—Do you watch *Stateline* in New South Wales?

Mr John Cameron—Religiously.

Senator SANTORO—You cannot really miss it, given that it is repeated twice over the weekend if you have missed it on Friday. Did you notice that Quentin Dempster on *Stateline New South Wales* referred to various ‘ours’ no fewer than 74 times in just over two years, or is he exempt?

Mr John Cameron—No he is not exempt, and I did not count them.

Senator SANTORO—Did you notice that he actually referred to ‘ours’ no fewer than 74 times?

Mr John Cameron—I saw your previous reference to that, and we have spoken.

Senator SANTORO—‘Our most famous military venture’ and ‘our Premier’ or variations on that, at least six times—and I have got them on file here. That is a direct contravention of your memo, Mr Cameron; did you notice that?

Mr John Cameron—I did not notice that.

Senator SANTORO—You did or you did not?

Mr John Cameron—I do not think I did.

Senator SANTORO—If you had noticed it, what action would you have taken?

Mr John Cameron—It would be either an email or a phone call, and I do that a lot of times.

Senator SANTORO—So when I give you the examples of Mr Quentin Dempster breaking the ‘our’ rule 74 times, what would you do?

Mr John Cameron—I would approach him directly, or his producer, and talk to him about the problem if it was that pronounced.

Senator SANTORO—In Mr Balding’s answer to question No. 189 from November 2003, he stated: ‘This style is and always has been a basic tenet of editorial style in quality journalism. It has been one of the first lessons for generations of cadet journalists around the globe.’ Does that globe encompass the office of *Stateline New South Wales*, or are they on another planet?

Mr John Cameron—The same planet I think.

Proceedings suspended from 10.58 am to 11.11 am

Senator LUNDY—While we are waiting for Senator Santoro to come back and resume his questions I will place on the record a matter in relation to tomorrow’s sports estimates hearings. I am particularly interested in questioning the minister and department on the sports facilities that were funded at the last election campaign, so I now request that the department make sure that all of the correspondence and files are available for that tomorrow morning.

CHAIR—Did you give notice of that as a topic?

Senator LUNDY—I certainly did.

CHAIR—Because there is a three-day notice requirement with those.

Senator LUNDY—I do appreciate that, but I also note that last time I felt there was some obfuscation about my questions due to the lack of expertise at the table.

Senator SANTORO—During the break, one of the whistleblowers within the ABC who regularly keeps in touch with me and who has been monitoring the proceedings this morning informed me that Quentin Dempster breached the ‘our’ rule on the *Stateline* program of 21 October. Mr Cameron, was that before or after you spoke to Mr Dempster about that rule?

This is the New South Wales *Stateline* program of 21 October. Had you spoken to Mr Dempster about the breach of that rule before then?

Mr John Cameron—I would have to have a look at that particular example. I saw the program and it does not register with me, so I will have a look at the example.

Senator SANTORO—If my memory serves me correctly, you did say to the committee that you watch the program religiously.

Mr John Cameron—I do, almost always.

Senator SANTORO—I would be grateful if you could inform the committee whether you spoke to Mr Dempster during October or September and whether it was before the 21st, when that further additional and, I am told, fairly blatant breach of the ‘our’ rule occurred on the New South Wales *Stateline* program.

Mr John Cameron—I will have a look at that.

Senator SANTORO—I am told Walter Hamilton is a senior figure in your news management team who is on a year’s leave to pursue a private project in Japan. Am I correct there?

Mr John Cameron—That was part of the reason. He took a year’s leave without pay, but he was working on a private project for only a small part of that time.

Senator SANTORO—I will be coming back to that later, but in terms of the ‘our’ policy he produced a program about ‘our servicemen in Japan during the post-war occupation’. In the synopsis of that program broadcast on *Foreign Correspondent* on 20 September there is the following comment: ‘our servicemen’. You would expect a senior person like Mr Hamilton to be across the rule book, would you not?

Mr John Cameron—Yes, I would.

Senator SANTORO—Why have ABC journalists then breached the ‘our’ rule almost 500 times since March 2003, and what action have you personally taken in terms of those 500 breaches, bearing in mind that I want to stress that those breaches have been picked up in that small number of programs which I outlined before?

Mr John Cameron—If and when I hear them I generally contact either the person involved or the program producers et cetera. To that extent, I take that much action. I point out that, in the scale of offences against the style guide, the use of the word ‘our’, as in ‘our dollar’ occasionally and that sort of thing, is in such common parlance that it cannot be ruled out altogether from our day-to-day operation. It is a word that I would prefer was not used most of the time but, as I say, there is an exception to every rule and there are occasions when it may be appropriate. I would have to have a look at the instances you are talking about to see whether they go over the top in the offence of usage category.

Senator SANTORO—Can you assure this committee that action has been taken in relation to the use of the word ‘our’ and that action was not taken only when the reference was to the Australian involvement in the Iraq war? Can you assure us that when action was taken against journalists who breached that guideline you applied that action and counsel consistently, or was action only taken when the reference was to Australian involvement in the Iraq war?

Mr John Cameron—I cannot even recall an instance when action was taken on the example you are providing. You might be interested to know that the main motivation for that rule cropping up in the first place had nothing to do with our troops. In my mind it had more to do with the ownership, by a lot of our sports reporters particularly, of sportspeople—in particular, I note the example ‘our Cathy’ during the Olympics. It became a little bit cliched, and I thought ‘our Cathy Freeman’ should have just been ‘Cathy Freeman’. So the motivation for the style guide in the first place on that point was that.

Senator SANTORO—Are you saying that comment, counselling and action by you in relation to the use of the word ‘our’ is consistently applied across the board?

Mr John Cameron—Yes. Obviously, if there are as many examples as you cite maybe I am not as up to the mark as I should be, but I will have a look at the examples you have and get back to you.

Senator SANTORO—I also refer to the answer to question on notice 189 from November 2003 specifically in relation to the ‘our’ rule. It says:

The ABC does not broadcast just to an Australian audience but also has a substantial overseas audience through its Radio Australia, Asia-Pacific Television and Online services. The language used on these services must be non-judgmental and impartial. The use of partisan and value-laden language would destroy the credibility of the services and lose audiences. The importance of the impartiality ... cannot be underestimated.

In light of the minimum of 460 examples of breaches of this basic rule in a little over two years, has the ABC’s regional credibility, as Mr Balding predicted, now suffered as a result of apparent mismanagement by your news executives?

Mr John Cameron—I would have to have a look at the examples again and see whether or not they were of a gravity that would have affected our credibility.

Senator SANTORO—You will come back to me with an opinion based on the examples. In the answer to my Senates estimates question on notice 189 of November 2003, the ABC also quoted a memo. By the way, I am going to put all of these contradictory replies on my website so that people will be able to look at the hundreds of questions, all cross-referenced in terms of contradictory answers. That may also assist you when it goes through. I refer you to my website, which will have a specific section dedicated to the ABC. You will see that the inconsistencies that we have cross-referenced are pretty mind-boggling.

I go back to the answer to Senate estimates question No. 189 of November 2003. The ABC also quoted a memo from 1960—we go back and try to learn from history—issued to journalists by the Controller of ABC News Services, Mr W.S. Hamilton, who I gather is the father of the Walter Hamilton I quoted earlier. Mr Hamilton’s memo said that not just ‘our’ should be banned but also the word ‘we’. Would this question from the ABC’s *Stateline* Western Australia presenter, Rebecca Carmody, on 9 September to Mr Norman Moore—and I know that this will interest Senator Eggleston—be an example of that: ‘Do we need to get rid of the federal Liberal government?’ I repeat: ‘Do we need to get rid of the federal Liberal government?’ I also have that on file and I am happy to supply it to you. Assuming that I am quoting in context and I am quoting accurately, how would you interpret that question, Mr Cameron? Who is the ‘we’ here?

Mr John Cameron—To be frank I do not like the sound of the question and I have not heard that example before. I would have to have a look at it again to see that it was actually said and in that context.

Senator SANTORO—Does the ABC need to get rid of the federal Liberal government?

Mr John Cameron—Can I take that one on notice?

Senator SANTORO—I thought you would be able to give us at least a neutral answer, Mr Cameron.

Mr John Cameron—I have no position on that, obviously, Senator.

Senator SANTORO—I think that is quite an acceptable answer, Mr Cameron. Irrespective of whether it is a Liberal government, a Labor government, a coalition government or whatever, should the ABC, Mr Cameron, also ban its journalists from using the word ‘we’?

Mr John Cameron—In that context, if that example is correct—in that context anyway, yes, we should not and would not use it, I would hope.

Senator SANTORO—Mr Cameron, I am going to provide you with the transcript of that particular interview, and I would appreciate it if you could provide me with some very specific answers, including any disciplinary action that you might have taken or that somebody within the executive hierarchy might have taken or intends to take, given that it has now been brought to your attention.

I want to go to some issues that involve Remembrance Day. I will return to the style guide and editorial policies but, staying with the issue of ABC snubs to Australian servicemen for a moment, can I now ask about Remembrance Day. Next week Australia and allied nations will commemorate Remembrance Day on 11 November, which marks the 87th anniversary of the end of World War I. There is an opportunity for us, I am sure you would agree, to honour the sacrifice of all those brave men and women who died in the service of free nations. Wouldn't you agree with me?

Mr John Cameron—Yes.

Senator SANTORO—In Australia people commonly wear a poppy to mark the event, don't they?

Mr John Cameron—Yes.

Senator SANTORO—Can I ask you now about the events of 11 November last year in your Sydney newsroom. Who in your management team regulates issues such as the presentation of local ABC TV newsreaders? Would it be, to quote from your own corporate documents, the Head, Local Coverage?

Mr John Cameron—Yes, but not ultimately. That is up the tree a little but, yes.

Senator SANTORO—Who was it in that newsroom?

Mr John Cameron—That is a federal position, so it is not in that newsroom. In that newsroom it would be the producer of the 7 pm news that evening.

Senator SANTORO—Do you know who that is?

Mr John Cameron—It changes from day to day. There is a roster system so one name might not be useful to you.

Senator SANTORO—You might be interested in finding out at some stage soon. During the 7pm news broadcast in New South Wales on the evening of 11 November last year, one of your presenters, Mr Alan Kohler, wore a poppy, but the newsreader, sports presenter and weatherman did not. Who was it in ABC management that decreed that presenting staff would not wear a poppy?

Mr John Cameron—There is no such decree. It is optional for the individual.

Senator SANTORO—Let me put to you a scenario. You may regard this as hypothetical but I would like you to have a look at it. Was it because, ‘ABC staff don’t wear ribbons on World AIDS Day and therefore won’t wear poppies on Remembrance Day’?

Mr John Cameron—There is a line of thought you are pursuing, Senator, that I can understand. There is a general feeling with our presenters on television and news and current affairs programs—we get an awful lot of requests for people to wear whatever it might be to signify particular days, whether it is World AIDS Day or a whole range of others. So the general rule is that we do not. However, obviously on 11 November there is an option for presenters to wear poppies.

Senator SANTORO—Why was it that the message either did not make its way down to Melbourne—due to whatever it was, it could have been management incompetence—or was ignored in Melbourne, which was why Mr Kohler was wearing a poppy? He presents the finance segment from Melbourne, doesn’t he, so maybe he did not get the message?

Mr John Cameron—The message is a national one. As I say, it is optional and Alan obviously decided to wear a poppy.

Senator SANTORO—Yet I notice that your presenters wear a sprig of rosemary on Anzac Day, don’t they?

Mr John Cameron—That happened by the same rule, yes.

Senator SANTORO—Some of your presenters wear sprigs of rosemary on Anzac Day but they do not wear poppies on Remembrance Day?

Mr John Cameron—I do not know. That may be the case.

Senator SANTORO—Is it official ABC policy to honour those who sacrificed their lives at Gallipoli but not at Passchendaele or the Somme?

Mr John Cameron—No.

Senator SANTORO—Can you explain then the reason why there is that inconsistency in terms of observing some very special days and occasions in Australia’s history?

Mr John Cameron—Only by repeating what I have said, and that is that it is not mandatory for presenters. We have, as you know, dozens of them going to air in different states and territories every day and night. There is no mandate on that particular issue.

Senator SANTORO—You are then telling me that that directive that I quoted is in fact not a directive?

Mr John Cameron—Sorry, the directive which said what?

Senator SANTORO—That compares the wearing of a poppy to mark the event to a situation related to World AIDS Day?

Mr John Cameron—No. I think my previous answer stands on that.

Senator SANTORO—Given that Remembrance Day is very close, will you be able to give me an undertaking that you will urgently look into this matter and ensure that the national broadcaster does not again dishonour those Australian servicemen and women who gave their lives fighting for their country through some politically correct moral equivalence that says Remembrance Day is on par with World AIDS Day, as the directive seems to suggest the ABC condones?

Mr John Cameron—I do not agree that it suggests that. There is certainly no intention to dishonour anyone. But you having raised it here, I will discuss it again as a matter of importance.

Senator SANTORO—Will you investigate that as a matter of urgency and get back to the committee in reasonable time before Remembrance Day?

Mr John Cameron—Yes, bearing in mind, as I said, there is no written policy or mandate on this issue. I will certainly undertake to discuss it again.

Senator SANTORO—Mr Cameron, I want to return to the ABC style guide and to your memo, particularly in relation to editorialisation and emotive language. I want to ask about the rule on using the expressions, ‘forced to defend himself’ and ‘more than’ at protest rallies. The words are ‘forced to defend himself’ and ‘more than’ at protest rallies. In March 2003, I gather you wrote in a memo, ‘Do not use anything that could be construed as emotional language or editorialising—people or politicians being forced to defend their positions, for example’. Do you recall that?

Mr John Cameron—I will take your word for it. I cannot recall having written it.

Senator SANTORO—Thanks, Mr Cameron. What have we had since that memo? Let me just give you a couple of examples: Kerry O’Brien on the *7.30 Report* on 15 September 2003: But, for Australia, Iraq is the war John Howard is still forced to defend in the Parliament.

That is a bit old you would probably say and maybe Mr O’Brien has learnt. Let us just go to a more recent example, in *The World Today* on 29 April 2004:

The Prime Minister, John Howard, has been forced to defend his integrity ...

We go to one that is a little bit more recent, Elizabeth Jackson on *Saturday AM* on 30 July this year:

... the Federal Government has been forced to again defend the way it runs Australia’s detention centres.

I think, Mr Cameron, you would agree with me that we have enough examples, although I do have many more. Can you explain why the rule that was laid down was breached in those three instances and on many other occasions that I could draw to your attention to? Again, could we have an answer that is respectful of this committee and not those earlier offerings like, ‘The ABC believes each of these circumstances were appropriate,’ or ‘They are occasional lapses.’

Mr John Cameron—They may well be defensible in the context of the story, but I will have a look at them. I undertake to do so.

Senator SANTORO—Would you accept my suggestion that these breaches are not occasional, they are not appropriate and they occur in a way which suggests bias on the part of the ABC?

Mr John Cameron—No, I would not accept that.

Senator SANTORO—You issue a memo and it is regularly breached, and as recently as 30 July this year on your *Saturday AM*. How do you feel when your directions, which are so clearly put and so full of good intentions, are then breached? Was any action taken by you in relation to the breach on 15 September 2003, on *Saturday AM* on 30 July or on *The World Today* on 29 April? Did you take any action about any of those three breaches?

Mr John Cameron—I am not immediately sure that they are transgressions, without having a proper look at them and the context of the stories. I cannot recall personally having been involved.

Senator SANTORO—Would you like me to send the transcripts on to you?

Mr John Cameron—Yes, thank you.

Senator SANTORO—We will get those to you too. I asked Mr Balding this question before and I will ask it again: do you believe anyone reads your memos? Does anybody read them and, if they do, why do they breach them?

Mr John Cameron—I do not know. I get plenty of feedback, so I think most people read them.

Senator SANTORO—Why do they breach them if they read them? Is there a basic lack of comprehension in relation to the Queen's English, or are they just as biased as people like me accuse them of being? Which is it? Or do they not care?

Mr John Cameron—I do not want to sound too tangential, but I think we have to appreciate that our editorial staff has a 10 per cent turnover every year and there is a fair degree of casualisation about the work force, so perfection is not attained and maintained forever. The pursuit of excellence is an ongoing process. There a lot of people coming and going through the place, so vigilance is necessary.

Senator SANTORO—My colleague on my left just quietly interjected and said that the rules are the rules. Do you encourage people to read the rule book, whether they are casual staff or people that come on after there has been some reasonable turnover?

Mr John Cameron—Can I venture the opinion that 95 per cent of the time, I hope—maybe better than that—the rules are the rules.

Senator SANTORO—I suppose, yes, you hope that the staff read it. From where I am sitting and I think from where some of my other colleagues are sitting, as I said, the staff do not comprehend it, they do not care or they are biased. In a similar vein, you have a rule about covering protest rallies and demonstrations on page 38 of the style guide relating to news staff. If I may quote for the benefit of the committee and others listening:

Don't say at least 1,000 turned up, or more than 1,000, or only 1,000, it may sound like we are impressed or otherwise with the numbers. It is best to say about and let others do the boasting or sneering if necessary.

That is in your suggestions to them?

Mr John Cameron—Yes.

Senator SANTORO—Here is the ABC breaking that rule, boasting about the numbers and creating the impression they are impressed with opposition to the war in Iraq.

Cindy Sheehan, whose son ... was killed in Iraq ... with more than 100 anti-war protestors travelling to Texas to join her.

That was Eleanor Hall on *The World Today* on 18 August this year. That is a breach of that rule; would you agree with me?

Mr John Cameron—Again, in context there, it may or may not be. If there were 150 people there, then 'more than' is not necessarily subjective; it is probably factual.

Senator SANTORO—I am just wondering, when you do get back to me with answers to each specific example and others that I will supply to you, just how many in context excuses I am going to get. If you do come back with more than a reasonably small percentage—I do not know what a reasonably small percentage would be—I would have to come to the conclusion, if I believe you, that the ABC is just one of those magnificent organisations that always has everything in context although superficially or often in a very substantive way it just breaches the rules, the clear guidelines that you have put in writing and asked everybody to read and understand. I go to the amount of insight that the ABC shows in terms of contextual consideration, particularly if I am expected to believe Mr Balding's reply to me on 27 October, which was a few days before the estimates. I appreciated receiving that; I wrote to him, asking if he could come back to me before then.

Let us go to another one: Hamish Robertson, on *Saturday AM* back on 8 March 2003, was talking about a small group of so-called human shields—my qualification, not his, by the way—in Baghdad. He said there were 'more than 100 people' in that group. Let us go to ABC Newsline, 5 March 2003: 'More than 500 students have rallied through Brisbane to protest against war with Iraq' and 'More than 200 men have taken their clothes off for peace at Byron Bay' on 24 February 2003. On 3 February 2000: 'More than 3,000 people took part in the rally,' which was, of course, an anti-Iraq war rally. Again, Mr Cameron, I have more examples. Could you explain to us why reporters did this, or do you want to go and have a look at the context?

Mr John Cameron—Let me have a look at the context again. I think I refer to my last answer as well. It may well be in some of those cases it was demonstrably true that there were 'more than', although—

Senator SANTORO—But they are breaching the rules. It may be demonstrably true, but they are breaching your requests, your guidelines.

Mr John Cameron—If there can be any perception that there was a judgmental tone to that, I would rather that it were not written that way.

Senator SANTORO—I look forward to your specific answers on each of those specific examples. I want to go to the issue of first names, which I raised with Mr Balding before. I asked Mr Balding at the last Senate estimates about how the ABC selectively applies its rule against referring to people by their first names. Just as a reminder, Mr Cameron, you spelt it out in a memo in March 2003 in which you stated the following: ‘ABC news and current affairs is not on first name terms with some people and not others.’ Further, the memo stated: ‘The rules are not optional; they are mandatory.’ Your new style guide states, ‘The familiarity bred by the use of first names when addressing or referring to certain people and stories often sounds patronising or evokes’—I add my emphasis here—‘a sense of sympathy for the person or issue.’ Do you remember issuing that mandatory instruction?

Mr John Cameron—Yes, I do.

Senator SANTORO—It was mandatory? You expected it to be observed absolutely?

Mr John Cameron—It is within the context that I have explained already: that there are always exceptions to rules, and in fact, in this case, there are quite often exceptions to rules. But, again, this is a 95 per center, I would say. There are many cases, however, when first names are acceptable—first names alone.

Senator SANTORO—I am tempted to ask whether, if a politician pleaded the defence ‘the exception to the rule’ after you ferreted one of your journalists onto them, how sympathetic you would be. At the last estimates I asked why this rule was breached in respect of David Hicks and immigration detainees. Mr Balding wrote back and said, ‘The ABC rejected the claim that there have been many repeated breaches.’ Since then, could you explain why, on 28 July, reporter Karen Barlow on *The World Today* referred to an immigration detainee as Nazanin three times; and presenter Tanya Nolan once?

Mr John Cameron—I will look at that one.

Senator SANTORO—Tanya Nolan on *AM* on 26 August this year referred to Baxter detainees by their first names 10 times. Why on 15 July 2005 did reporter David Mark on the Radio National version of *AM* refer to Cornelia Rau as Cornelia? Why did Alison Caldwell on *The World Today* on 12 September refer to deported American activist Scott Parkin as Scott? Why did Karen Barlow on *The World Today* on the same program refer to an immigration detainee by their first name twice? Why did *Lateline* refer to immigration detainee Saada Masolwa as just Saada three times and a friend, Abang Othow, as Abang once? Why did Barry Cassidy on *Insiders* on 10 July 2005 refer to the Labor leader, Kim Beazley, as Kim but the head of the Cornelia Rau inquiry as Palmer? Why did Maxine McKew on 3 June 2005 refer to Cornelia Rau as Cornelia and Christine Rau, her sister, as Chris?

These are fairly recent examples. I have raised this issue at two or three previous estimates hearings. I have asked Mr Balding to consult with you to see why those breaches are happening. I am not quoting 2003 examples as I have quoted, I think validly, in relation to some of the other breaches. We are talking about June, July and September. On Thursday, 26 May 2005, Paula Kruger on *The World Today* had immigration detainee, Mohammed Ali Mahmoud, become simply Mohammed. On Friday, 27 May 2005, and again on *The World Today*, in a story about the union campaign against workplace reforms we get ‘Sam, a Qantas engineer’. Incidentally, why does *The World Today* come up so many times? Is the executive

producer familiar with the guidelines? Does he read your memos? Can you assure this committee that he actually reads your memos?

Mr John Cameron—Yes, I can in that case.

Senator SANTORO—Then why is he breaching your mandatory rules?

Mr John Cameron—I would have to have a look at one or two cases you quoted there, and no doubt I will. ‘Sam, the engineer’ might be a scripting ploy, which is acceptable and quite proper. If you are speaking generically about someone, there are cases where people request confidentiality, where—

Senator SANTORO—We are talking about people like David Hicks and Cornelia Rau. We are talking about people whose names are very much in the public domain. They have not requested anonymity, I am sure.

Mr John Cameron—‘Mr Hicks’s son, David’, in a sentence of that context might be acceptable, simply to avoid repetition.

Senator SANTORO—You will undoubtedly look at the context.

Mr John Cameron—I will look at the context of them.

Senator SANTORO—On *Stateline* Western Australia on 10 December 2004, Rebecca Carmody was interviewing an ALP candidate, Jaye Radisich, and a Liberal Party candidate, Dean Solly. The Liberal candidate was addressed as ‘Dean Solly’ but the ALP candidate was addressed simply as ‘Jaye’. Do you think that that level of familiarity is acceptable during an election campaign? One party gets one treatment, another party gets a different treatment.

Mr John Cameron—On the face of it, it does not seem acceptable, but I will have a look at the context again.

Senator SANTORO—There are three further examples from *Stateline* WA as well as dozens of other examples, but I think you are getting the picture of what I am trying to suggest—that the use of first names is absolutely rampant and it is in clear breach of your mandatory rules.

Mr John Cameron—Yes.

Senator SANTORO—In the light of the warning in the news guidelines—that the use of first names evokes a sense of ABC sympathy for the person or cause—are we to assume after 95 examples in a few months that the ABC sympathises with ALP politicians, David Hicks and the cause celebre of refugee activists? Are we to assume that?

Mr John Cameron—Absolutely not.

Senator SANTORO—I try to be as generous as I can in my attitude to the ABC, which, as I have said before, I support very strongly. I do not talk about the other wonderful programs that you good people put to air. As I was saying to one of my colleagues earlier on in a private discussion, I value greatly, as do the constituents that we represent in rural and regional Australia, the great work that the ABC does. I am committed. I have been trying to join the Friends of the ABC, by the way, but they keep on ignoring my letters. I thought they were not receiving my letters, but I sent one by certified mail the other day and I got a reply back.

Senator RONALDSON—But you do not get 10 per cent any more, though, do you?

Senator SANTORO—Will we get 10 per cent? Anyway, that is another line of questioning. Surely the 95 examples sourced from a small pool of programs cannot be dismissed as occasional lapses, would you not agree with me?

Mr John Cameron—I will have a look at them.

Senator SANTORO—How far can you stretch the envelope and keep the ABC's credibility at that sort of rate? Let us say that 50 per cent of those examples were in context. Let us say there were 40 breaches. What would you do if you found that they were not in context?

Mr John Cameron—I can only say that the level of accountability and adherence to style matters is greater now than it has ever been, but the spotlight, of course, is harsher than it has ever been as well. We can only welcome every example for us to make sure that we are as sharp as we should be.

Senator SANTORO—Will you take action regarding staff who breach the 'mandatory rule'? If their statements were out of context—if their use of first names in this case were out of context—what would you do? Let us call it 10 breaches out of the 95. What would you do? What are the options available to you? What example would you set, particularly for those casual staff and the new staff coming in, in terms of these sorts of breaches?

Mr John Cameron—We do it all the time. In any cases that come to our attention or that I personally notice or that others notice, the people are spoken to and occasionally it is recorded in the performance appraisal processes as well. It is a living process.

Senator SANTORO—I come back to you, Mr Green. Can I ask why the first-name ban rule is applied in political interviews on NCA Division programs like *AM* on national radio but not when Fran Kelly of the Radio Division interviews politicians on Radio National 20 minutes later? Recently we have seen her being very cosy with Kevin Rudd and Kim Beazley, on first name terms—that is, Kim and Kevin. What is the difference?

Mr Green—There is a difference in terms of the nature of the programming. The flow programming that appears either on our national networks or our local radio networks is of a different character. They are not the same as news and current affairs programs or news programs that stand alone as the epitome of our authoritative output. I am not saying that these programs are not authoritative—they are—but the style of them is quite different.

Senator SANTORO—Doesn't the same principle apply? If you are on cosy first-name terms—Kim or Kevin—surely you are creating an impression of empathy, as Mr Cameron has explained. How can you conduct searching cross-examination style interviews like we get with government ministers when you are on cosy first-name terms? Why should the rule not be extended to people like Fran Kelly?

Mr Green—I will get the director of radio to make some comments, but Fran Kelly's program is of quite different nature to the sort of programs that—

Senator SANTORO—I am talking about principles. We are talking about politicians and different sides in politics. It is still an influential program; it is still influential broadcasting. We are talking about the principles. I understand different styles of programs, but we are

talking about big audiences, with the same politicians, the same parties and the same influence.

Mr Green—But the nature of the program is quite different. On some occasions, it is a free-flowing discussion rather than something that might go for a few minutes as part of a national current affairs program. But the director of radio may have something to add to this.

Ms Howard—The news and current affairs style guide does not apply to my radio programs. My programs abide by the editorial policies of the organisation, not the news and current affairs style guide.

Senator SANTORO—Do you think it should?

Ms Howard—No, I think the style guide applies very specifically to news and current affairs programs, not to conversational flow radio. I think the editorial policies are sufficient and provide a very good rule for my staff.

Senator SANTORO—So applying one attitude to one group on the political spectrum compared to another is acceptable?

Ms Howard—I am talking about a very different style of programming. The style guide is something which news and current affairs staff are asked to abide by. It is not something which the radio staff are asked to abide by. They abide by the ABC's editorial policies. I think that is absolutely proper.

Senator SANTORO—And that has been applied consistently, you believe?

Ms Howard—There are always occasions where editorial policies are breached—

Senator SANTORO—The ABC exception rule comes into play again.

Ms Howard—It is often more by ignorance than anything. The ABC is staffed by human beings and not machines. Sometimes mistakes are made.

Senator SANTORO—I accept that.

Ms Howard—However, the editorial policies apply to my staff and I believe that is proper.

Senator SANTORO—Staying with how the ABC shows sympathy for certain people or causes, Mr Green, in respect of the Bakhtiari case, can you check with Mr Jon Faine on radio 774 in Melbourne and find out if he said the following, which is quoted in press reports of this month:

Many of us here at the ABC also felt great sympathy towards the Bakhtiaris ... and to one extent or another it probably leaks through to the way we cover a story.

Would you check that out?

Mr Green—I will take that on notice.

Senator SANTORO—Would you also provide the committee with your opinion about that sort of statement and whether you think that is fair, balanced, unbiased and the sort of statement that you would want someone like Mr Jon Faine to be saying?

Mr Green—Certainly.

Senator SANTORO—Mr Cameron, did John Highfield say the following on *The World Today* on 19 July 2002:

... one can only imagine the confusion and anguish that Mr Bakhtiyari must be feeling at the moment given the revelations about things happening this morning.

Doesn't that demonstrate Mr Faine's point about ABC sympathy for the Bakhtiaris?

Mr John Cameron—I will have to have a look at that. It was four years ago.

Senator SANTORO—Did Tanya Nolan on *PM* on 3 June last year refer to the mother, Mrs Bakhtiari, only by her first name indicating, as you suggested, Mr Cameron, ABC sympathy for the personal cause? You see what I am trying to do here, Mr Green? It filters down throughout the ABC consciousness in the way that certain things are reported, in the use of first names and sympathy being expressed for interviewees.

Mr Green—I understand the point you are making, Senator. The critical issue at stake, which I do not think we have agreement on, is whether these matters are incidental or whether, as you appear to be arguing, if I understand you correctly, they are somehow endemic and systemic. We certainly would reject the latter analysis but are very happy and willing as we have done—

Senator SANTORO—Despite numerous examples that I have provided to you and your fellow executives in relation to four or five programs and constant major breaches of rules, mandatory directions. How can you sit there and say to me that these are occasional? You are paraphrasing what your executive director has been telling you. How can you sit there and tell me that they are occasional, inadvertent, out of context or in context occurrences? Do you really have that much contempt for a Senate committee such as this? I thought that I had actually narrowed the scope of my questioning to a very limited number of programs. But do you understand why I am absolutely not impressed? Why do you keep on coming back to that very weak excuse? Can't you come up with something better?

Mr Green—The point when we began our discussion today was that—

Senator SANTORO—You asked me to come up with some specific examples, and I have been doing that now for the last hour.

Mr Green—With respect, Senator, what you appear to be doing is conflating what you see—

Senator SANTORO—I am giving you specific examples which will require answers. That is what I am doing. I am not inflating; I am just giving you specific examples.

Mr Green—I did not say inflating; I said conflating. What you appear to be doing is conflating examples that are part of a style guide with breaches that certainly are serious in terms of our editorial policies. They are quite separate things and to put them all in the one basket I do not think is a helpful way of analysing ABC content.

Senator SANTORO—Did Matthew Abraham of ABC 5AN, who frequently attacked Senator Vanstone over the Bakhtiari affair, have his children at the same school as the Bakhtiaris and was he involved in the campaign supporting them and campaigning for them?

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

Senator SANTORO—If he did, do you think that is a conflict of interest?

Mr Green—I am not fit to make a comment until I look at the example.

Senator SANTORO—But if he did, would that have been a conflict of interest, assuming that he was involved in that campaign?

Mr Green—I cannot assume anything until we look at the case.

Senator SANTORO—Would you undertake to give a very specific answer to those questions? Was he involved in the campaign supporting them and the campaigning for them and yet still attacking the minister of the day in relation to that issue?

Mr Green—Most certainly.

Senator SANTORO—Thank you. Just returning to Jon Faine and an interview with a Jemaah Islamiyah supporter and apologist on 5 October this year, why did Faine refer to Mr Osama bin Laden and what was it about the conduct of interview that led the JI supporter to say to Mr Faine ‘Thanks for your support’?

Mr Green—I am not aware of that interview. I do not know if the director of radio is. We would have to take that on notice.

Senator SANTORO—Would you have a look at that and get back to us on that one.

Mr Green—Most certainly.

Senator SANTORO—I am aware that Faine said he did not support JI, by the way, but does the ABC discuss and debate terrorism in such a way that terrorists are led to believe they have the support of the ABC? Is that the case?

Mr Green—Unquestionably no.

Senator SANTORO—I just want you to put that on the record, Mr Green.

Mr Green—Unquestionably no.

Senator SANTORO—I just wanted you to put that on the record and I thank you for that. Staying with terrorism, Mr Green, can I ask you about the war on terror. Is it still ABC policy as per the news style guide that ‘the phrase “war on terror” is essentially rhetorical’? Here is a memo from Mr John Tullow SOGC, Member and Head, International Operations, which says: ‘The expression “war on terror” has become a cliché. It is now irrelevant. It was a child of the American language after September 11, relates essentially to US reactions and interests.’ In light of two Bali bombings and the Madrid and London attacks, is there a war on terror?

Mr Green—There is certainly a problem with terrorism.

Senator SANTORO—No. Is there a war on terror? Does the ABC accept or understand that there are nations in the world that have declared a war on terror?

Mr Green—We certainly understand that.

Senator SANTORO—If journalists are banned from using that phrase why do so many ignore the rule and use it?

Mr Green—I will have to ask John Cameron to respond to that.

Mr John Cameron—I think we have moved on from that memo, which is probably two or three years old.

Senator SANTORO—It is two or three years old, but the reason I keep asking the questions is that I did not get answers at the time when the memo was not so old. That is something that I just do not accept. I will keep asking questions in relation to breaches that have occurred in the past and which may have been corrected, may have been amended since, because I am still wanting to get answers. Just because the ABC has—commendably, I add—amended manuals, guidelines or rules to reflect what has been said at estimates hearings such as this, and I think that is good, that does not mean that we are not still entitled to some answers to questions that were not originally answered. We have to learn from our history.

Mr John Cameron—I am not sure on the point on the war on terror, though, Senator. It is not a phrase that is banned or barred by us. Quite obviously events have moved on a lot in the last two or three years, sadly, and ‘war on terror’ is now in such common usage that there is certainly no blanket ban on its usage in our parlance.

Senator SANTORO—How much time do I have, Chair?

CHAIR—Twelve.

Senator SANTORO—Twelve minutes or 12—there is just so much.

CHAIR—Perhaps we should go round the circle and come back to you?

Senator SANTORO—If I can have a further opportunity I would appreciate that. I want to direct a couple of last questions in relation to the connection between Iraq and Bali. Could I ask about the report by Rafael Epstein on *AM* on 11 July this year, when he said: ‘And Britain like Australia after the Bali attacks is asking whether its role in Iraq is a reason it was attacked’? So the ABC’s self-described agenda set in current affairs had Australia being punished in Bali for an invasion of Iraq that had not even happened. Mr Cameron, that is the proposition I am putting to you. Who on the *AM* team checked Epstein’s script? Who would be the sort of person who would actually check that script?

Mr John Cameron—The executive producer of the program is responsible for program content. I think we are having a look at that one at the moment.

Senator SANTORO—Would you let us know how the associate producer or perhaps, as you put it, the executive producer and the network editor all missed this glaring error?

Mr John Cameron—Yes. It was clearly a mistake and I will let you know.

Senator SANTORO—So can you assure us that this is not yet another example of the anti-Iraq war attitude at *AM* that was exposed in 2003, when 21 complaints of biased coverage were upheld, and was also exposed by the selective application of the ‘our troops’ rule? Can you assure us that that is in fact not the case?

Mr John Cameron—I think that it was clearly a mistake.

Senator SANTORO—I would be grateful if you could have a look at that and get back to the committee. Lady and gentlemen, I intend to place the majority of my remaining questions, which go into many more hundreds, on notice. I would be grateful if you would provide us with detailed answers. By that I refer particularly to the issue of context and an explanation as

to why, if what I perceive are breaches, those breaches are either in context—I expect that you would come back to me and say, ‘In context they make perfectly good sense.’ Would you explain the context in some detail to me so that I may be able to understand your thinking on the application of the context rule?

Mr Green—Yes.

Senator SANTORO—I would be grateful for that. Also, when I get the transcript, I intend to follow up on some of the answers you have provided to me. Again, I would be grateful for your assistance there. I also intend to provide you with the results of my efforts regarding transcripts and material that I pull off your web site. A lot of what I have been referring to has been pulled off your web site. I thank you for your assistance to the committee in responding to the questions I have asked.

Mr Green—Could I make a couple of comments that may be of help to our discussion with Senator Santoro?

CHAIR—Yes, you may.

Mr Green—First, I would put on the record that, when you talk about rules being breached, the critical document is the ABC’s editorial policies, which are policies of the ABC board. In terms of a hierarchy of analysis, they are the most binding of any requirement regarding any of the editorial staff. There are other things, like the guidelines that we have talked about, that apply division by division. But the binding document, which the ABC board set down with the implementation of the ABC Act and the requirements of the directors to make sure that the act is being observed, is the ABC editorial policies. That is where the labelling policy comes from. That is a board policy. It is not something that has been devised by the executives of the corporation.

The second thing I would say is that, after we have exchanged responses with you, Senator Santoro, we may come to a point where disagreement still remains and you will not think we have answered your concerns satisfactorily. If that proves to be the case, I think there may be a way forward, which is for you to confirm that your observations and critique of our work are, in fact, complaints and for the matter to be considered by the independent umpire.

Senator SANTORO—I have resisted doing that because I am very conscious that, if I put in the form of complaints even 10 per cent of the issues I have raised with you this morning, it would severely test your resource capacity to respond. Honestly, I am not out to sabotage the ABC through the listing or the submission of complaints, although I am genuinely considering putting in some complaints just to have them tested by the independent arbiter set up within the structure. That is what I was alluding to before—do I press for a Senate inquiry or do I put in complaints? I take your point though: there are mandatory directions, guidelines and counselling or whatever. But, whether there are guidelines or mandatory requirements, it goes to the consistency of their application.

As I have said, I think I have just about cross-referenced every answer to every question or to the most relevant questions. I will put them up on my web site and I think you will see the inconsistencies within the responses to questions. They are the result, I think, of the inconsistent application of rules and guidelines within the ABC. Your suggestion that I transform my hundreds of questions into complaints I find helpful, but I do not know whether

it would be helpful to the ABC. I think the request that would come to you from the reviewing tribunal would compromise your resource base considerably and I am very conscious of that. But I might consider taking up your suggestion to a reasonable extent.

Senator NASH—Would Mr Green or the relevant person please explain to the committee what plans the ABC has to better serve rural and regional Australia in terms of Australian drama, news and current affairs content; or is the ABC satisfied with current levels?

Mr Green—We have a very strong commitment to serve regional and rural Australia. If you look at the way in which the media institutions in this country operate, you will see that the ABC would be among the leaders in actually having people on the ground. As was said this morning, for example, in radio, over 60 separate microphones are open around Australia with people talking about local affairs in their local regions. The tendency of some of our colleagues in the media, for cost reasons, is not to have that sense of being regional and local. We certainly want to extend that on all platforms. That is an important part of our thinking about our immediate future.

Senator NASH—Do you have any particular plans in place for that extension?

Mr Green—Just this week we opened a new studio in Shepparton and last week we opened a new facility in Port Pirie. The Director, Radio may have some helpful indication. Do I have Port Pirie right or was it elsewhere?

Ms Howard—Port Lincoln.

Mr Green—I am sorry; Port Lincoln. The Director, Radio is at the front end of all this regarding how we roll out our aspirations to better serve regional and rural Australia.

Senator NASH—Certainly I am very welcoming of those new initiatives. But, as you would know, there has been some speculation that the ABC is looking to downgrade some of its news and current affairs services. That would affect not only metropolitan areas but also regional areas, which is my particular area of interest. Is it in fact the ABC's intention to do that, or is that just a misrepresentation?

Mr Green—No, it is certainly not our intention to do that. In fact, just a month or so ago, we opened a new broadcast centre in Perth. That underlines the fact that the ABC is committed not only to being the national broadcaster but also to expressing that through the devices of federalism. We have committed ourselves to being a major presence not just in the most populous places of the eastern seaboard but also in each state and territory capital. That has been a major part of our strategy and has come at considerable allocation of resources. But, as evidenced by the magnificent new centre that has just opened in Perth, it is something that we certainly are not pulling back from.

Senator NASH—As recently as in September, just last month, I understand that six jobs were looking to be cut from *AM*, *The World Today* and *PM*, three programs which are supported very strongly by people in regional Australia. Did that happen or is it still on the cards to happen? I understand that there was a great deal of concern about the impact that would have on the quality of those programs. Again, my concern is with the level of programming for people in regional areas.

Mr Green—Yes. I will get the Director of News and Current Affairs to talk about that in a moment. I suspect that any examination of our resource base should occur where we have most of our staff and, in this case, that has occurred with *AM* and *PM*. Would you like to comment on that, John?

Mr John Cameron—Yes, we are looking—obviously it is no secret, because we are in negotiation with the staff who may be affected—at a ‘rationalisation’, for want of a better word, of the way we operate those programs. Having said that, if any savings come from this—as I say, we are still in the talking process; and such savings will come from the technical side rather than the editorial side—they will be put back into editorial. So, on the three programs you are talking about, I would hope there would be an enhancement rather than anything else. It is not just those programs either; it is the whole radio news operation in Sydney as well.

Senator NASH—Is the rationalisation being done potentially on a funding basis? Is that why it is being done?

Mr John Cameron—It is not because of a lack of funding per se; it is a better dispersal of what we have to run those programs and hopefully to put more money back into the editorial side of the programs than into the technical support. Modernisation has allowed us to move this way in both radio and TV terms generally.

Senator NASH—Weren’t there some editorial concerns though that those programs would not be as good? Wasn’t there an editorial concern that the technical support staff was needed for those programs to function as well as possible?

Mr John Cameron—Yes, I know what you mean. We are talking about that at the moment. We have said this openly to the staff and will continue to say it: if there is any impact on the quality, we will not be going down that route.

Senator NASH—Perhaps I could move to the rationale behind the ABC’s decision to compete for the tender for the provision of an Australian television service to the Asia-Pacific region, which I believe closed last Friday. What was the rationale behind moving into that?

Mr Green—That is a decision not of the ABC but of the Department of Foreign Affairs and Trade, which is responsible for supporting that service.

Senator NASH—My understanding is that the ABC had to put in a tender for the program.

Mr Green—The ABC’s contract with DFAT concludes in August of next year, and DFAT decided to go to tender in terms of the provision of that service for the next stage of the contract.

Senator NASH—From 2006 to 2011; but the ABC has put in a tender to do that.

Mr Green—Yes, we have been a tenderer.

Senator NASH—Thank you. If the ABC were successful in winning that tender, would you look to broadcast commercial advertising on that Asia-Pacific service?

Mr Green—We are at present.

Senator NASH—Would you look to continue doing that?

Mr Green—I am somewhat constrained. A condition of being a tenderer is that the people who have tendered do not discuss any aspect of what they are proposing or, indeed, the nature of the tender or the nature of the service. I am afraid I am constrained by that.

Senator NASH—But, if you were to do so, would you satisfy yourselves that that advertising would be compatible with the ABC's code of ethics and also with the governing act of parliament?

Mr Green—There is no problem with advertising on our international services. The ABC Act precludes us from advertising on our broadcast services in Australia.

Senator NASH—According to your report, I believe that the current ABC Asia-Pacific service has an estimated monthly audience of 765,000 viewers, which indeed is a lot. Which nations are those 765,000 people in?

Mr Green—The way in which the service has developed has been quite encouraging. If you can just bear with me, I will give you the precise countries.

Senator NASH—Certainly.

Mr Green—We are rebroadcasting in 41 countries on 158 different platforms—this is the service at present—reaching more than 10.2 million homes, with an average of 938,000 viewers a month, 98 per cent of whom are local residents.

Senator NASH—If you could get that list of those specific nations to me, that would be good.

Mr Green—Most certainly; I would be happy to do that.

Senator NASH—I guess I am a little perplexed. The ABC is putting in a tender to continue this service, when this nation obviously has a real domestic need, particularly in regional areas, for the ABC to function as well as it possibly can. I guess I am a little perplexed at why the ABC would want to continue to move down the road of overseas services going into nations other than Australia when surely our domestic service should be the priority.

Mr Green—It is a requirement of the ABC Act, as expressed in the charter, that the ABC broadcast in Australia as well as overseas.

Senator NASH—I am asking in light of fact that there are potential job cuts to programs like *AM*, *The World Today* and *PM* and yet I believe the Asia-Pacific division has increased its staff by four to better go through this tender process to extend the Asia-Pacific service. It seems a little ironic that we are cutting staff to domestic production while increasing it in terms of the Asia-Pacific service.

Mr Green—David Pendleton might be able to assist with a response.

Mr Pendleton—The Asia-Pacific service is treated as a separate service. The funding through that grant is applied purely to the Asia-Pacific service, so there is no cross-subsidisation across the organisation between those services.

Senator NASH—None whatsoever?

Mr Pendleton—No. There is certainly a leveraging in terms of our content, our ability and our programs but, in terms of funding and staffing, it is completely separate.

Senator RONALDSON—Mr Green, according to the ABC, are suicide bombers ‘militants’ or ‘terrorists’?

Mr Green—Suicide bombers?

Senator RONALDSON—Are they militants or terrorists?

Mr Green—They could be both.

Senator RONALDSON—From the ABC’s point of view, why would Hamas, for example, be called militants but JI be called terrorists?

Mr Green—That may have been a scenario. But, since the beginning or the middle of March, when the new labelling policy was put in place, the board has been very keen that we do not use labels to describe groups or individuals. We are seeking to make sure that we are compliant with that policy.

Senator RONALDSON—In some respects I have a difficulty. I actually disagree with the board and I think what your journos have been doing is probably more accurate. But certainly, over the last five months, there has been a clear diversion from the style guide in relation to labelling. Clearly, in relation to Indonesia and Bali, Ros Childs, Tim Palmer, Kathy Bowlen, Ian Henderson, Kerry O’Brien, Maxine McKew, Tracy Bowden, Tony Jones, Peter Cave, Tanya Nolan, Mark Colvin, Karen Middleton and George Negus have referred to JI—quite rightly, in my view—as terrorists. But, as recently as 7 October on *AM* and 27 October, there has been a refusal to use the words ‘terrorists’ in relation to the activities of Hamas and ‘Islamic Jihad’ in relation to events that have occurred in the Middle East. Again, these are suicide bombers who are murdering innocent people, but for some reason there seems to be a difference between the way people are described in the Middle East, particularly in relation to the murdering of Israeli citizens, and the way they are described in Bali or Indonesia. Is this a deliberate policy to use a description for one and not the other?

Mr Green—That analysis has been put to us, but I do not think it can be sustained either by examining the internal way in which we approach coverage by our international correspondents or by the nature of the board directive, which is entirely mandatory and was only introduced at the beginning of this year to avoid a problem where there appeared to be some inconsistency in how some of these terms were being used. It does not preclude us from using the words ‘terror’ and ‘terrorist’ or from describing acts of terrorism, but the board directive is that we should generally not use labels in relation to groups or individuals.

Senator RONALDSON—The people I have referred to—quite rightly, in my view—have used the word ‘terrorists’ or ‘terror’ in relation to events in Bali and Indonesia. In the same breath, in the last month, there have been the same circumstances, the same murdering of innocent people, the same suicide bombers and the same terrorist acts, but they have not been referred to by your reporters in the same way. One group are militant; one group are terrorists. I hope there is not an anti-Israeli bias in relation to the reporting of these, where one person who kills innocent Israelis is a militant but the same suicide bomber in Bali or Indonesia is a terrorist. I will move on to something else.

Mr Green—Before you do, I want to reject firmly any analysis that leads to any suggestion that the ABC is being selective editorially in terms of applying descriptions of events. The Director of News and Current Affairs may have some further comment on that.

Mr John Cameron—I will say what Murray said, if you will allow me just to reinforce his words. I would state categorically that obviously there is no agenda on behalf of the news and current affairs division or the ABC as a whole to differentiate. It is probably more descriptive to call someone a suicide bomber than it is to call them a terrorist because you get the full meaning of the phrase in two words.

Senator RONALDSON—Everyone is using the word ‘terrorist’ in relation to Bali and Indonesia, but they are not using that word for people who have murdered innocent civilians in relation to attacks on Israel. Anyway, I would like to move on.

Mr John Cameron—I got that point, but we would welcome any examples that you have.

Senator RONALDSON—I am not attacking those who have referred to terrorism in Bali and Indonesia. I think your people are quite right in using that reference. I am saying that they should use the same description for those who are killing innocent Israelis.

Senator CONROY—Does the UN’s registered list make any impact on the ABC? I think JI might be listed as a terrorist organisation and Hamas might not be. I am interested in whether or not that is one of the factors that—

Mr Green—We used to take some notice of the UN list as one of the ingredients to assist us, but that was found to be inadequate due to its inconsistency. That is the reason why the board has come up with this policy.

Senator RONALDSON—Mr Green, are you aware of the number of hours of ABC new drama production able to be seen now compared with the hours we could see in 2001?

Mr Green—Yes, I am, very much.

Senator RONALDSON—So you would be aware that, in 2001, there were 103 hours of drama production and in the last ABC report that had dropped to three hours?

Mr Green—That is right.

Senator RONALDSON—What is your view on that?

Mr Green—I think it is very regrettable and, in attempting to account for the decline, it is a complex situation. In recent years, the ABC has not been able to produce drama by itself. It has always been done in coproduction with independent production companies. Typically, the ABC would provide its assets, resources, production capacity and some money for a licence fee, but the bulk of the cash often would come from independent production houses, which would get further rights to the program on another platform, such as airlines or selling it overseas. What has happened is that the amount of money available for that joint investment has declined.

Senator RONALDSON—What was the ABC’s surplus, as referred to in the annual report?

Mr Green—I will get the chief operating officer.

Senator RONALDSON—I can tell you: it was \$33 million. So we have a situation where the independent ABC is not subjected at all to the Australian content standard, as are the commercial free-to-airers. The Australian content standard, I think, is a minimum of 55 per cent of Australian programming between six and midnight. In addition, we have seen a reduction

from 103 hours of drama production to three hours in 2004. I put it to you that this is in direct response from the board and management, which are no longer interested in Australian drama production.

Mr Green—I would reject that analysis, with respect. There is a great commitment to Australian drama. The ABC has had a very—

Senator RONALDSON—But there is not. From 103 hours, you are down to three hours last year. Do not tell me that there is a commitment to Australian drama production, because that is clearly rubbish. Are you going to do something about it with the money that you have there? Are you or are you not committed to it—just tell me: yes or no—and what are you going to do about it, if you are?

Mr Green—We are committed to doing drama by way of coproduction, which is the way we have done it for the last number of years. If we do not have coproducers from the independent production community in Australia, there is no drama. Are you aware of how much it costs typically for an hour of drama to be produced on television?

Senator RONALDSON—I will ask you a question. What are the funding levels from 2000 through to 2004 for drama production? Do you have those figures?

Mr Green—Not in front of me.

Senator RONALDSON—Does someone else have them?

Mr Pendleton—They are not here. We can take that on notice.

Senator RONALDSON—Please.

Mr Green—The chief financial officer may have some comments in relation to this, and then Michael Ward, who is—

Senator RONALDSON—I do not want to hear from the chief financial officer about this. You have \$33 million. I want to hear from you whether the ABC is still committed to Australian drama production.

Mr Green—Yes, we are. We have a number of projects about to take place, in terms of the forthcoming months. If you would like to hear about those, I would be happy to ask my colleague Michael Ward to outline them.

Senator RONALDSON—We are pressed for time so, if you are happy to send those details to me, I would be very grateful. I reckon the Australian people would be horrified to hear those figures, I have to say—absolutely horrified. Why should you not be subject to the Australian content standard, as are the commercial free-to-airers? In light of 103 hours being down to three hours, why would you not and should you not be subject to the same rules as they are to guarantee that the ABC is actually going to give us some Australian drama content?

Mr Green—Because the legislative and regulatory framework is that the government appoints the ABC board to determine the corporation's priority according to the act, and the board will decide on what priorities are employed in terms of what has to be put in place.

Senator RONALDSON—Okay, but if the board's priorities are not for Australian drama production, why shouldn't someone else come in and tell the board what they are going to do? Why shouldn't you be subject to the same rules as they are?

CHAIR—Are you exempt from Australian content rules?

Senator RONALDSON—They are, and I am suggesting that they should not be.

Senator Coonan—The drama production quota is what Senator Ronaldson is—

CHAIR—Are they exempt from that? Let us just establish that very clearly; that is very interesting.

Senator Coonan—Its content standards are different.

Mr Ward—It is true that the content rules in relation to the commercial broadcasters do not apply to the ABC, but we take note of them. For example, last financial year, as you correctly note, there were three hours of first release Australian drama. Our overall quota, though, was at 54 per cent, so we are very close to the 55 per cent. It comes down to trying to match up our charter obligations and our requirement to do programming such as drama, factual programming, entertainment, arts, Indigenous programs and local sport—all of those things. As my colleague Murray Green was saying, we have not made drama without coproduction partners for a number of years. You referred to the figures for the calendar year 2001: 103 hours. That financial year then was 83 hours. That then went down to 47, 42, 21—I am using calendar year figures at the moment—and three.

Senator RONALDSON—Do you have the funding levels there?

Mr Ward—They are not funding levels; they are hours. If you go back to 2000 and 2001, the higher volume was because we were producing a long form serial called *Something in the Air*, which we coproduced with both overseas funding and domestic non-ABC funding. That is the only way we have been able to produce drama in recent years. We were not able to continue that project because our coproduction partners did not have the finance available.

Senator RONALDSON—That program was 100 hours, was it?

Mr Ward—*Something in the Air* was broadcast four nights a week times half an hour: it was 80 hours first release in itself. That is part of the reason, but the fundamental principle is that we cannot produce it without cofinancing partners. I can tell you that we are very desperately and continually looking for coproduction partners. In the first quarter of this year, we are up to 10 hours. I cannot say that you multiply that by four and you end up with 40 hours of Australian drama, but we have 10 hours of first release Australian drama in the first quarter of the year. We have four miniseries and telemovies coming through in the next three to four months.

The situation remains desperate. I did some figures on the back of an envelope here. If we took out one of our 40 by one-hour moderately priced factual or entertainment programs we would not be able to co-finance one telemovie. That is not about fully financing; that is about bringing enough finance to the table. So we have to balance the overall Australian content requirement, our other requirements, plus this great desire for more Australian drama. I can tell you that amongst the people I work with there is nobody—in addition to you and the other

people of Australia—who wants to make more and commission more Australian drama than the people who work at the ABC.

Senator RONALDSON—Why not tell me how many hours there were of overseas first release programs.

Mr Ward—From 6am to midnight?

Senator RONALDSON—I will save you the time: 284 hours.

Mr Ward—It is 285 hours.

Senator RONALDSON—So the total Australian content is 48 hours. The total overseas content is 437. Are you getting the programs from overseas for free?

Mr Ward—In relation to the difference in the price between—

Senator RONALDSON—Are you getting them for free or are you paying for them?

Mr Ward—I will try to answer your question. The relationship between the price you pay for commissioning and the price you pay for acquisitions is about a tenth, on average. That is the great problem. Look at the whole debate, going back to the Vincent Senate committee of 1961 that recommended the first Australian content standards for commercial free-to-air television. You can buy completed programming much cheaper than you can make it. We can buy drama programming from overseas, the same as any other broadcaster in the world can, much cheaper than you can make it. It costs \$50,000 to \$60,000 on average to buy overseas programs that cost 10 or 20 times that amount to make. It is simply a function of the market.

Senator RONALDSON—If it walks like a duck and quacks like a duck there is a fair chance it is a duck. I rather suspect that you are putting a lot more resources into purchasing overseas drama than you are prepared to put into Australian drama. I think the Australian people would be horrified. I look forward to receiving Mr Green's letter outlining what you are going to do about it.

Mr Green—That is not the case.

Senator RONALDSON—I took that as a denial. I want to move on to ABC NewsRadio. When is your tender process going to be finalised?

Mr Green—I will ask the Chief Operating Officer to comment on that.

Mr Pendleton—The NewsRadio tender process is drawing to a conclusion. It has been quite a comprehensive and complex evaluation process. I would imagine that over the next three or four weeks that process will be finalised.

Senator RONALDSON—When will the roll-out start after the tender process is closed?

Mr Pendleton—At this stage the plan is that we would see two services roll out a month. I think there are currently 21 identified services at this stage. There is a lead time of five to six months from the time of committing to the time of commissioning.

CHAIR—Can the committee have on notice a list of those roll-outs—a schedule of the towns and locations of the roll-out?

Mr Pendleton—Yes. There is certainly a list of sites that have been considered by ACMA.

Senator RONALDSON—I am speaking on behalf of the Strengthening Goldfields Community Radio, who have been waiting for some time. There was a bit of an issue, I gather, in Victoria, with not enough frequencies. They have been waiting for some time for this to be done. Is there someone who can tell me whether frequency allocated in Yarra Glen is likely to impact on someone in Maryborough? Does anyone know? It seems very strange to me. This is not having a go at you guys.

Mr Green—Our Director of Technology and Distribution is here, so he might know. No. We do not have an answer.

Senator RONALDSON—Could you get me one, please? Yarra Glen is a hell of a long way away from Maryborough. I am just a bit surprised. If you could find out for me, I would be very grateful.

Mr Pendleton—Yes.

Senator ALLISON—I have some questions about the review of ABC adequacy and efficiency. I understand that the successful tenderer for that work was KPMG. Minister, you announced that at the beginning of this month. I have some questions about process. Have public submissions been called for as yet? Are there any?

Senator Coonan—Yes, I think there are. I will just double check that. Yes, there would definitely be. Apparently it is taking the form of people writing if they wish to make some comment, but public submissions as such have not been called for.

Senator ALLISON—There is no announcement and no advertisement saying, ‘Get your comments in now’?

Senator Coonan—No, there is a press release.

Senator ALLISON—Sorry, there is a press release?

Senator Coonan—There is a press release dated 6 October.

Senator ALLISON—Yes, I have that. It does not say anywhere here that submissions will be called for or accepted, or will form part of it, though, does it?

Senator Coonan—No, it talks about the number of submissions relating to the tender.

Senator ALLISON—Yes, but not submissions relating to the review itself.

Senator Coonan—That is true.

Senator ALLISON—Has this been reported anywhere? Is it on the ABC site or on your site that people could make submissions if they chose?

Senator Coonan—It is something that no doubt can be put on the web site if we want. Yes, it can be put on the web site.

Senator ALLISON—Okay. And, if I can press the point, will it be?

Senator Coonan—Yes. I have got no objection to it, and I had thought that there was a public process. I have no objection to people who want to make comments and, in fact, that will be remedied insofar as if people wish to write in and say something, they can.

Senator ALLISON—Will those comments or those from people writing in also be made public? Will people be able to see what others have said?

Senator Coonan—I am not sure about that. We would need to see what people say, and sometimes people want to say things in confidence, so I think we just have to see who might wish to write or make some statement and then we would make a judgment.

Senator ALLISON—So if someone writes a submission and says, ‘I am happy for this to be made public,’ you would do so?

Senator Coonan—I think we would just have to wait and see what everybody says, and then we would make a judgment about that. We would not do it ad hoc.

Senator ALLISON—Have we got a date for the time frame for reporting?

Senator Coonan—I will get the secretary to deal with that because they are obviously involved with the process.

Ms Williams—We have asked KPMG to come back by the end of January.

Senator ALLISON—With their final report?

Ms Williams—Yes.

Senator ALLISON—Is that report going to be made public?

Ms Williams—It is feeding into the budget context.

Senator ALLISON—That was not what I asked you.

Ms Williams—Things that feed into the budget context are not usually made public.

Senator ALLISON—So this will not be a public document, Minister?

Senator Coonan—I would not have thought so. This is for a different process. It is to inform the government about some processes for the budget; it is to give the ABC a sustainable funding base; it is to identify efficiencies. It has a lot of objectives. It is not a process that, at least at this stage, I would be prepared to say should be made public, but I will reserve my view about that.

Senator ALLISON—Mr Balding said at the May Senate estimates that there was a project team within the ABC management. Has the project team met up with KPMG so far? Have they made use of the information that had been compiled?

Mr Green—Yes, they have. I will get David Pendleton to talk more about this.

Mr Pendleton—Yes, the project team and KPMG commenced their work with interviews last week and will be meeting with a number of the ABC staff and officers over the next couple of weeks.

Senator ALLISON—The project team, is that a discrete group of people? Who makes up the project team?

Mr Pendleton—There is a varied group of people that comes together. It is a core group of staff from the business services area that has been there for some time, particularly leading up to our triennial funding submission, drawing together data and information, metrics and benchmarks about our relative funding levels and performance indicators that support our triennial funding submission, and that work will obviously be of use to the KPMG team.

Senator ALLISON—They have accepted that work?

Mr Pendleton—They have yet to give us a list of the information that they want. As soon as they have that, we will provide that information as quickly as we can.

Senator ALLISON—There is not a lot of time, obviously. When did you say this is to be reported?

Ms Williams—At the end of January, and it has been given real priority.

Senator ALLISON—Mr Balding said that there was ‘a very, very compelling case in respect of the adequacy of the ABC’s funding.’ Did he mean inadequacy in that statement?

Mr Pendleton—He was referring to our view that our funding is not sustainable into the longer term to maintain our current level and spread of activities and services.

Senator ALLISON—So by adequacy he meant inadequacy.

Mr Pendleton—That is right.

Senator ALLISON—When can we expect the ABC’s triennial funding submission to be ready and made available or will it not do one this year, as a result of the review that is underway?

Mr Green—Our submission is in the process of being considered by government. When there is an appropriate time, we will make a judgment about the extent to which our bid is made more widely known.

Senator ALLISON—At what point will you decide that?

Mr Pendleton—The ABC board considered the ABC’s triennial funding submission at its last meeting in the month just gone. We are in the process of wrapping up the final aspects of the detailed submission. About a month ago, I think it was in early October, we had previously written outlining what our proposals were likely to be in our coming submission. We hope that submission will be provided to the minister over the next week. We certainly need to give the minister time to consider that submission prior to any wider communication of the ABC’s bid.

Senator ALLISON—Isn’t your funding submission usually made available to the public?

Mr Pendleton—Generally it is, yes.

Senator ALLISON—In the same way—that is, it goes to the minister first for some time to consider?

Mr Pendleton—It definitely goes to the minister first. The timing on the release of it varies from triennium to triennium.

Senator ALLISON—Is what is being proposed a longer period of consideration than in the past or typical?

Mr Pendleton—We would need to have the opportunity to discuss the submission with the minister prior to making any determination on when we would communicate. It will probably be towards the end of the year.

Senator ALLISON—That is not what I asked you. Is there anything unusual about the time frame compared to previous ones?

Mr Pendleton—No. It is in keeping with the normal process.

Senator ALLISON—So the fact that there is a review on has not altered the process?

Mr Pendleton—No. The original intention was that the review would happen prior to the ABC's submission so that it could travel with the submission. Unavoidably, the timing has fallen out of kilter. We have had to prepare and finalise our submission and the review will obviously happen concurrently. But I do not believe the final determination on the ABC's triennial funding submission will be concluded until the funding adequacy and efficiency review results are completed.

Senator ALLISON—Why did it take eight months to approve the terms of reference? This might be a question for you, Minister.

Senator Coonan—It was a process where, obviously, the terms were agreed, not unilaterally imposed terms by the government. There was some considerable discussion as to terms that satisfied the requirements of both the ABC and the government. We did get there and then I think there had to be another advertising process for the tenderers—I will ask the Secretary to correct me if I am wrong on this. There were certainly some alterations to the tender document which meant that the process had to be gone over once again. I think that was correct.

Ms Williams—The minister is correct. There was a question as to whether one of the processes, as part of the tender, really met true probity guidelines. We were absolutely certain so we went out again with further information. So it was a longer process than we had wished for.

Senator ALLISON—But the terms of reference themselves still took eight months to pull together. Is that right?

Ms Williams—Yes.

Senator ALLISON—Minister, you said that it took a while to get agreement. Was there in fact agreement of the ABC board?

Senator Coonan—Yes, there was. The ABC had sought this efficiency review with my predecessor, and, it having been initiated by the board, the government was keen to ensure that we were all on the same page as far as what the objectives and the terms of the review were. So it was with the board's agreement.

Senator ALLISON—So the board was not just consulted; it actually ticked off on the terms of reference in the end.

Senator Coonan—They were given the terms of reference and approved them.

Senator ALLISON—Some would say that the terms of reference could be seen to be weighted in terms of emphasis on possible savings. Was there, during the process of finalising those terms of reference, a shift from questions of adequacy of funding to opportunities for saving?

Senator Coonan—They were all important objectives, and I do not think there was any shift in emphasis. The objectives were always, if you like, equally important.

Senator ALLISON—So the first cut would not have been any different in this respect than the final terms.

Senator Coonan—The wording was different, but I do not think the emphasis was any different. The objectives remained constant.

Senator ALLISON—How do you see the relative quanta involved with savings versus the amount required by extra funding? Perhaps this is a question to Mr Green. Is it possible or likely that one will be offset against the other under this process?

Senator Coonan—Just before Mr Green deals with the question, the government has made it perfectly clear that if savings are identified they can be kept. It is not an exercise in trying to claw back anything from the ABC. To that extent, it would be irrelevant as far as the ABC losing anything, and it is to better inform both the organisation and the government in the budget context of how we approach ongoing funding.

Senator ALLISON—Can you indicate whether on balance the project team that has thus far put together the input to the review has identified more savings than need for additional resources or vice versa?

Mr Green—I think that is a bit premature at this point in time, but Mr Pendleton may have a comment on that.

Mr Pendleton—From our perspective, we have been pursuing efficiency savings for the last 10 years in the ABC to extract every dollar we can and to be as efficient as we possibly can in applying every dollar towards our output. Whilst there are always more efficiencies to find, we are not convinced that there are a raft of efficiencies available to resolve what we believe is the underlying adequacy issue to sustain our outputs at the current level. We welcome this review and we certainly will do everything we can to assist KPMG in working through their analysis, and we will certainly be presenting to them our analysis, which we believe is compelling in terms of the ABC's cost basis versus our revenue basis.

Senator ALLISON—We were talking earlier about drama and the fact that ABC production of local drama is down from 102 hours in 2001 to 20 this year. Will your funding submission include a request for an increase in funding which could be applied to Australian drama?

Mr Pendleton—It is not appropriate, until the minister has had an opportunity to review our funding submission, to talk about what is included in it.

Senator ALLISON—Does the board have an optimum level of drama it would like to be able to produce?

Mr Green—Certainly we want to do better than we have been able to do. There is no ceiling on our aspiration. There is a ceiling on our capacity.

Senator ALLISON—If there is no ceiling on aspiration, what would be a reasonable aspiration?

Mr Green—In terms of the schedule, my colleague Michael Ward might have something to say about this.

Mr Ward—It is difficult to quantify aspirationally, but, partly in answer to your question: we would want to make a range of programming. We would want to make drama—we would want to commission from the independent sector a range of telemovies, miniseries, series drama, contemporary work, historical drama, drama that draws on great literary traditions of

Australia et cetera. That is the kind of thing that we would see as meeting our charter objectives. The ABC has in the past set 100 hours as an objective, but in terms of an objective it is equally important to think about the kind of work we want to see on screen.

Senator ALLISON—So 100 hours is the objective.

Mr Ward—That has previously been set as a target.

Senator ALLISON—So what is the new target?

Mr Ward—We have not set a target in terms of hours.

Senator ALLISON—So we have gone from having a target to not having a target—and that is because of what?

Mr Ward—Because of our funding situation, because of our capacity. We are trying to raise funds, coproduce and commission drama with our available resources, seeking out funding partners where we can. The great difficulty we are having at the moment is in finding funding partners, cofinancing partners, around the country.

Senator RONALDSON—Profit of \$33 million.

Senator ALLISON—Senator Ronaldson interjects with the figure of \$33 million. Mr Ward, would you like to outline why it is you have got \$33 million there and still cannot make up 100 hours of drama production?

Mr Pendleton—Can I address that. The accounting profit that is shown in our profit-and-loss statement, of \$33 million—or in fact \$27 million, if you look down that table a little bit further—is not funds that are available for creating programs. It is not cash within the organisation; that is an accrued result from a range of things that go on within the organisation. The appropriation that we get that is distributed in the form of internal budgets, particularly in relation to TV, has not changed in real terms for the last five or six years. In real terms it has actually declined.

Senator ALLISON—Mr Balding said on 13 June that cost pressures are affecting all areas of the ABC. Is it possible to give the committee some specific examples of other areas? Is the fall in drama the most extreme example of the results of lack of funding, or are there other areas similarly pressed?

Mr Pendleton—It is across the length and breadth of the organisation. The constant pressure of cost growth within our organisation, in our analysis of it, would indicate that every area of the organisation has been asked to tighten its belt. Because we are an organisation very much driven by staff, a large proportion of our cost base is very much based on staff wage growth. As a result of that, our first commitment with any funding indexation we get is towards the cost of paying our staff, with any residual amount left applied to the operational costs of the business. Therefore we have, particularly over the last three or four years, really constrained the increases in the operational cost budgets within the organisation. So right throughout the organisation there is cost pressure.

Senator ALLISON—You do not want to give the committee some more precise examples?

Mr Pendleton—No, I do not think so.

Senator ALLISON—Let me prompt you. Is it the case that we are seeing the more cheaply produced studio productions and talkback radio? To what extent is the ABC having to take the cheap alternative with programs?

Mr Pendleton—I think the response—and you can see it over a number of years—that the ABC has made to the increased funding pressure has been in the output, the offer. Whilst the ABC, in relation to the programs or content that it produces, maintains high quality and high editorial value, you will see that the mix and spread of the schedules and offer of the ABC have varied over the last five or 10 years in response to the relative reductions to our funding base. You will see it in drama, for example, but also just in the mix that we have on programs going out on TV—first-run content, first-run Australian content. You will see it across the programming mix on radio, and the output directors can talk about those impacts. With news and current affairs, we see it in the number of overseas bureaus or journalists that we can support overseas and in the amount of localism that we can afford in our news and current affairs content. It is across the length and breadth of the organisation.

Senator ALLISON—It would be useful to get some figures in some of those areas, particularly overseas journalists and the extent to which you have had to cut back on them.

Mr Pendleton—Yes.

Senator ALLISON—I wonder about flow programming. Has that increased as a proportion of, say, Radio National programming compared with specialist programming in recent years? One comes to mind—not that it is a bad program: Geraldine Doogue now does Saturday morning, including the environment. There used to be a separate environment sector.

Ms Howard—That has not saved us any money, Senator. It is simply a stylistic choice by Radio National to have a go at flow programming on Saturday mornings. It retains the same number of staff and the same budget.

Senator ALLISON—Flow programming generally is not a savings measure?

Ms Howard—No. Nor is talkback radio. Talkback radio is there because we live in a democracy and we believe that people have a right to express their opinions on radio. They are not necessarily measures to trim budgets.

Senator BOB BROWN—I might take off from there. Do you get complaints about the move to the right by the ABC in its programming and comment since the Howard government came into office over the last eight or 10 years?

Mr Green—No, there has not been anything that I am aware of that would amount to a significant trend along those lines.

Senator BOB BROWN—I just meant do you get complaints from the public?

Mr Green—We certainly get complaints from the public—

Senator BOB BROWN—On that matter?

Mr Green—Not on that matter as a trend. We can identify concerns about changing news formats or if there is a particular international crisis that we are reporting on where people feel strongly about both sides. Certainly that is a trend. It would not be something that I would readily identify in the top 10.

Senator BOB BROWN—What about *Earthbeat*, the only environmental program, which has been axed? Why did that happen?

Ms Howard—As I mentioned, Radio National wanted to try a different style of programming on Saturday morning, and they retained the presenter, the reporter and the content of that program. They just moved it from a discrete program to part of a broader Saturday morning program. They believed that it was something they wanted to try, so they did.

Senator BOB BROWN—What about other times? Why is there no environmental program on the ABC?

Ms Howard—I think there is quite a lot of environmental comment and programming on the ABC.

Senator BOB BROWN—Of course. But there is not a dedicated program. In an age of global warming, biodiversity collapse and so on, there is not a dedicated environmental program.

Ms Howard—I think you would find a lot of comment and programming about global warming. Programs like the *Science Show* would discuss such things.

Senator BOB BROWN—Of course. You could not avoid it, could you?

Ms Howard—There are lots of interests that do not have their own programs, Senator.

Senator BOB BROWN—On the matter of the *Counterpoint* program and its program on Gunns and forestry, why was no environmentalist—certainly no Green—invited onto that program to counter the accusations which came thick and fast against the environment movement on that program?

Ms Howard—I am not aware of that, but I am very happy to take it up.

Senator BOB BROWN—Would you? When you do, would you also find out how many complaints were made against the program and why there was no rectification of errors made on the program?

Ms Howard—I am happy to take those questions on notice.

Senator BOB BROWN—On the matter of *Counterpoint*, I heard Senator Santoro having quite a say earlier. Did that program begin one night this week with Mr Duffy, saying ‘two of my favourite senators tonight, Senator Santoro and Senator Joyce’? Could you tell me how many Greens have been on that program since its inception this year?

Ms Howard—Certainly. That would have been Monday’s program that you are talking about?

Senator BOB BROWN—In fact it was.

Ms Howard—The program goes to air once a week. I am happy to take that on notice.

Senator BOB BROWN—Is it normal for a program to begin in that way, with a program presenter declaring favouritism for a political party—and, indeed, very conservative members of a political party out of the welter and diversity there is within the political arena?

Ms Howard—*Counterpoint* is an opinion program, Senator. That is very much Mr Duffy's style, but I am happy to have a look at that program.

Proceedings suspended from 1.00 pm to 2.05 pm

Senator BOB BROWN—Before the break I was talking about radio programming and had asked whether Michael Duffy's program has had a Green senator on it. I want to follow that through a little further because I also asked about the disappearance of any dedicated environmental program from the ABC. We are talking there about ABC Radio, but would it concern you if a perusal of ABC television's nightly coverage of the national parliament segment coming out of this place showed that the Greens were being disproportionately left out?

Mr Green—Is that in relation to *Order in the House*?

Senator BOB BROWN—No, it is in relation to the 7 o'clock news coverage at night and the coverage of the great events and debates of this parliament.

Mr Green—I will ask the director of news to respond to that.

Mr John Cameron—It would concern me if we were doing something untoward in the normal course of events. I think as you know, we cover the news as we professionally judge fit on a day-to-day basis and invoke the normal news values, so hopefully all sides of politics get a guernsey.

Senator BOB BROWN—Would you care to find out what proportion of those packages coming out of the newsroom here have covered the Greens over each of the last several years?

Mr John Cameron—I do not know what the degree of difficulty would be there, but I will certainly do my best to discover what you are asking. This is over several years the amount of coverage given in individual nightly news stories to—

Senator BOB BROWN—In the package of parliamentary events coming out of the newsroom here.

Mr John Cameron—There are sometimes two or three packages a day, but yes.

Senator BOB BROWN—I am talking about the nightly one, the main—

Mr John Cameron—Yes.

Senator BOB BROWN—The one that goes on the 7 o'clock news.

Mr John Cameron—That is right. Sometimes there can be two or three on the 7 o'clock news, but I understand your question.

Senator BOB BROWN—The main one; thank you. Kerry O'Brien gets a fair working over from the Right for some reason or other that mystifies me. But from my recollection I have had one interview with him, which was during the last election campaign, this century. Would you care to look at the interviewing of politicians by Kerry O'Brien and see how frequently the Greens, who play a prodigious role, considering our size, in political events here, have or have not been interviewed by Kerry O'Brien for *The 7.30 Report*.

Mr John Cameron—Does that include what is in *The 7.30 Report* night after night and the sorts of packages you are talking about or just the O'Brien—

Senator BOB BROWN—No, I am talking about interviews by Kerry himself.

Mr John Cameron—I can do that.

Senator BOB BROWN—I have here the figures—Mr Green, you would be aware of these—of the ABC's Election Coverage Review Committee for the last election campaign, in which the Greens got over seven per cent of the vote in both houses of parliament. But the Rehome report which followed the election showed that between 29 August and 9 October, which was the review period of the election, the Greens got on radio only 5.2 per cent of the coverage; on television, 4.5 per cent; and online, 3.5 per cent. Can you explain that?

Mr Green—The figures are before you. Are you suggesting that there is some problem with that?

Senator BOB BROWN—Yes. I am suggesting it is right out of kilter—that the Greens got just over 50 per cent of the coverage from the national broadcaster that their vote indicated and that successive opinion polls had indicated they ought to have had in a fair, unbiased run to the election.

Mr Green—The percentages that you have in front of you are a reflection of the stories that were covered in the context of the election. There is not necessarily any correlation between those figures and what primary vote may be achieved in the election outcome. I do not have those figures in front of me, but my recollection in terms of dealing with this matter is that that percentage varies widely in different parts of the country; so this is an Australia wide average in terms of percentage of air time.

Senator BOB BROWN—According to these figures, the sitting member in Cunningham, Michael Organ, a Green, had 11 minutes and 28 seconds of voice time; however, the coalition got 16 minutes and 53 seconds, and the ALP got 17 minutes and 21 seconds. Here you have a sitting member being cheated out of reasonable coverage in his own electorate. Can you explain that?

Mr Green—The brief to the programmers was that Mr Organ should be treated the same as the other parties.

Senator BOB BROWN—But he was not, was he?

Mr Green—I do not have that information in front of me, but I am very happy to look at it.

Senator BOB BROWN—This is your letter.

Mr Green—We did publish that report. If I may, I will get back to you with any other matters that may be relevant to your question.

Senator BOB BROWN—I put it to you that that is very clear bias and that the ABC is being influenced by the continued right-wing attacks, by the continued attacks of the far Right, and is moving to give some succour to the whingers and complainers of the Right and to give them some unjustified comfort by this drift away from the neutrality and the balance of the past. It is inexplicable to me that a sitting member should be so shoddily covered by the ABC in a district. You were saying districts were loaded. Well, they are loaded in the wrong direction, if you ask me, Mr Green. The ABC TV news in Tasmania provided 7.7 per cent of coverage to the Greens but they got 13 per cent of the vote. Polling had consistently shown that that was the minimum level of vote to be expected in the Senate. Half of that is about

where the ABC comes in in terms of coverage. Don't you think that the Green electorate has a right to fair and equal coverage from the ABC?

Mr Green—The promise that we make in terms of our approach to election coverage is that we will give equal time and equal treatment to government and opposition, and other parties will be covered on the basis of what is ascertained as news value in terms of whatever the particular stories are on the go. So the focus is on those parties that have the capacity to form government, without in any way attempting to minimise the contribution of other voices in the context of the election.

Senator BOB BROWN—I put it to you that this is a democracy where one person has one vote, one value. If you are using that excuse to load coverage to the big old parties, by definition you are shortsheeting new parties, Independents and the other groupings in the political spectrum. That is something that the ABC should look at again.

Mr Green—I am happy to take your concerns and get back to you.

Senator BOB BROWN—We just heard that intervention—'you get a lot more than anyone else'. That is typical of this whingeing Right. When we get down to the figures, it is not true. In fact, people elsewhere in the spectrum are being short-changed, and I put it to you that it is an effective campaign which is forcing the ABC to squeeze out other voices so that this new conservative push on the ABC can be accommodated.

Mr Green—I do not share that analysis of the motivation of our editorial teams, particularly in the context of covering an election. But there is no direct correlation between what a party might obtain in the primary vote and the amount of coverage that one could expect in a mathematical sense on ABC TV, ABC Radio or online.

Senator BOB BROWN—Although I put it to you that in a one person, one vote, one value democracy, where information is the currency of democracy, it is the best way of judging how well a broadcaster is performing. In the last election campaign the Greens got seven to eight per cent of the House of Representatives and the Senate vote, and in pre-polling in the year leading up to that—sometimes much higher—but in the actual event *AM* gave 2.1 per cent of its time to the Greens and *PM* gave 1.8 per cent.

Senator RONALDSON—Thank goodness!

Senator BOB BROWN—'Thanks goodness' says the Right from the other side. They are having a success here, aren't they?

CHAIR—Those who claim the ABC has a left-wing bias are obviously wrong.

Mr Green—All I can repeat is there is not a direct correlation between the extent of our editorial coverage in the context of an election and what a party might obtain in a primary vote.

Senator BOB BROWN—I heard that, Mr Green. But the point I am putting is: what other correlation should one have? It becomes a political decision if you move to another basis. *The 7.30 Report* gave 6.7 per cent coverage to the Greens, and I think largely that was because of one interview that took place during the election campaign. But the 7 o'clock TV news in New South Wales gave 4.6 per cent. *The Insiders*, which is the flagship weekend current affairs program of the ABC, gave a whole 0.2 per cent of coverage in the election campaign to

the Greens. That 0.2 per cent was a passing comment. In fact, the Greens were excluded from *The Insiders* effectively for the duration of the election campaign. How can you excuse that?

Mr Green—My memory may be faulty, and I stand to be corrected, but my understanding was that you were invited to appear on that program and were not available; this was in the first week of the campaign. I may be wrong.

Senator BOB BROWN—You are. I was in fact invited to appear on the program the day after the election and was not available. It was a very neat thing for *The Insiders* to exclude us throughout the election campaign and then say, ‘But please come on afterwards,’ don’t you think?

Mr Green—This was after the actual polling date?

Senator BOB BROWN—Yes.

Mr Green—My information must be wrong, but my understanding was that this was in the early days of the campaign.

Senator BOB BROWN—Yes, your understanding is wrong. Senator Milne, by the way, was available the day after but it was decided in the event that she was not wanted. I have a great and huge regard for the ABC, but I think you are being beaten around the head by the organised Right. I think the ABC is reeling under these attacks, it is having an impact and they are getting their way. There needs to be a fight back here. What I am doing today is putting facts and figures, not the codswallop we are hearing from some of the critics—this list of phrases that are not acceptable and so on. I am putting the actual facts and figures down, and they are not a good look. How regularly do the powers that be in programming look at these matters in the real light of these figures, and what preparedness is there to take corrective action?

Mr John Cameron—You have raised it and we undertake to discuss it, and we will.

Mr Green—Yes.

Senator BOB BROWN—Thank you. Finally, is there a foreign correspondent in Pakistan at the moment?

Mr John Cameron—I think he is still there. I think John Taylor from our Beijing bureau, strangely enough, is in Pakistan. He certainly was in the last two or three days.

Senator BOB BROWN—I understand that in 2003 there was a \$2 million cut to *Foreign Correspondent*.

Mr John Cameron—The program *Foreign Correspondent*?

Senator BOB BROWN—Yes; an excellent program. What impact has that had on the program?

Mr John Cameron—I would have to check the figures. It was not \$2 million. The program remains I think an example of excellence in current affairs. It certainly has curtailed our ability to travel to the extent we were. But I think the program largely sits in the same timeslot and for the same duration as it did previously, and I think the quality is still very high.

Senator BOB BROWN—There are 13 overseas bureaus at the moment, I understand.

Mr John Cameron—Twelve, I think.

Senator BOB BROWN—Is that consistent with past figures?

Mr John Cameron—It has fluctuated over the years. It is certainly fewer than we had five to 10 years ago. Apart from the closure of Brussels two years ago, it has been steady for about the last five years.

Senator BOB BROWN—What was it at its best?

Mr John Cameron—Speaking historically and outside my tenure, I think it may have been 16 or 17.

Senator BOB BROWN—Thank you very much.

Senator WORTLEY—Can the ABC confirm that it is currently restructuring the radio, news and current affairs studio operations, and that this restructure will affect *AM*, *PM* and *The World Today*?

Mr John Cameron—Earlier I did answer a similar question—or the same question in fact—but you may not have been in the room. A restructure is being looked at, yes, that is correct. We are looking at re-aligning, if you like, some of the staff numbers there into editorial from technical, basically. But this is not laid in stone as yet. We are extremely proud of those three programs, and we are not going to do anything that compromises the quality of them.

Senator WORTLEY—You say it is not laid in stone at the moment.

Mr John Cameron—Discussions are under way with the staff involved, and the managers are talking to staff about how it might be achieved. So there is a process ongoing, basically.

Senator WORTLEY—Can you confirm whether the ABC intends to remove the studio producer and associated staff from the programs?

Mr John Cameron—The manoeuvres do revolve around the studio production area, yes. That is right.

Senator WORTLEY—So staff will be removed from the programs?

Senator CONROY—That is the proposal?

Mr John Cameron—That is right, it is exactly the proposal. But I do make the point, and I made it before, that any efficiencies achieved will be put back into the programming—editorial.

Senator WORTLEY—Does the ABC accept that the quality of the program would suffer as a result of these changes?

Mr John Cameron—No, we do not. We do not.

Senator WORTLEY—Is the effect of the change that the editorial manager of the program will have to take both the editorial and the studio production functions simultaneously?

Mr John Cameron—That is part of the plan, yes.

Senator WORTLEY—And yet you do not believe that it will impact in any way?

Mr John Cameron—No. This sort of progression is standard practice, I think, inside and outside the ABC, and it is done to very good effect.

Senator WORTLEY—So it is two jobs going into one?

Mr John Cameron—It is not quite that simple, but that is part of the plan.

Senator WORTLEY—Can you also advise how the editorial manager will be able to provide immediate editorial support and guidance to reporters while their attention is split between both functions?

Mr John Cameron—These details are being discussed now at a coalface level and continue to be worked out.

Senator WORTLEY—And are being discussed in conjunction with the staff that this will impact on?

Mr John Cameron—Yes, very much so.

Senator WORTLEY—How does the corporation reconcile these changes with the commitments it has recently given the Senate about ensuring improved adherence to and consistency in the application of the ABC's editorial policies?

Mr John Cameron—I am not quite sure I understood that.

Senator WORTLEY—How does the corporation reconcile these changes with the commitments that it has recently given the Senate about ensuring improved adherence to and consistency in the application of ABC policies?

Mr John Cameron—Sorry, this is as in quality, consistency with style and what have you?

Senator WORTLEY—Yes.

Mr John Cameron—It will not impact at all. That is why we are having a forensic look at the impact of what we are proposing. If there is any impact which is detrimental along the lines you are suggesting, we will have to look at it again.

Senator WORTLEY—How much will these changes save the ABC in monetary terms?

Mr John Cameron—Again, we have not got it absolutely worked out until we know exactly what the final plan might be, but we are talking in the region of a number of hundreds of thousands of dollars.

Senator WORTLEY—In the region of hundreds of thousands of dollars?

Mr John Cameron—Yes.

Senator WORTLEY—That money would then go back into the programming?

Mr John Cameron—That is exactly the plan. It is not a cost-saving exercise; it is an exercise in efficiency—

Senator WORTLEY—Improvements?

Mr John Cameron—Yes.

Senator WORTLEY—Who is responsible for planning the changes?

Mr John Cameron—A variety of people, including me.

Senator WORTLEY—You and—is it managers at what level?

Mr John Cameron—Managers at the level of the program makers.

Senator WORTLEY—Have these changes been driven in an attempt to recover some of the losses associated with the alleged fraud in the news and current affairs area?

Mr John Cameron—No. There is no relation between the two.

Senator WORTLEY—I understand that the ABC has recently embarked on an antifraud campaign. Is this a response to the recent press reports about an alleged fraud within the news and current affairs division?

Mr John Cameron—Possibly.

Mr Pendleton—Certainly since the recent fraud was detected we have increased our level of activity in relation to our fraud awareness programs. But we have always had throughout the organisation fairly active programs for fraud prevention, fraud awareness.

Senator WORTLEY—Is it true that the ABC has recently engaged Deloitte to undertake a survey about fraud prevention in the ABC?

Mr Pendleton—Part of the annual work program for internal audit regularly includes an update of the fraud policies and procedures, and part of that is a survey. I think they did recently put something on the net seeking feedback from staff. I think that might have been over the last couple of months.

Senator WORTLEY—Are you able to provide us with the cost of that consultancy?

Mr Pendleton—Yes.

Senator WORTLEY—Has the ABC undertaken any assessment of where it is vulnerable to fraud? If so, what was the result of the outcomes of that assessment? I understand there was something on that.

Mr Pendleton—Every two years the group audit undertake an assessment of the fraud risk of the organisation and update fraud control strategy. I think the last time that was done was about a year ago. They would then look at the areas of emphasis, where the change in risks within the organisation are in relation to fraud. They interview a large number of staff throughout the organisation to work out whether there have been any changes in fraud risk in the organisation. They document that in a fraud control plan, and that becomes part of the annual work program for group audit.

Senator WORTLEY—Do you have the results of that at the moment?

Mr Pendleton—I could get you a summary of the results of that.

Senator WORTLEY—I would appreciate that, thank you. Does the ABC acknowledge that it faces risks in contract negotiations for programs because these cannot be submitted to a tender process?

Mr Pendleton—Sorry, I missed that. Is there a risk if we do not go to tender?

Senator WORTLEY—Yes.

Mr Pendleton—No. The ABC has procurement guidelines which set the various levels within the organisation of what level of expenditure it requires—what level of tender

quotations. So we would find that, by and large, there is strong compliance throughout the organisation in relation to that. If something is of a level of expenditure that requires tender, we would go to tender with it.

Senator WORTLEY—What processes of independent assessment of pricing are used in the assessment of bids from producers during contract negotiations for programs and other services?

Mr Ward—For independent project assessment?

Senator WORTLEY—Yes.

Mr Ward—I would probably need to give you some of that answer on notice, because I may not be able to give you all the detail, but we have quite a substantial development and commissioning process. The first part about the development process is in making sure that the independent sector is aware of the ABC's interest in deriving content from them, and we publish both online and in hard copy form documents called *Doing business with the ABC*. We have a development division, and now we have development departments operating within our division. Those development departments undertake internal assessment but sometimes with contract staff who look at projects and provide an assessment of them. They are then provided to our programming and the content department staff in that area as part of the process of deciding what projects will be commissioned. It is from that point then that the commissioning process takes over and the contracting process would then take place following the initial commissioning of the project. Does that answer your question?

Senator WORTLEY—Yes, thank you. I would like to explore now the ABC's relationship with the Film Finance Corporation. Is the ABC aware of Film Finance Corporation policies that prevent ABC staff working on programs which have a component of FFC funding, where they are funded either entirely or in part by the ABC and are intended to be broadcast by the ABC?

Mr Green—Yes, I understand there has been a change of policy recently in relation to this. Previously we were able to negotiate on the basis of our offering as part of our equity our resources and indeed our staff, but these guidelines have now changed. Michael, you may be in a position to elaborate further on that.

Mr Ward—No, I do not have the detail. I know they have changed in relation to drama projects, but it has been the case for many years in terms of children's drama funded through the FFC that no ABC resources are involved in the licence fee.

Senator WORTLEY—Can you confirm that the FFC prevents ABC staff who are editors, senior directors, first assistant directors, production designers and other key creative staff from working on ABC programs?

Mr Green—That would be financed by the FFC?

Senator WORTLEY—Yes.

Mr Green—I am not clear about the exact detail of the guidelines, but I understand that they are along the lines you are suggesting.

Senator WORTLEY—Has the federal government provided funding to the ABC to build new digital studios to make programs?

Mr Green—Yes. We have as part of our appropriation built new studios in Perth, opened just a few weeks back, and there is ongoing upgrading of our post-production facilities in other centres.

Senator WORTLEY—Further, does FFC policy prevent the ABC making full and effective use of these government funded facilities?

Mr Green—I would have to take that on notice. I cannot give you an unequivocal answer about that at this point.

Senator WORTLEY—Take that on notice. Has the FFC expressed a view to the ABC that it would treat as double-dipping attempts by the ABC to supplement its existing appropriation by seeking additional funding for its programs from the FFC?

Mr Green—I am not aware of any communication, but that does not mean to say it has not happened. Again, perhaps I may take that on notice.

Senator WORTLEY—Is it true that the ABC is denied access to FFC funding for the production of documentaries but that private sector free-to-air TV networks may receive funding?

Mr Green—I am not sure of the policy settings on that.

Mr Ward—No, that is not true. The ABC has access to FFC financing for documentaries in terms of both accords, which is an agreement we have with the FFC for an agreed number of documentaries each year, and non-accords, that is, other projects outside that agreement. In fact, we or the independent producers with licence fees with the ABC received funding—a substantial amount of funding—at the last meeting of the FFC for documentaries which will be broadcast on the ABC.

Senator WORTLEY—What documentaries did the ABC produce in house over the past three years?

Mr Ward—It depends a bit on your definition. If you include the broadest definition of documentary programs, there is about 140 hours of documentary projects. I do not have the full list of those in front of me. Some of those would include independently and internally produced documentaries. Here is a figure of 136 hours in 2004. But I do not have a breakdown of titles or what was internal or what was produced by the independent sector. The independent sector would be around 20 hours of that.

Senator WORTLEY—Are you able to provide us with those?

Mr Ward—Yes, we can get you the titles, if you would like them.

Senator WORTLEY—Thank you. Is it true that the FFC funding rules operate to make the outsourcing of the program inevitable by saying that if they make it themselves they cannot collect the funding but, if they buy it from an outsourced provider, the private provider can collect the FFC money?

Mr Ward—I might have to ask you to go through the latter part of that question. For ABC Television, in our commissioning projects, there is nothing inevitable that is set in place by the FFC's guidelines that would have a necessary impact on us. I am not sure I understand the latter part of the question.

Senator WORTLEY—Perhaps I can just clarify that. Could you explain the ABC making its own high-end documentaries?

Mr Ward—It is a bit like the answer I gave before in terms of drama. We probably have not produced in house a high-end, high-budget documentary for a number of years. I cannot think of one in the last five or six years, for example. The more efficient process of course is to seek to commission work coproduced with the independent sector, with independent producers seeking funding from agencies such as the FFC and perhaps other broadcasters both in Australia and overseas to put together a pool of finance to be able to make a high-budget documentary. I would not see that as a limitation. I would see that as an opportunity. But the difficulty of course is in finding the finance.

Senator WORTLEY—I understand that the number of senior journalist positions in newsrooms has substantially reduced because, as senior journalists leave, less experienced or entry level journalists replace them. Does this result in added pressure and responsibilities on senior journalists and unrealistic expectations on junior, less experienced journalists and ultimately on the quality of the news service?

Mr John Cameron—My answer to that would be no. The normal process of replacing senior with junior is age old, and we need to do it obviously to keep the books balanced. But we try to keep a very reasonable proportion of senior to intermediate to junior, and that is what we do. We do not have a policy to do anything else or to denude newsrooms of senior people.

Senator WORTLEY—So what you are saying is that in your view the senior journalists are not being replaced by junior, less experienced journalists?

Mr John Cameron—Occasionally they are, yes, because that is the natural progression. Occasionally they are.

Senator WORTLEY—But in proportion to what they have been previously?

Mr John Cameron—Certainly in the last few years, since I have been in this chair, no. The normal practice is to keep the books balanced and to keep a relative proportion of senior to intermediate to junior.

Senator WORTLEY—Can you provide details of the number of journalists employed at each band within major city newsrooms?

Mr John Cameron—Yes.

Senator WORTLEY—And also provide the number of journalists at each band in regional newsrooms as of, say, 1 October?

Mr John Cameron—Over a period of?

Senator WORTLEY—1 October 2004 to 1 October 2005.

Mr John Cameron—I can do that.

Senator WORTLEY—Has there at any time been a document circulated to you or discussions had with ABC management or executives suggesting or stating that a bonus will be paid if managers are able to cap salary increases as a result of a performance management plan system?

Mr John Cameron—Is that a question to me in news and current affairs?

Senator WORTLEY—It would be certainly in relation to news and current affairs. I do not know where the document may have come from.

Mr John Cameron—No. I can categorically state from a news and current affairs perspective that that has never been the case.

Mr Pendleton—From a corporation perspective, I know of no instance of that.

Senator CONROY—I would like to revisit some of the discussions we were having a little earlier. I think Senator Ronaldson and Senator Allison were involved in discussions with you about the state of ABC funding. Given that we have the funding adequacy review going at present, it would be useful if we got some benchmarks. Mr Pendleton, in May 2004 this committee asked you about how much money the ABC had available for program making. Back then you said:

If we were to look at the money we have available for program making, this budget—
that was the 2004-05 budget—

has \$562 million against, in real terms, \$604 million in 1995-96.

You said at the time:

... we are in the order of \$35 million behind.

This is on program making. What is the current figure? How much less or more does the ABC have in real terms to make programs compared with 1995-96?

Mr Pendleton—The comparison in real terms for program-making purposes is we are probably behind about \$51 million.

Senator CONROY—So you are behind in real terms?

Mr Pendleton—In real terms.

Senator CONROY—This is for program making?

Mr Pendleton—For program making.

Senator CONROY—Can you tell the committee broadly how you calculate that figure? Is it only the program money? What do you take out? There seems to be an argument about what goes into this calculation; I just wanted to get it spelt out clearly.

Mr Pendleton—The analysis that the ABC undertakes to compare its funding between the two periods is to normalise the appropriation. For example, within the 1995-96 appropriation of \$522 million, the ABC received moneys for the orchestras of about \$30 million and it received money for AusTV. So we removed that from the 1995-96 number. In the 2005-06 appropriation we receive appropriation for transmission funding, digital-analog transmission, which we received in kind back in 1995-96. So we remove that as well to normalise the numbers from a comparative point of view.

Senator CONROY—To make sure you are comparing apples with apples?

Mr Pendleton—Yes.

Senator CONROY—And not apples with oranges and pears?

Mr Pendleton—Yes.

Senator CONROY—Were they the only ones? What about depreciation under accrual accounting?

Mr Pendleton—Once we normalise those numbers, the total appropriation in the money that is provided to the ABC, benchmarked against 1995-96, would see the ABC's funding in real terms at a total level be about \$6 million behind. But then when you remove the depreciation and capital funding—

Senator CONROY—Because they were not previously required under the old accounting system.

Mr Pendleton—Exactly.

Senator CONROY—Once the government introduced that—

Mr Pendleton—There was capital funding in the old—

Senator CONROY—Sure, but the depreciation aspect—

Mr Pendleton—That is right. That has been replaced with depreciation funding. You remove those to get down to how much we have for operational program making. That gets us down to the \$51 million.

Senator CONROY—Minister, do you accept this methodology for calculating what the ABC has available for program making?

Senator Coonan—What I can tell you is that on my figures there is certainly a disparity, but it relates to the ABC having used one index and the government having used another. I agree that the disparity arises partly because of the inclusion, from the government's perspective, of the funding for analog transmission and the ABC's figure does not. I think the ABC's figure does not include funding it receives for the Asia Pacific TV services. So I think the key point about it will be addressed in the triennial funding and the efficiency review.

Senator CONROY—I appreciate that.

Senator Coonan—So that is my understanding of where the discrepancy is and how it arises. It is a different index.

Senator CONROY—Do you think it is appropriate to have transmission money included for the purpose of a calculation about how much money is available for programs?

Senator Coonan—We did, because obviously it cannot happen without it. So the way in which the government has done it we thought was appropriate or we would not have done it that way.

Senator CONROY—In a recent press release you claimed the ABC's funding had increased by \$80 million in real terms since 1995-96 to \$792 million.

Senator Coonan—Yes.

Senator CONROY—Can you give us a breakdown of that \$792 million figure? What does it include?

Senator Coonan—I will certainly do that for you. I will take it on notice.

Senator CONROY—Does it include transmission money?

Senator Coonan—My understanding is it does.

Senator CONROY—Because the government sold the ABC and SBS transmitters?

Senator Coonan—Yes, but then we in effect fund the transmission to a third party.

Senator CONROY—Do you have any figure?

Senator Coonan—I do not actually have it in front of me. The secretary does. I will let her run through them.

Ms Williams—The \$792.1 million includes \$68.4 million for digital transmission. It includes \$80.2 million for analog transmission.

Senator CONROY—I have a calculation that works out or possibly works out to around \$148 million. Should other things be included there?

Ms Williams—For transmission?

Senator CONROY—For transmission money.

Ms Williams—That is \$148 million.

Senator CONROY—I thought you gave two figures. I just wanted to make sure I had the right \$148 million.

Ms Williams—Yes.

Senator CONROY—Minister, do you accept that the total appropriation figure that you have been quoting in your press releases does not give an accurate impression of the funds that the ABC has available to create programs?

Senator Coonan—No, I would not. What I have said is that I think there is a disparity, and I have said where it arises. It is a different perspective.

Senator CONROY—You are not actually answering the question. Why should the Asia Pacific money be included? They are not free funds. They are tied specifically. They are not available to—

Senator Coonan—It does not really matter. There is one bucket of money. Certainly some funds are tied, but I have never said that this money was available for the creation of programming. What I have said is there is a total figure here. I think I have explained as best I can where the discrepancy arises, and I think it is reasonably straightforward.

Senator CONROY—The proposition I am putting to you, though, Minister, is that by continually quoting there has been an increase in funding of \$80 million in real terms you are not comparing apples with apples and you are giving a misleading impression that the ABC has more money to create programs. We have seen Senator Ronaldson completely sucked in by that proposition so far today.

Senator Coonan—I do not accept that. I do not accept your proposition.

Senator RONALDSON—There are probably eight different answers to that question.

Senator CONROY—It is not a question of accounting methodology. It is a question of whether or not something like depreciation should be included in what you describe as the

bucket, Minister. Given it is something new that has been caused by accrual accounting, something I support and I am sure everyone in the room supports, it is not actually an increase in funding for programming.

Senator Coonan—No, I never said it was.

Senator CONROY—Mr Green, what has been the impact of this shortfall in programming funds identified by Mr Pendleton? To put it another way: how would you use the funds if the funding deficiency were removed? What would you do with \$51 million, even if that just kept you even with where you were 10 years ago?

Mr Green—If we had an extra \$51 million?

Senator CONROY—Yes, which is the identified amount I think Mr Pendleton said you were currently behind on programming money.

Mr Green—Clearly we would be able to address some of the genre imbalances currently, for example, in television that we discussed this morning in relation to how much we are able to invest in television drama.

Senator CONROY—Local TV drama, for instance.

Mr Green—Yes. Clearly we would be able to invest more money in that genre. But the baseline for us as a corporation is that we have some 8,000-plus hours for ABC television to fill on the schedule. That is a baseline requirement. Then you move up to the quality of the different genres that are on there. I am not saying that we are putting to air programs that are not of quality, but clearly some genres are far more expensive to produce than others. That is where you would get some sort of rebalancing.

Senator CONROY—If you had this extra \$51 million that you are down from the 1995-96 year, would funds for local drama be one of your priorities?

Mr Green—Most certainly. I would imagine so. That would be a matter for the director of television. But speaking in terms of the—

Senator CONROY—You should be responding to Senator Ronaldson, who was clearly outraged by this.

Senator RONALDSON—I was outraged by your leading questions.

Senator CONROY—But that would certainly be one of your priorities, if you were able to just get back to parity in programming money?

Mr Green—We would like to be out there with the independent production sector in Australia producing more television drama and to get back to the levels that we once experienced with their cooperation. This is not a simple problem. It is a problem about the drama genre in relation to not just the ABC but what is happening in television drama across Australian television.

Senator CONROY—Are you able to use transmission money to produce programs?

Mr Green—Not that I have discovered.

Senator CONROY—Would you be able to apply the money that was moved to depreciation to making local drama?

Mr Green—Mr Pendleton will give me some guidance.

Senator CONROY—Not without going to jail.

Mr Pendleton—Not at the expense of our infrastructure, no.

Senator CONROY—Could you use any moneys you were given for Asia Pacific to make programs?

Mr Pendleton—Programs are made with it but for Asia Pacific purely.

Senator CONROY—They are not local drama?

Mr Pendleton—No.

Senator CONROY—So you could not take money from Asia Pacific and use it for something other than that which it was specifically given to you for?

Mr Pendleton—It is quarantined for Asia Pacific.

Senator CONROY—So you cannot really use any of those moneys to make local programs?

Mr Pendleton—No.

Senator CONROY—There have been some press reports in recent weeks that the inquiry into the adequacy of ABC funding should examine whether ABC production should be closed down and the production functions outsourced. What is the ABC's reaction to that proposal?

Mr Green—It is certainly not one that has been presented to us.

Senator CONROY—Are you aware of the speculation?

Mr Green—There is always debate about the amount of production that is done in house and the amount of production that might be done by the independent sector. But there has never been any debate about ceasing the ABC's critical role as a producer of television.

Senator CONROY—Does the ABC believe that the outsourcing of production would allow it to maintain the same levels of editorial control over its output?

Mr Green—That already happens in our relationship with independent producers. Any content, no matter where it originates from, has to meet ABC editorial policies.

Senator CONROY—Have the ABC undertaken any research on the relative costs of internal and external production?

Mr Pendleton—I cannot think of a form of research that has been done recently. We certainly periodically review the various cost drivers of the various modes of production. I believe that will be something picked up in the funding adequacy review. It will really need to be clearly demonstrable that there is a substantial cost benefit to the ABC in outsourcing the production we have left that is done internally. I think at the moment we probably have the mix about right for in-house and outsourced production.

Senator CONROY—In your view, what are the benefits of retaining an in-house production capacity?

Mr Pendleton—I think we get extremely good value from our internal capability. There are a couple of reasons why moving to an outsourced production model would be problematic

for the ABC. First and foremost would be the massive cost, in the form of redundancy costs, of converting our internal capability to cash for outsourced production. But, in terms of the utilisation of our existing staff and the amount of content that we can produce through our facilities and through our staff, I think over time it would be difficult to acquire that same amount of output for the cost that we do it for.

Senator CONROY—What is the current internal-external mix, roughly? I will not hold you to the exact number.

Mr Ward—I do not have on me the exact figures for this year, but it is still within the realm of fifty-fifty for non-news and current affairs production—50 per cent internal, 50 per cent coproduction, external purchase and prepurchases.

Senator CONROY—What new functions or extensions of existing activities, excluding programming changes, has the ABC undertaken since 1995-96 in terms of extended hours of transitions, new platforms? What else?

Mr Green—Clearly the star performer in all this is our launch in March this year of ABC2, which is a terrific addition to our output. It is such a terrific network and is doing some remarkable things in bringing together the nexus between the expertise that we have had with our broadband and letting that be expressed in a digital platform in terms of television. We have been on air for only part of this year—as I said, since we launched ABC2 here in Parliament House in March. In fact, the minister launched the network. It really is a great encouragement to us. We would like to do more.

Mr Pendleton—The other significant service that has grown over that period is our new media services, the broadband and narrowband services. I think in 1995-96 the ABC was spending in the order of \$500,000 to \$1 million on those sorts of services. They have grown dramatically in line with the market generally.

Senator CONROY—How many of these new or extended functions for the ABC have received supplementary funding?

Mr Pendleton—We have received supplementary or additional funding under the National Interest Initiative, which we have been receiving for about five years now. The number of services that we have extended have been funded from that. But we have funded the other services from within our own appropriation.

Senator CONROY—Do you have any calculation of what the additional cost to the ABC of providing these new or extended services has been? You have received some moneys, but it has cost you more than the moneys you have received, I am guessing.

Mr Pendleton—The National Interest Initiative funding was again quarantined very much towards those services. There has been a number of new services we have started—ABC2. We have grown new media. We have absorbed other costs. Captioning costs have grown substantially over that period. We could add those up.

Senator CONROY—Just so we can see. So with a reduced amount of money you have actually provided all these extra services?

Mr Pendleton—Yes.

Senator CONROY—You have received some funds, but there has been a shortfall. I am just interested in what that shortfall would be, just in terms of this argument about your receiving more money.

Mr Green—One of the other very encouraging examples of this extension has been the regional production fund and the way in which money has been used. Just the other week I went to the Newcastle Music Awards, which I think are in their fourth year. Newcastle of course is the home of silverchair and some other successful musicians. That is in the context of the ABC support for its local radio services. The director of radio, Sue Howard, might have some more to say about these things.

Ms Howard—I think you have covered it beautifully, Mr Green.

Senator Coonan—The figure for funding is \$72.1 million over four years, with the creation of new regional and rural programming. The government has then committed a further \$54.4 million to continue the program over three years from 2005-06. It has also committed an additional \$4.2 million, ongoing and indexed, to meet the increased cost of purchasing new TV programming.

Senator CONROY—Is the ABC's triennial budget submission completed yet?

Mr Pendleton—The last polishing is being done on it and we expect to have it to the minister this week.

Senator CONROY—How do you see the KPMG report fitting into the funding process? Didn't you hope to get the report before the triennial submission was complete?

Mr Pendleton—That was the original plan. I understand that consideration of our final submission will be done in the context of the final report from KPMG when it is completed.

Senator CONROY—Minister, I am just looking at the press release I referred to earlier. You compare the amount of money the ABC received in 1995-96 to what it receives this financial year. The next line is an intriguing statement:

The Government's funding of the ABC has been maintained in real terms since 1997.

You were in government before 1997, weren't you?

Senator Coonan—1996.

Senator CONROY—Was that a typo?

Senator Coonan—I do not think so.

Senator CONROY—Why did you pick 1997 rather than 1996?

Senator Coonan—I would have to check it. I will get back to you on it.

Senator CONROY—Off the top of your head, do you think that if you put the year 1996 in there you could make that statement in the rest of the sentence?

Senator Coonan—I am not speculating.

Senator CONROY—Take a wild guess.

Senator Coonan—No, I am not going to have a wild guess. I do not do that. I try to be accurate. I will just have to dig up the media release and have a look at it.

Senator CONROY—It is dated 6 October.

Senator Coonan—It says:

In 1995-96, the ABC received a total appropriation of \$522.24 million. If this figure is indexed to today's money it equates to \$710.37 million. That is compared to the \$792.1 million in Government funding the ABC will receive this financial year.

The Government's funding of the ABC has been maintained in real terms since 1997.

I do not see that that is inconsistent.

Senator CONROY—One is a nominal figure, as in dollars.

Senator Coonan—That is right.

Senator CONROY—And one is a claim about the real level indexed to inflation.

Senator Coonan—Yes.

Senator CONROY—I understand that funding was cut by \$66 million in the first year of your government.

Senator Coonan—That was, as you would appreciate, Senator Conroy, because your government had left a rather large hole that the government had to fill. The ABC, along with just about every other agency, had to make some contribution to filling it.

Senator CONROY—Do you believe that the government's funding of the ABC has been maintained in real terms since 1996?

Senator Coonan—Yes, I do.

Senator CONROY—No, I said 1996.

Senator Coonan—Since 1996, yes. Since 1997.

Senator CONROY—The press release says 1997. What I asked was: do you believe that the government's funding of the ABC, given that \$66 million cut, has been maintained in real terms since 1996?

Senator Coonan—Yes, I do.

Senator CONROY—1996?

Senator Coonan—1997. Just maintained since 1997.

Senator CONROY—But what I am asking you is: do you believe that the government's funding of the ABC has been maintained in real terms since 1996, when you came to government?

Senator Coonan—I thought I said 1997.

Senator CONROY—My question is: do you agree with the statement, not the one that is in your press release—

Senator Coonan—Yes, I agree with that.

Senator CONROY—Do you agree with the statement that says the government's funding of the ABC has been maintained in real terms since 1996?

Senator Coonan—I am not going to do that on the run. I will calculate it and I will let you know—

Senator CONROY—I am just guessing that—

Senator Coonan—No, I will take it on notice.

Senator CONROY—I am just guessing that, if what I have just said were a true statement, you would have written '1996' there rather than '1997'.

Senator Coonan—As you know, I have written '1997'. If you want me to do it on a different basis, I will take it on notice and I will do the calculation.

Senator CONROY—Not a different basis, just an extra year.

Senator Coonan—I will do the calculation.

Senator CONROY—The life of your government.

Senator Coonan—I will do the calculation.

Senator CONROY—Thank you. I will move on. During the last estimates we talked about the excellent ABC Asia Pacific service. I understand that you have just got the service into India. What is the extent of the coverage now for the service?

Mr Green—Yes, the service is now going into India. During the football finals I believe it even got a bit further, such as into places where Australian forces were working so that they could watch the grand final.

Senator CONROY—Well done! Now that the government has put the service out to tender, has the ABC submitted its tender?

Mr Green—Yes, we have.

Senator CONROY—Is the nature of the service that is requested basically the same as is currently provided?

Mr Green—I am somewhat constrained in making any comment about our tender because of the undertaking we have made to DFAT.

Senator CONROY—Perhaps I can clarify the question. I was asking about the nature of the service that is requested. What has the government asked for, not what you have put in at this stage?

Mr Green—That is on the DFAT website.

Senator CONROY—In your opinion, is the nature of the service that you are tendering for basically the same as you currently provide? Are there any differences?

Mr Green—I am not in a position to comment on that.

Senator CONROY—Is the tender document not a public document?

Mr Pendleton—The tender document would be.

Senator CONROY—I am asking you to comment on a public document and whether it is the same as—

Mr Pendleton—I will have to take that on notice, I am afraid.

Senator CONROY—Has anyone in the room worked on the tender document?

Mr Green—No, I do not think so.

Mr John Cameron—No-one here is an expert.

Senator CONROY—Would Mr Balding be able to answer that question? Was he working on it?

Mr Green—Possibly.

Senator CONROY—I guess if Mr Balding was here he could have answered that question, but he is not. Minister, could you perhaps help us. The ABC do not have anyone here who is familiar with it. Are there any significant differences between the existing service and the current one that is being tendered for, of which you are aware?

Senator Coonan—I cannot help you. I have not gone into the intricacies of the differences. But I do know that it is subject to an interdepartmental committee that is assessing the tenders now.

Senator CONROY—Could the ABC take that on notice and come back to us? Minister, could you ask the department to come back to us?

Senator Coonan—Yes.

Senator CONROY—Ms Williams, you must have drafted the tender in consultation with DFAT. Someone must know something about this damn tender.

Ms Williams—Senator Conroy, I think people are being particularly careful because it is a very sensitive tender; therefore, they would not want to do anything—

Senator CONROY—I am not asking for any commercial information.

Ms Williams—I understand what you are saying, but I think people are being particularly careful, so it might be better to take this on notice.

Senator CONROY—Why are the tenderers not allowed to talk about it?

CHAIR—I think the secretary has given you the answer.

Ms Williams—We want to be very careful that we do not step across probity guidelines. I was not involved in drafting the tender.

Senator CONROY—To be clear, I am not trying to get any information about the ABC's tender or anybody else's; I am not going there at all. I just want to find out whether or not the service that is currently provided will be different to the new service. Somebody must know the answer to that.

Ms Williams—I am afraid I was not involved.

Senator CONROY—I appreciate that, Ms Williams.

Senator Coonan—It is really a DFAT process, but we obviously have a role. We will take that on notice and see if we can give you that information.

Senator CONROY—I am just perplexed as to why the ABC are afraid they are stepping across probity, and Ms Williams is being very careful and concerned. If you could come back to us, that would be good.

Senator Coonan—If it is in the tender document—obviously you are quite right—

Senator CONROY—I just have not read it.

Senator Coonan—As you develop a response to a tender, it may be that gives you some competitive advantage as to how you see your meeting that particular part of the tender.

Senator RONALDSON—Is this an extension over and above what is being provided at the moment?

Senator CONROY—That is what we are trying to find out.

Mr Green—Our contract with DFAT to provide the service concludes in August of next year. The department is going to tender to arrive at who might be the service provider for the next contract.

Senator RONALDSON—What year do you come into it?

Senator CONROY—All I am trying to find out is whether they are tendering for the same thing or it is different. Are there extra or fewer things involved? One of the suggestions that has been put to me is that there is less emphasis on educational services as part of the tender document. I am just trying to ascertain whether that is right.

Senator Coonan—The tender should speak for itself, so let us have a look at it.

Senator CONROY—I have not seen the previous tender document. I am hoping that somebody who has seen both can tell me whether there are more or fewer educational services.

Senator Coonan—The best thing is we will take that on notice and provide an answer.

Ms Williams—If I can emphasise what the minister has said, when the ABC refers to the department it is not us but the Department of Foreign Affairs and Trade. They are leading it.

Senator CONROY—I do appreciate that. I was more asking the ABC rather than trying to catch you guys out. I understand, and maybe Mr Green or Mr Pendleton are able to help me. I understand the tender requires weekday news and current affairs content of 25 per cent. I am trying to find out whether that is the same as it currently is. Educational content is not a requirement. I understand it was previously. English language learning is not specifically mentioned at all in the tender. I am trying to find out what sort of comparisons are able to be made on what you are tendering for—not what you have tendered but what you are tendering for. If you can take those matters into account, that would be good. There have been some recent reports that the tender documents were changed at the last minute because DFAT wanted to exercise more control over what is broadcast. Is that right?

Mr Green—I am not clear about what the Department of Foreign Affairs have done in relation to that matter.

Senator CONROY—Was the DFAT requirement inconsistent with the ABC Act? You must know the answer to that one.

Mr Green—The ABC Act allows the Commonwealth to give direction to the corporation in very limited circumstances. The minister may request that the ABC broadcast material, but there is no capacity in the ABC Act for the Commonwealth to ask the corporation not to broadcast material. I understand that there may have been some difficulty with that—

Senator CONROY—It is beyond difficulty. I understand the ABC actually could not tender unless the document was changed. Is that correct?

Mr Green—I understand that was an issue that was discussed.

Senator CONROY—No, not ‘discussed’. Is it a fact that without that change you could not even tender?

Mr Green—I do not want to be coy about this, but section 4.5 of our undertaking in relation to this tender is that we are prevented from discussing anything about it. So I do not want to say anything more in relation to what we might have put in or any issues that we faced in putting them in or whatever.

CHAIR—I think we have to respect that position.

Senator CONROY—You can have that view, Chair. I appreciate the contribution.

CHAIR—I am glad that you appreciate my advice. I think it is fairly clear that the officials are constrained by that.

Senator CONROY—It just seems a bit strange, because we are talking to the government as well with Minister Coonan here. I am struggling to come to terms with the government, who set the parameters of the tender, sitting in the same room as one of the tenderers and no-one wants to talk about some fairly startling news that it appears—and the ABC have not denied it; in fact they have indicated that there were some issues that required discussion—that they were in fact unable to tender unless they got a change to the tender document. Minister, are you aware of this?

Senator Coonan—No, I was not.

Senator CONROY—Have you been briefed on this?

Senator Coonan—No, I have not been. Maybe they are questions for DFAT. They have the carriage of the tender. I am certainly not aware of the matters.

Senator CONROY—Ms Williams, I am shocked. I have a heading here that says ‘Aunty Says No to DFAT Control’, Mark Day, *Australian*, on 20 October. Does your department do any monitoring of the media at all?

Ms Williams—I am sure they do, but I have to say that I was not aware because I was overseas on the 20th.

Senator Coonan—We both were. We were together, Senator Conroy.

Senator CONROY—This is like the three wise monkeys: hear no evil, see no evil, speak no evil. When you are away, Ms Williams, who looks after the show?

Ms Williams—We have an acting secretary. Could I emphasise what the minister said: this has been led by DFAT.

Senator CONROY—I did not understand that the government worked in such silos—that the department for communications responsible for the ABC, when it sees a headline that says ‘Aunty says no to DFAT control’, did not ask a single question of DFAT?

Ms Williams—I am sure we would have asked a single question about it, but the details really have to come from DFAT.

Senator CONROY—You asked a question, which means I am allowed to ask you —

Ms Williams—Of course we monitor it, but we are not in charge of the tender.

Senator CONROY—I am asking you whether you were aware there was a problem.

Ms Williams—I personally was not, but I have only just come back —

Senator CONROY—Ms Williams, you are here representing the department.

Ms Williams—Yes, I realise that.

Senator CONROY—Not yourself personally; otherwise, we could set you up at a table over there.

Ms Williams—I am sorry, Senator Conroy, I thought you had said—

Senator CONROY—Is there anyone else in the hundreds of people you have brought with you to help brief you for estimates who may be aware—

Ms Williams—I have three departmental people here. I will ask them.

Senator CONROY—Thank you.

Ms Williams—I understand we were aware of the press reports, but since it had been resolved and it was a matter for DFAT we did not inquire further.

Senator CONROY—You were vaguely aware there was a problem but you do not have any—

Ms Williams—No, we understood it had been resolved, so we did not think it was important to inquire further.

Senator CONROY—But you must have—

Senator Coonan—Since it had been resolved there were other priorities.

Senator CONROY—You never actually found out what it was that was resolved?

Ms Williams—We monitored it, but since it was resolved we did not think it important to—

Senator CONROY—That is not what I asked you. You never bothered to find out what it was that was resolved?

Ms Williams—The press reports were quite clear, I gather. I have not seen them.

Senator CONROY—The press reports are just sources. I am seeking to confirm whether it is true. You have now indicated that your department was aware of it; you have inquired about it. Was it true that the ABC were unable to tender unless DFAT changed their tender guidelines document? This is not a national secret. It will not be sedition. I will even get you a lawyer.

Ms Williams—I understand there was a change to the documents prior to the tender being lodged but that by the time it was lodged the problem was resolved. As for the details, I am afraid you will have to go to DFAT.

Senator CONROY—When you say that, you do not want to answer that question or you do not know?

Ms Williams—I do not know the answer.

Senator CONROY—No-one with you knows the answer?

Ms Williams—No.

Senator CONROY—But there was a change?

Ms Williams—Yes, I gather there was.

Senator CONROY—If the ABC lost the tender, what effect would that have on your domestic operations?

Mr Green—I do not wish to explore that option.

Senator CONROY—I assume some of your foreign based journalists, who are doing work that provides information into your programming, would have a problem? It is logical; it makes sense, if they are not producing for anything.

Senator RONALDSON—Mr Chairman, isn't this question hypothetical? How can Mr Green possibly answer this?

CHAIR—He was asked about the impact on their organisation of them not holding the tender, and he feels he does not want to go down that pathway. I suppose, Senator, we should respect the views of Mr Green on that matter.

Senator CONROY—I appreciate that the government is trying to apply a gag to the ABC on a whole range of matters—

Senator Coonan—Senator Conroy, that is a totally over-the-top comment.

Senator CONROY—So a clause in a document that says you cannot talk about this, even to Senate estimates, is not a gag, even when you are directed?

Senator Coonan—Confine yourself to the case in point. Do not say 'in a range of matters'. We are not trying to gag the ABC. There is absolutely no foundation for that statement.

Senator CONROY—If the government drafted a document that said the ABC have to sit in front of us in estimates and refuse to answer questions, that would be the government gagging the ABC?

Senator RONALDSON—Senator Conroy, you asked Mr Green a hypothetical question. You are going back to the question before.

CHAIR—And he does not want to speculate.

Senator CONROY—Minister, is the decision on Asia Pacific TV a cabinet decision in the end?

Senator Coonan—Yes, it will be.

Senator CONROY—When do you expect the decision to be made?

Senator Coonan—Reasonably soon, but I do not know when it is listed.

Senator CONROY—I am going to do a parliamentary search on how many times you have given that answer 'Reasonably soon' to my questions, Senator Coonan.

Senator Coonan—I am always very responsive.

Senator CONROY—I know that, and ‘Reasonably soon’ is your favourite answer.

Senator Coonan—Yes, and it is usually right.

Senator CONROY—Each time you say it, it normally is. Given that Mr Green and the rest of the ABC appear to be completely gagged in answering my questions on this, I will move on.

CHAIR—Very good, Senator.

Senator CONROY—Mr Green, the ABC has often talked about the importance of getting the ABC on all media platforms, so I would like to talk about the arrangement you have with Foxtel. Last year you announced that the ABC have secured access to Foxtel’s satellite platform. Can you inform the committee how much this access costs the ABC annually?

Mr Green—We are very keen about being on whatever platform emerges by way of new technology, whether it be our television services on new mobile phone technologies or getting our signal to people that previously would have had difficulty in receiving it. In relation to our arrangements with Foxtel and the satellite service, I will ask David to help us.

Mr Pendleton—The annual cost is in the order of \$1 million.

Senator CONROY—You have to buy space on the Optus satellite; is that right?

Mr Pendleton—Yes, on the transponder.

Senator CONROY—Are there any other options apart from Optus?

Mr Pendleton—Other satellites? I might have to refer that to the director of technology and distribution.

Senator CONROY—There are new satellites going up all the time.

Mr Pendleton—I think the next one due to go up is D1, but I am not sure where Foxtel take their services from.

Mr Knowles—In order to provide access to this platform, it has to be on a satellite which is in the same position in the sky as the Foxtel one, so there is no alternative.

Senator CONROY—There is no other alternative technologically?

Mr Knowles—No.

Senator CONROY—You are confined to this?

Mr Knowles—Correct.

Senator CONROY—You do not have to pay access to Foxtel cable, do you?

Mr Knowles—On the Foxtel cable, Foxtel is carrying our services as part of an agreement we struck with Foxtel at the outset of the cable being installed.

Senator CONROY—Is that a no?

Mr Knowles—That is a no.

Senator CONROY—What arrangements do you have with the other pay TV operator, Austar?

Mr Knowles—Austar is also able to access our services through the satellite service. Austar, as you know, provides its services only through satellite and all Austar subscribers are able to access the same service that is available on Foxtel.

Senator CONROY—Austar announced in May that its personal video recorder, their version of IQ, will have a dual tuner; one tuner will pick up digital free-to-air channels, the other Austar's pay TV channels. Did the ABC ask Foxtel to pursue this approach?

Mr Knowles—That question is a matter for the pay providers.

Senator CONROY—No, I asked if the ABC asked Foxtel. That is a matter for you.

Mr Knowles—No, it is a matter which in fact was in discussion at the time with the department, discussing various options for satellite. Foxtel operates the economics of its business separately to ours. Indeed, the Foxtel delivery platform provided us with access to quite a large number of subscribers who perhaps do not even have access to digital television.

Senator CONROY—Did you pay for that Austar arrangement you mentioned earlier?

Mr Knowles—No, it works on the same basis. We provide the transponder and they provide the access directly. It is the same feed.

Senator CONROY—That is all I have at this stage. I have a couple to put on notice, which I will do.

Senator ADAMS—I hope Ms Howard will be able to answer my question. How much notice does the ABC take of its consumers' requests, as in petitions for certain programs to be continued when they are discontinued, and what is the process you use?

Ms Howard—I am sorry, I have no idea what you are referring to. I cannot recall a petition for a program—

Senator ADAMS—I will go on. I am from remote Western Australia. We in Western Australia are very proud to have our new facilities, and they are great. What really annoys us is the fact that they have great programs, but unfortunately we cannot access what is there and the expertise that is there. Referring to the 720 Liam Bartlett program, there was a huge petition—and even a web site was put up—to retain that. A similar program runs from 8.30 to 11 in the city, but it is cut off from rural and regional people at 10. I am the only rural senator in Western Australia, and when Liam says in the morning that he is going to interview this person or that person after 10 o'clock, which is absolutely pertinent to rural Western Australia, we cannot access it. I can drive five kilometres and get on top of a hill to listen to it, but other than that I cannot. Regional and rural Western Australia is very upset about this. I wonder whether any notice was taken of what was done with the consumers.

Ms Howard—I gather there was a small petition and a small pressure group which wanted to bring back that particular morning program. The program is a Perth metropolitan program. It broadcasts to Perth; that is its brief. In every regional centre we have morning programs in each station which are designed to broadcast to their region. That is the model around the country.

Senator ADAMS—We have to listen to lifestyle programs on learning how to grow roses and how to do quilting and listen to quizzes when we could be having a really good program; it just does not go down very well. It was not a small petition. It was not a small group of

people that got agitated about it; it was a large one. That is why I am raising it here, because I am asked time and time again, as I travel around the state, 'Is there any way we can get this program back?' This is my opportunity today to say it to the people who actually organise the program.

Ms Howard—It is disappointing that you think that those morning programs deal with issues like quilting and roses. The morning programs that I have heard are actually local public affairs programs, and many of the broadcasters I have heard on those programs I regard as highly skilled. Their brief is to interview people in their region; that is the whole purpose of local radio. Local radio in Perth is for Perth, and that is the brief of the 720 morning program.

Senator ADAMS—We can access the Liam Bartlett program from 8.30 to 10. If it is for Perth, why are we able to get it then?

Ms Howard—Everywhere else in the country, I think you will find that the morning programs go from 8.30 to 10 or 8.30 until 11, and then the last hour is sometimes networked from the city. You seem to have a very unusual arrangement in Western Australia. I am happy to have a look at it.

Senator ADAMS—I would be very happy if you could, and I am sure that most of rural Western Australia would be happy if you did.

Ms Howard—I doubt that the Perth morning program is appropriate to be heard from 8.30.

Senator ADAMS—It is. When the Telstra inquiry was on, it was about rural Western Australia and it was on from 10 until 11. How ridiculous was that? Rural people could not listen to it. There is nothing more frustrating for a person in my position not to be able to hear the argument and the talkback callers coming in on those issues. When the Premier of the state is interviewed between 10 and 11, talking about rural issues, we cannot hear him. I am an avid supporter of the ABC—I am not knocking it—but, by gee, my office is getting more and more people coming in and saying, 'Is there any way we can get them back?' I said, 'Right, Senate estimates, I will have a go.' This is what I am doing.

Ms Howard—I am happy to have a look at it. It appears as though the Perth morning program has strayed a long way from its brief, and perhaps I will start by looking at that.

Senator ADAMS—I think that is very unfair, because it is a statewide program.

Ms Howard—It is not; it is a Perth program which is occasionally heard statewide.

Senator ADAMS—I will be talking to Liam after this. I do not think he would like to think he only deals with Perth, because he does an excellent program. We are suffering through not being able to access it.

Ms Howard—I will take what you have said into consideration. I would, however, reiterate that the morning program from Perth, like the morning program in Brisbane or Melbourne or Hobart or any other capital city, is actually designed for that capital city.

Senator ADAMS—Surely in this day and age of technology, everybody is pretty up with things and it is great. We do not get the morning paper unless we drive 15 kilometres into town to get it. Liam's program actually provides me with what the issues are for the day, and other rural people are in the same boat. I am not being rude about the ABC people, because I think they try hard, but we have to listen to a quiz or some sort of lifestyle thing when we

have got the rest of the day to do that, yet we are missing a vital program that is of great interest to rural and regional listeners of the ABC. We do not go to commercial radio—we are forced to but we do not—we stay on the ABC and we really do want it back. That is it, thank you.

Senator CONROY—Bring back Liam.

Senator ADAMS—Bring back Liam, absolutely.

Senator BOSWELL—Mr Cameron, I wrote to the minister about this because I was so annoyed at the time and she has responded. But I thought I would take it up with you because I believe that you would understand the case of the night of 19 July on the ABC *7.30 Report* when I saw the most blatant and tough piece on Mr Corbett advocating that Woolworths and Coles should be able to access pharmacies. If someone paid you to do a 15-minute piece, you could not have done a better job. Are you aware of the case?

Mr John Cameron—I know what you are talking about, yes.

Senator BOSWELL—Did it embarrass you?

Mr John Cameron—I do not recall it embarrassing me. I think there was more than one—

Senator BOSWELL—If it did not embarrass you, it should have embarrassed you.

Mr John Cameron—There was more than one segment on that issue. I do not know which one you are referring to.

Senator BOSWELL—I am referring to the one where Mr Corbett was televised at Tesco in the UK by, from what the minister has told me, the ABC. He was standing in Tesco, advocating all the benefits that would flow to the users if only the government would allow Woolworths and Coles to dispense drugs. I am sure that you did see it, because I wrote to the minister in protest and I have no doubt that if you were doing your job you would have had a look at it.

Mr John Cameron—I know the story you are talking about. I am thinking, though, that it was one of a number, or one of at least two, where obviously the story was balanced out. There were pros and cons.

Senator BOSWELL—The story was balanced out because you had to offer a public apology for what your producer did. When Mr Tatchell, who was speaking for the Pharmacy Guild, spoke to an adviser you kept the television cameras running, and subsequently had to make an apology.

Mr John Cameron—I know the case you are talking about.

Senator BOSWELL—I found it unreal. No doubt some PR guy had taken your guys out to lunch and they have fallen for a story. You are not there to promote one side of any argument; you have to balance it. That was the most unbalanced program I have ever seen on the *7.30 Report*. I hope I never see the like of another one.

Mr John Cameron—We do not aim to do unbalanced reports. As you have raised it again, I will have another look at it and make sure that everyone is fully across the points you are making.

Senator BOSWELL—It was biased, and it was blatantly biased. It is not something you would expect from the ABC. If Woolworths had paid for 30 minutes of advertising, they could not have got a better promotion from the ABC. You really let the side down, and you admitted so when you had to offer a public apology to the spokesman for the Pharmacy Guild.

Mr John Cameron—That was over one editing technique, that particular apology.

Senator BOSWELL—That is your flagship program, the *7.30 Report*, and normally it is a very good program.

Mr John Cameron—The clarification/apology was offered because we accepted that the editing technique used—that is the off-camera aside—should not have been broadcast in the way it was. As for the wider question of bias, again I will go back and make sure that we are on solid ground, because I do not recall there being a major issue over that on that story.

Senator BOSWELL—You started off with a five-minute build-up of the reasons for this and how much money people would save. That was hard enough to cop. But then the CEO of Woolworths was televised in a Tesco store, saying, ‘Look at this, isn’t it wonderful?’

Senator CONROY—Why do you hate Roger Corbett?

Senator BOSWELL—I do not hate Roger Corbett. Roger Corbett is doing his best for Roger Corbett and his shareholders. But I do not think he has to be aided and abetted by a public broadcaster. I would like you to look at this again, and I am sure that you would come up with the same observation that I have—that it was blatantly biased and not up to the standard of the *7.30 Report*’s normal programming.

Mr John Cameron—It is an excellent program. I will have another look. But I do not recall bias being the source of the complaint, I think it was the editing.

Senator JOYCE—What the ABC says should be unbiased and just and show a balanced viewpoint, because it does not have a barrow to push. Obviously it looked on that occasion as if it did. Within the portfolio of the ABC, can you give me a break-up between your listening audience for Classic FM, Triple J, Radio National, local radio and world news? If you call the whole lot 100 per cent, what is the percentage break-up between them?

Mr Green—I will ask the Director of Radio to respond. In terms of our radio services, some are designed to be broad based and attract a large audience and some are designed to be specialist. The balance between the two is part of the way in which the division is run.

Ms Howard—Are you talking about listening audiences?

Senator JOYCE—Of the 100 per cent of the people who listen to the national broadcaster, what is the split-up between Classic FM, Triple J, Radio National, local radio and world news?

Ms Howard—I am not sure if I have figures that could cut it for you that way. I am happy to take it on notice. The ABC radio share of the whole listening audience, including all commercial radio, is somewhere between 25 and 35 per cent, depending on where we are. Of that, local radio probably has the bulk, then Triple J, then Classic FM, Radio National and NewsRadio after that.

Senator JOYCE—Classic FM is ahead of Radio National?

Ms Howard—Yes, it is, by and large.

Senator JOYCE—That is something we should be taking to the health minister. Do you have any program for the further roll-out of Triple J?

Ms Howard—I will ask Mr Knowles. We have recently had a round of self-help.

Mr Knowles—The major extension of Triple J at the moment is a self-help arrangement, whereby the councils who are interested in doing it are obtaining a subsidy to allow them to go out to the smaller centres. That is part of the regional program funded by the government.

Senator JOYCE—In regional areas, it is not an either/or thing, that you either get Radio National or Triple J; you can get both. I am thinking of Townsville, where I am from. There is no angle to this question, it is purely information that I am trying to get. There is a proposed digital roll-out. What are your views on that?

Ms Howard—You mean the new digital radio?

Senator JOYCE—Yes.

Ms Howard—The policy announcement?

Senator JOYCE—Yes.

Ms Howard—It is a fantastic thing, from our point of view. It will allow two things to happen. Services which are currently not heard or are heard badly, because they are scratchy or they are not picked up very well, will be heard in CD-quality stereo. It will also allow, with any luck, a proliferation of greater radio services than are currently provided in Australia.

Senator JOYCE—More radio services?

Ms Howard—Yes.

Senator JOYCE—And better quality?

Ms Howard—Much better quality.

Senator JOYCE—What about the reach of those radio services?

Ms Howard—It is a bit untested at this stage, especially for regional Australia. That is probably a question that should be put to the department a little bit further down the line.

Senator JOYCE—More and better, but you are uncertain about the reach. How long do you envisage before you get your teeth into the digital roll-out?

Ms Howard—We are hoping to see services within perhaps three years.

Senator JOYCE—Three years?

Ms Howard—One of the issues for Australian radio is how to fit all of the services into the new digital spectrum. In three years time, with any luck there will be a compression called aacPlus, which is being developed in Korea, which looks like it will be very useful for Australian digital radio. Around about the time that we hope we will be able to launch digital radio properly, that service should be well and truly available, with receivers on sale.

Senator JOYCE—Will you be able to dovetail the development requirements into the capital expenditure you have at the moment for your current AM/FM for rolling out digital?

I do not know whether it is transponders or towers or however you deliver it, but would the majority of your capital infrastructure be in place now?

Mr Knowles—We hope that the digital transmissions to a large extent will be able to make use of the existing infrastructure, particularly television towers. But that is a matter to be tested in the marketplace. As you are aware, those services are provided by a service provider to the ABC and are funded directly by the government.

Senator JOYCE—It is not a major quantum leap. You do not have to build new towers or anything like that?

Mr Knowles—There will probably be a need for some additional small towers in order to provide the coverage match within those markets, because of the different characteristics of the signal.

Senator JOYCE—You are pretty confident about your content, are you? You are happy to stand behind trademarks such as Triple J, Radio National and local radio? You are not overtly scared about anybody coming in on your turf and pushing you out?

Ms Howard—No. We hope to expand new services as digital radio arrives as well.

Senator CONROY—I have been reading speculation that the ABC is possibly involved in bidding for rights to the AFL. I am wondering if you could confirm or deny that?

Mr Green—There would have to be a further funding efficiency and adequacy review, if that were to be a possibility. The amount of money involved is well beyond our resources, even if we were able to do so.

Senator CONROY—I did not mean an individual bid, that you were bidding individually.

Mr Green—I wonder whether the Director of Television has anything to add to this?

Mr Ward—No, I do not have anything to add to what you have said at this stage.

Senator CONROY—Are you considering being involved in a consortium to bid for the AFL rights?

Mr Ward—I think I would like to take that question on notice. I am not sure where we stand at the moment.

Senator RONALDSON—Is it part of an Australian drama?

Senator CONROY—Why would you need to take that on notice? You are the man; why would you take that on notice?

Mr Ward—Because I am not 100 per cent sure where that issue is at the moment.

Senator CONROY—I presume that means that you are considering being part of a consortium?

Mr Ward—I am just aware of some discussions that have gone on, yes.

Senator CONROY—Your name is Michael Ward and you are in charge of TV at the ABC. I would hope you are aware of any discussions. Unfortunately, nodding does not get me an answer in *Hansard*, Mr Ward. You will need to speak.

Mr Ward—We are happy to take that on notice.

Senator CONROY—I am not. If Mr Ward is engaged in conversations—and I cannot believe they could possibly be taking place without Mr Ward being involved—then I am just asking to have it confirmed.

CHAIR—It might be commercially sensitive.

Senator CONROY—They have not run that defence. I appreciate that everything that goes on at the ABC now is apparently commercial-in-confidence, but I was just wondering whether Mr Ward could confirm whether or not he is engaged in discussions about participating in a consortium to bid? I then want to go on to ask other questions if it is the case, like: do you think it is part of the charter to have the footy on TV?

Mr Ward—In answer to that question, I cannot confirm that, no.

Senator CONROY—You are aware of—

Mr Ward—I cannot confirm that we are engaged in discussions at this moment, no. I cannot confirm that.

Senator CONROY—I know you are not engaged in discussions at the moment, because you are talking to me. But if you are going to be semantic—

Mr Ward—No, I was not going to be semantic.

Senator CONROY—If we are going to be silly, you mentioned earlier you were aware of some discussions. When did those discussions take place?

Mr Ward—When did they take place? I understand there were some recent discussions.

Senator CONROY—Recent discussions?

Mr Ward—I cannot tell you exactly when. I was not involved in them.

Senator CONROY—Is recent three months? Is recent one month? Is recent yesterday?

Mr Ward—It could have been within the last month. I was not directly involved in the discussions.

Senator CONROY—But they could not take place without your approval, could they?

Mr Ward—They may have taken place, but, no, they did not take place—

Senator CONROY—Are the ABC running amok underneath you?

Mr Green—We are in an interim arrangement with management of Television, and Michael is involved in a principal part of it. There are some other parties. The managing director has an overview and also has the responsibility for television prior to the appointment of the next Director of Television. So what Michael Ward is actually telling you is quite reasonable.

Senator CONROY—Who would make this decision, Mr Green? Are you aware of these discussions?

Mr Green—I am not aware of any discussions.

Senator CONROY—Mr Pendleton?

Mr Pendleton—Not at all.

Senator CONROY—Mr Cameron?

Mr John Cameron—No.

Senator CONROY—We are running out of options here.

Mr Green—That should give you a sense of what is happening or what is not.

Senator RONALDSON—I can understand where Senator Conroy is coming from and, to be honest with you, I am utterly amazed that you would even be contemplating that. From everything that has been said today, clearly there have been some discussions going on. We have Australian drama content down to three hours a week, and you are not seriously telling me that you are contemplating bidding for the AFL rights?

Mr Ward—No, that was not the question I was asked. I can confirm we are not.

Senator CONROY—Now you are really being silly or being semantic about questions, Mr Ward.

Mr Ward—No, I am not. I am saying to the senator that I was not asked that question, and I can confirm that we are not bidding.

Senator RONALDSON—Senator Conroy has asked the question: have you or have you not had discussions with anyone anywhere at any time about bidding for these AFL rights?

Senator CONROY—I think that covers it for me, Senator Ronaldson. I think there is nowhere they can go other than yes or no.

Mr Green—I am not aware of any such discussions.

Senator CONROY—Mr Ward was about to say yes, before you jumped in, Mr Green.

Mr Green—My statement stands.

Senator CONROY—He has already indicated that he is aware that some discussions took place, so the answer has to be yes to Senator Ronaldson's question.

Senator RONALDSON—Yes, in the last month.

Senator CONROY—Mr Ward?

Mr Ward—Sorry, what was the last question?

Senator CONROY—Senator Ronaldson, do you want to repeat the question?

Mr Ward—I am aware of some discussions that have taken place, yes.

Senator RONALDSON—Mr Green, why would you not be aware of that?

Mr Green—Because I am not the Director of Television.

Senator RONALDSON—Who would the discussions be with then? Who would have had the discussions that Mr Ward is referring to?

Mr Ward—The ABC Television Sport department.

Senator CONROY—The sport department?

Mr Green—People ring up with all sorts of propositions, and they may not be discussed at the highest level of the organisation.

Senator JOYCE—Surely if it was the AFL, you would be having discussions about that?

Senator RONALDSON—What if Hunter rang up and said, ‘Do you want to bid for the rights?’ Come on, Mr Green! Did someone approach you out of the blue, and say, ‘Would you contemplate bidding for the AFL rights?’ Clearly this must be—

Senator CONROY—It is well recorded: SBS have put out a statement denying their involvement in a consortium with Channel 9 and Foxtel. Channel 9 cannot carry AFL on a Friday night because it has NSL and it is looking for a partner. The musical chairs have stopped and you are the only two guys left, and there have been reports and speculations that you are involved in discussions. I think Mr Ward has at least confirmed that some, let us say, low-level discussions—if they are below you, Mr Ward, we will call them low—have taken place. Is that correct?

Mr Ward—I understand that is correct.

Senator RONALDSON—Just so I am clear, Mr Ward, below you or potentially above you?

Mr Ward—I understand that it is the ABC Television Sport department, which is within the television division.

Senator RONALDSON—Within your bailiwick?

Mr Ward—That is right.

Senator RONALDSON—So the director of TV does not know about the discussions that the sports department is having in relation to a multimillion dollar potential bid for the AFL?

Senator CONROY—I understand the opening bid for the AFL is \$120 million. But I am not actually suggesting they are being asked to pay for them. I am just interested in whether they are involved. Mr Green, does covering the AFL fall within the charter of the ABC, in your opinion?

Mr Green—We cover it already on radio, and this would be an extension to the AFL commitment on radio.

Senator CONROY—You would not see anything incongruous about being part of a consortium? Let me rephrase that: you would not see it as being outside of your charter to cover the AFL?

Mr Green—It is a significant Australian activity. But that does not mean to say that we would necessarily be involved.

Senator RONALDSON—What sort of bang for the buck would you get for Australian drama production for \$20 million-plus, Mr Ward?

Mr Ward—It depends on what kind of drama you commissioned.

Senator RONALDSON—That is right.

Mr Ward—You would get some telemovies or a mini-series.

Senator RONALDSON—A mini-series, videos? Twenty hours?

Senator RONALDSON—That is about 600 per cent more than you are getting at the moment.

Senator CONROY—I am looking at a story by Caroline Wilson, in which Mr Ian Knight, the ABC sports boss—is that right? He is below you?

Mr Ward—Yes.

Senator CONROY—He is suggesting a proposal would be impossible financially, which is inconsistent with what Mr Green and yourself have said.

Mr Green—Then he goes on to say that—

Senator CONROY—You are aware of this issue, Mr Green. You have been holding out on me.

Mr Green—I am aware of it.

Senator CONROY—So it is a lovely thought, but it is not going to happen, under the terms of you actually having to put any money up front. Is that fair?

Mr Green—That is what Mr Knight has said. I agree with him.

Senator CONROY—He is right. Okay. So certainly you would not be paying any money?

Senator JOYCE—You obviously are aware of it?

Mr Green—I was asked whether I had been involved in any discussions and I said that I have not. I am aware of that press report, but I am not aware of anything else.

Senator CONROY—You saw the story and you did not ask anyone? Did you not pick up the phone to Mr Ward, or even Mr Knight who is quoted, and say—

Senator JOYCE—‘I think we are about to fork out \$120 million, can I run it past you?’

Senator CONROY—Even I will not go that far. Mr Green, you did not contact Mr Ward or Mr Knight after reading this?

Mr Green—Even though I am in the position of coordinating our presence here today, I do not have any responsibility for sport or ABC Television.

Senator CONROY—As one of the responsibilities of being ready and prepped for today about possible questions, it did not occur to anyone that we might be interested in this? There are at least two Victorian senators here and a couple of Western Australians and a South Australian; there is a lot of interest in AFL around the table. It did not occur to anyone that we might ask?

Mr Green—We are happy to respond. We will get back to you.

Senator RONALDSON—Just to be clear, under no circumstances will the ABC—

Senator CONROY—That is not what they said.

Senator RONALDSON—I just want to clarify it. Under no circumstances will the ABC be bidding for these AFL rights. Is that what you are saying?

Mr Green—No, I am not saying that. I am not aware of any discussions that have taken place in relation to our position on this matter. We already have a strong commitment to the AFL on radio and we will—

Senator CONROY—You are not here in a personal capacity, are you, Mr Green?

Mr Green—How do you mean a personal capacity?

Senator CONROY—We could get a separate desk for you. You keep running this, ‘I am not aware.’ This is like having to play 20 questions. We are asking you not in your capacity as Mr Green, we are asking you as the person who answers questions on behalf of the ABC. You have heard Mr Ward admit that the conversations have happened and you have admitted you are aware of an article that quotes the ABC, yet you keep saying, ‘I am not aware.’

Mr Green—That is right.

Senator CONROY—I am intrigued how you cannot be aware, yet Mr Ward is aware and Mr Knight is in the papers.

Mr Green—We are happy to get back to you.

Senator CONROY—You said you are aware of this article?

Mr Green—We are happy to get back to you, and clarify the situation.

Senator RONALDSON—Mr Green, having been made aware of this by Mr Ward, what are your views on it? What is the official corporation view?

Mr Green—My views are not significant. I mean, this is a matter—

Senator RONALDSON—What do you think the corporation’s likely view is?

Mr Green—Well, I—

Senator CONROY—Would you like us to preface it with ‘On behalf of the corporation, would you like to answer this question’?

Mr Green—I am not in a position to respond to that.

Senator CONROY—But you will get back to us?

Mr Green—Yes.

Senator CONROY—What do you currently program on a Friday night around the country—let us narrow it down a bit—in the AFL states?

Mr Ward—In the AFL states, in the time slot at 7.30 there is *Stateline*, *Silent Witness*.

Senator CONROY—I like *Stateline* and *Silent Witness*.

Mr Ward—Yes, and British crime at the moment after that, from 8.30 through to about 10 or 10.30.

Senator CONROY—Does it rate well?

Mr Ward—Very well.

Senator CONROY—Is that a comparative ‘very well’? What do you mean by very well?

Mr Ward—I think on anybody’s terms they rate very well. They get over one million people, five city average metropolitan audiences.

Senator CONROY—What is the average Channel 9 Friday night ratings at the moment for the footy in Melbourne?

Mr Ward—I would have to look that up. I do not know what they are doing in Melbourne—I haven’t got an idea—off the top of my head.

Senator CONROY—I think that has just about done it. I know Senator Ronaldson has been very passionate about the level of ABC drama, which is very welcome to the table and to the debate. I can perhaps give you the name of the Treasurer, as your government has reduced program funding in real terms, before you want to rail against the ABC in the future.

Senator RONALDSON—There is plenty of money there if you get the four accountants to agree.

Senator CONROY—He is the member for Higgins in Victoria, a friend of yours, apparently. I will get you his phone number; you can give him a ring.

Senator RONALDSON—There is lots of money there, Senator Conroy. There will be a bid for the AFL.

Senator CONROY—We can save you any more time.

CHAIR—That concludes the ABC. I thank the ABC for appearing.

Mr Green—I have an update on the burning concern of Senator Conroy about the status of AFL relations. May I indulge by reading—

Senator JOYCE—Was this delivered by SMS?

Senator RONALDSON—A text message from Mr Balding!

Senator CONROY—ABC TV is clearly working well.

CHAIR—This is a demonstration of the up-to-date, contemporary technology that the ABC uses.

Mr Green—There have been discussions that have taken place. They are at a very preliminary stage, and any outcome in terms of the ABC's involvement is unlikely.

Senator CONROY—I am sure you would like that to be said for commercial negotiation purposes, but I appreciate the plug. Was that from Mr Knight, was it, or Mr Balding?

Mr Green—I am not sure who it was from, but it was authoritative, I think.

Senator CONROY—When you describe something as 'authoritative', I can only suggest, why is Mr Balding not here if he is sending you a text?

Mr Green—The text is not from Mr Balding.

CHAIR—We will leave it at that. Thank you very much to the ABC for being here.

Proceedings suspended from 3.58 pm to 4.21 pm

Australia Post

CHAIR—I welcome Australia Post to the table.

Senator CONROY—Last year Australia Post made a record profit despite the fact that the letter business is in decline. Can you explain where the growth is coming from, and would you like to work for Telstra—moving out of the old network into a new network type of thing? No, it is all right, I am joking about the last part.

Mr McCloskey—Well, specifically, you are right that the letters business is in decline, although there was a volume growth of 1.2 per cent in letters and a revenue growth of around

the same amount. But most of the improvement in our performance last year came in the parcel and logistics area and then to a lesser extent in the retail and agency services area.

Senator CONROY—What sort of investment has been required by Australia Post to grow these businesses?

Mr Meehan—Most of the investment has been in generic growth in what we have done in relation to establishing a significant parcels network internally. But we have made significant investments in joint ventures, particularly with the Star Track Express joint venture a number of years ago, and this year we also purchased SWADS, or JR Haulage. That is a New South Wales based transport logistics company. The investment in Star Track was a joint venture, as I said. It was \$750 million between Australia Post and Qantas.

Senator CONROY—So, you have constructed some automated warehousing and loading facilities in Sydney and Brisbane?

Mr Meehan—That is correct.

Senator CONROY—And, as was mentioned, you bought a logistics company and a courier company?

Mr Meehan—That is correct, SnapX, yes.

Senator CONROY—What was Post's capital expenditure last year?

Mr Meehan—Capital expenditure on things just without acquisitions was around under \$100 million on IT, and in other areas of purchases—I can check those figures exactly. I have not got them all—

Senator CONROY—I have got a figure of roughly \$159.4 million.

Mr Meehan—Yes, that would be right.

Senator CONROY—Does that sound about right?

Mr Meehan—Yes.

Senator CONROY—Okay. Those things we mentioned a moment ago, the warehousing and companies, they were funded out of cash reserves, were they not?

Mr Meehan—That is correct.

Senator CONROY—Do you expect the capital expenditure, the 159 sort of figure, to be maintained over the next few years?

Mr Meehan—We would expect that there would be some increase in that expenditure over the next couple of years.

Senator CONROY—I understand that Post made a change to the dividend payout ratio last year. You lifted the ratio from 60 to 75 per cent of profits. Is that right?

Mr Meehan—That is correct.

Senator CONROY—What was the purpose of that? What prompted you to—

Mr McCloskey—Earlier in the year the board reviewed its dividend payment policy and it concluded that, given the strength of the corporation's balance sheet, its cash reserves and its

projected commitments going forward, that a target dividend ratio of 75 per cent was an appropriate one to adopt.

Senator CONROY—That is a big jump, 60 to 75 per cent.

Mr McCloskey—Well, it is a big jump but in fact averaged out over the previous five years our dividend payment ratio had been 81 per cent.

Senator CONROY—Yes. I appreciate the government has been dividend stripping you, but I am just surprised to see you jump back up.

Mr McCloskey—The board reviewed its policy and in the light of all the factors it concluded—and also it reviewed what the top 60 or so listed companies were doing, what their ratios were and the like for comparative purposes, and that was somewhere between 69 and 79 per cent depending on their ratings and the like and—

Senator CONROY—Have you examined that against other postal services offices around the world? I know you have mentioned other companies.

Mr McCloskey—No, it was not looked at against other postal services.

Senator CONROY—So, you looked at it against comparable companies?

Mr McCloskey—Exactly.

Senator CONROY—Well, Telstra have been paying out at about 80 per cent and they are now admitting that they are massively underinvested in their own facility and you are moving back up towards that, whereas you seem to have very successfully built your growth by retaining a greater proportion of dividends, and that has secured your profitability, as opposed to the mess Telstra have made of themselves. So, I am just surprised to see the board making a change in policy. I appreciate you are not on the board—sorry, you are not part of the board. Do you attend?

Mr McCloskey—Yes, I do attend.

Senator CONROY—I am just surprised to see them want to pump up the level of dividends when you are so successfully reinvesting in your own business.

Mr McCloskey—Although we had significant cash reserves and I think projections going forward of cash flow were sufficient to justify, and investment requirements going forward, the analysis of all of that suggested that an appropriate dividend payment payout ratio would be 75 per cent. I should say that it is a target of 75 per cent, and, each time the board is required to recommend to the shareholder the particular amount for an interim dividend or for a final dividend, there are a series of requirements that it must take into account and review that are specified in the Act.

Senator CONROY—So, how much did that in dollar terms increase the dividend for the government, or will it?

Mr McCloskey—The actual payment for 2004-05 was \$286.2 million. That was made up of an interim dividend of \$130.2 million and a final dividend of \$156 million. So, I think for each percentage point rise in the payout ratio reduces our cash balances by somewhere between \$35 and \$40 million a year. So that suggests that it would have been 35—

Senator CONROY—I got about a \$65 million figure that has been suggested to me, but it sounds like it would be more from what —

Mr Meehan—No, your figure is correct.

Senator CONROY—My figure is right?

Mr Meehan—We had a similar profit last year, and our total dividends were about \$220.9 million and this year \$286.2 million.

Senator CONROY—So, there has been a \$65 million increase. That pays for just about half of the IR advertising. It must feel good. All that hard work just so that they can waste it on ads.

CHAIR—Let us move on, I think.

Senator CONROY—Now, can you tell me how the decision to lift the payout ratio was made? Was it an instruction from the minister? Was there contact with the minister?

Mr McCloskey—No, there was no instruction from the minister.

Senator CONROY—Was there contact with the minister? I would be shocked if you said ‘no’.

Mr McCloskey—The background to it was that in a response from shareholder ministers to the corporate plan for 2004-05, the ministers noted the strength of the balance sheet and the cash reserves and thought it might be appropriate in the circumstances for the board to review—it was suggested it might be appropriate to review the payout ratio.

Senator CONROY—How do they do those suggestions?

Mr McCloskey—It was in the correspondence.

Senator CONROY—In the correspondence.

Mr McCloskey—Yes.

Senator CONROY—So they write to you?

Mr McCloskey—Yes, formal response to the corporate plan. Just also by way of background, within the GBE governance arrangements there is a series of—

Senator CONROY—Benchmark tests?

Mr McCloskey—Benchmark tests, exactly, for dividends, and in there it states that they should be in excess of 60 per cent of after-tax profits. And it also emphasises the government’s preference for dividend returns over capital growth. So, it is in that context that the review was undertaken.

Senator CONROY—DOFA describes the procedure in Governance Arrangements of Commonwealth Government Business Enterprises—they have got a brochure or circular; I am sure you have seen it.

Mr McCloskey—Yes

Senator CONROY—And it says:

A GBE's level of estimated dividends and forecast payout ratio is to be agreed annually between the directors and the shareholder ministers through the corporate plan consultation process and should have regard to the maintenance of or progress towards its optional capital structure.

Does that sound familiar?

Mr McCloskey—Yes, that is out of the GBE government arrangements.

Senator CONROY—Now, in that context:

The level of estimated dividends shall be driven by desired capital structure, the profitability, expenditure and the level of agreed future capital expenditure.

And these are dot points:

The proposed dividend payout ratio and estimated dividend payment should be included in the corporate plan for each year covered by the plan.

I was not sure if you said also you do a sort of forward plan over a couple of years—

Mr McCloskey—The corporate plan—

Senator CONROY—Or you do it annually. I am just trying to clarify whether that letter correspondence you received is in response to a one-year corporate plan or an ongoing—

Mr McCloskey—It is a rolling three-year plan that is submitted annually. I think—

Senator CONROY—Okay, rolling three-year. Minister, you are one of the shareholder ministers?

Senator Coonan—I am indeed.

Senator CONROY—Why did you think they needed to increase the dividend payout ratio?

Senator Coonan—I would have to go back and have a look but my recollection is that when the letter was written there would have been a basis for us thinking that there was a good case to have a look at it. But I would really have to go back and check my notes at the time to give you a detailed and considered answer.

Senator CONROY—I know your office are always monitoring these things very closely; are they able to perhaps slip you a note before the end of the evening, because I know you cannot be here tomorrow.

Senator Coonan—I am just not sure but I will see. I do not think so because they are my notes and I really do not think anyone could find my note.

Senator CONROY—Sorry, you keep your own private notes that no one else knows about and then make decisions about—

Senator Coonan—Not necessarily, but the note—

Senator CONROY—Tens of millions of—

Senator Coonan—I no doubt had a recommendation. I had some advice.

Senator CONROY—Yes.

Senator Coonan—But I always in these circumstances come to my own view and I think I made a note about why I—

Senator CONROY—I presume you have a chat with the other shareholder minister?

Senator Coonan—Yes—why I have personally made that decision with Senator Minchin.

Senator CONROY—So, do you think Senator Minchin keeps his own little private notes as well?

Senator Coonan—I have no idea but I know I keep a note.

Senator CONROY—You keep a note.

Senator Coonan—I am a careful lawyer.

Senator CONROY—Yes. When was the decision made by the board?

Mr McCloskey—The decision was made in February.

Senator CONROY—When did you receive the correspondence?

Mr McCloskey—I think it was November. Yes, it was November of last year.

Senator CONROY—Right, thanks. Minister, were you contacted by the Treasurer or the Finance Minister in relation to this, with their views? Was it their suggestion?

Senator Coonan—I do not recall it, if I was. But I could well have had a discussion with Senator Minchin.

Senator CONROY—Just over a cup of tea, no notes?

Senator Coonan—Well, I may have. I do not know. I mean, I am not saying that that did not happen. I am simply saying I have no current recollection of having—certainly I did not have a discussion with the Treasurer, possibly a discussion with Senator Minchin.

Senator CONROY—You are not keeping a diary, are you?

Senator Coonan—Definitely not. Definitely not. And if I did, you would not even be in it, Senator Conroy. I just want you to have confidence, Senator Conroy.

Senator CONROY—Can Australia Post assure the community that its current dividend policy is sustainable?

Mr McCloskey—Absolutely. As I indicated earlier, it is a target dividend ratio and the board looks each time it makes a recommendation at a number of factors, including that series of requirements under the act.

Senator CONROY—I know you made the decision to set a target. When did you make your final decision about whether you were going to meet your target or not?

Mr McCloskey—There is a requirement that the board recommend an interim dividend payment within 60 days after 31 December, and equally a final dividend recommendation is required under the act within 60 days after the end of the financial year. So in both cases the board will consider a specific recommendation at that stage.

Senator CONROY—I just want to move on to franchised Post shops. I understand that Post advertised in the major metropolitan newspapers recently inviting expressions of interest in franchised Post shops. Why has Post decided to set up franchises when you already have a network of licensed post offices? I know we had some of this discussion last time, but I do not think we have actually touched on the actual substantive issue.

Mr McCloskey—We have had a number of trials under way—pilots—for a number of years now and we have concluded that really that the franchise model as an additional, complementary model to the other parts of our network—we have a corporate network and we have a licensed network. We have come to the conclusion that where Post shops are concerned there is benefit to be had in having a niche within our network of franchised outlets that allow us to control the offer, control the presentation, and it would operate quite differently to the existing licensed part of the network.

Senator CONROY—How many franchised offices does Post intend to establish? How big is this niche?

Mr McCloskey—In the short term over the next couple of years the expectation is that we would establish around 60 franchised Post shops. Beyond that the figure is one of around 150, some years after.

Senator CONROY—How does that relate in terms of numbers to your LPOs and your existing shops?

Mr McCloskey—At the end of last year, 30 June, we had a network of 4,477 outlets, of which 2,982 were franchised. We had 862 corporate outlets and in addition to those there were 633 community postal agents.

Senator CONROY—So when you said ‘franchised’, did you mean LPOs, licensed—

Mr McCloskey—Did I say ‘franchised’? I am sorry, I meant licensed, yes. We had 2,982 licensed contractors.

Senator CONROY—Are you able to tell us where they will be located?

Mr McCloskey—Not precisely, but generally they will be in metropolitan areas.

Senator CONROY—And when will they roll out? I think you mentioned 60 by—

Mr McCloskey—Sixty over the next couple of years. Under the EBA that was negotiated last year with the union, we are expecting around 20 underperforming corporate outlets to be converted to franchising outlets. In addition to that there will be some voluntary buybacks from licensees where the offices meet the profile that Australia Post is keen to adopt.

Senator CONROY—So this is the 20 of the 60?

Mr McCloskey—Twenty of the 60 would be corporate outlets that would be converted—underperforming corporate outlets. In addition to that there will be a number of voluntary buybacks. We will seek to buy back some existing licences on a voluntary basis from the licence holders. We will be confirming the four pilot sites that we have had in place for a number of years now and there will be some greenfield sites, or new outlets, established in areas where there is growing demand.

Senator CONROY—Obviously LPOs might be a bit more sensitive, but are you able to identify any particular corporate offices that will be converted to franchises?

Mr McCloskey—No, they have not been identified yet.

Senator CONROY—And the LPOs?

Mr McCloskey—Similarly, I think there is a profile of the type of office that might qualify has been established and there will be offices, for example, that have around 400-plus transactions a day, so they meet a particular profile: they are busy, they have got scope to grow the business if they are franchised and so on.

Senator CONROY—Do you have a budget for the acquisition of the LPOs? How much have you allocated?

Mr McCloskey—We do not at this stage have a precise budget.

Senator CONROY—It is being reported that rolling out the franchises will cost half a million dollars, does that sound right?

Mr McCloskey—I am not sure what that figure might refer to. The franchise licence will actually be sold to franchisees, so there will be an income coming from that. Equally on the other side of the ledger, if it is a voluntary buyback from an existing licensee, we would clearly have an expense associated with that buyback.

Senator CONROY—I am sure you would appreciate some LPOs are concerned about the effect of the new franchises on their business. Do you have like the newsagent's arrangement whereby, once you have set down a newsagent they get a geographic area to look after? Is there an arrangement where Australia Post cannot set up either a corporate or a franchise within a certain distance, in the vicinity?

Mr McCloskey—No, there is no specific territory associated with licensees or with corporate outlets. But equally Australia Post would not have an intention of opening any new Post shops that would directly compete with existing outlets.

Senator CONROY—So, do you determine how they would directly compete by drawing a line on a map and saying, 'Okay, this is the customer base and we will not go across the existing...'? Obviously you cannot know exactly where everybody walks into your store comes from. But is there a notional way that you would calculate that?

Mr McCloskey—I am not certain exactly how it is done but obviously there will be areas that are fast growing areas where we will need to open new outlets. Clearly any new outlets that open may have some impact on a business where the custom might have gone elsewhere previously. But certainly as a principle we do not set up new outlets to compete directly with either existing corporate outlets or with existing licensed outlets.

Senator CONROY—Are you planning on opening any new LPOs in those areas? I am presuming you are not going to put an LPO and a new franchise into the same new suburb that has just been developed on the edge of one of the cities?

Mr McCloskey—No, I do not think we would be doing that at all. Obviously if it is appropriate to have a new LPO in a particular area, we will advertise a licence through a normal competitive tender process.

Senator CONROY—You mentioned that an EBA had been negotiated around the franchises?

Mr McCloskey—No, franchising was included as a part of the EBA that was negotiated late last year.

Senator CONROY—Are the working conditions of employees in franchises the same as corporate Post shop staff? I know that is quite a broad question but—

Mr McDonald—There could be a difference. They are employed under a separate award. The Australia Post staff are of course employed under the Australia Post conditions. We are not a respondent to the separate award that would govern franchising employees or in fact LPO employees.

Senator CONROY—All right, thanks for that. Just on petrol prices, I understand that the US Postal Services reported that every time the price of fuel goes up by one cent it costs the US Postal Service \$8 million. What has been the impact of rising fuel prices in dollar terms on Australia Post's delivery costs?

Mr Meehan—The actual fuel that is purchased directly by Post is pretty well fully hedged. The impact on that is probably going to be about \$4 or \$5 million for this financial year til June 2006. There are a number of increases of course flowing through the network where contractors are increasing their prices because of extra fuel charges in their businesses and we are trying to cover those through increased payments to some of those contractors where appropriate and some pricing reviews in those areas of our business that are fully competitive.

Senator CONROY—You do hedge events?

Mr Meehan—For the oil that we purchase directly, yes, we do that. That is fully hedged til June 2006.

Senator CONROY—How does Australia Post deal with increases in the costs of petrol on its mail contractors? Is there any adjustment or review mechanism in the contract? Is there a rise and fall?

Mr McCloskey—Yes, there is a review mechanism whereby a contractor can seek on a quarterly basis to have the impact of rising fuel prices taken into account in our agreements.

Senator CONROY—If it is agreed is it backdated?

Mr McCloskey—It is not backdated. It would take effect—

Senator CONROY—Even if it is only quarterly, I am—

Mr McCloskey—Quarterly. It used to be six-monthly and the threshold used to be 10 per cent. Earlier this year, in light of the impact rising prices were having, we changed that to quarterly and reduced the threshold to 7 per cent. So where there has been an increase in fuel prices of 7 per cent or more, then the contractors can apply to have that adjustment incorporated into their payments going forward.

Senator CONROY—But they lose the money—like we have all seen in the last, say, three months, petrol prices hitting \$1.30 here in Canberra and more in some places. But they have got to wait; it could be three months or it could be three days, but they are not able to cover off the cost if it hits them during the course of that quarter. They can only get a price prospectively.

Mr McCloskey—No, they get compensated retrospectively for that. Sorry, they get compensated from the end of that quarter if they apply at that stage.

Senator CONROY—But they do not get compensated on what they have incurred previously, just future?

Mr McCloskey—No, it is a review mechanism and it is not applied retrospectively. It is applied for the rise that has taken place in the course of that quarter.

Senator CONROY—How do you deal with falls? Let us say there is a huge slump—

Mr McCloskey—With falls, it is within the contract, as I understand it. It can apply both ways, so it would be open to Australia Post, if there had been significant falls, to trigger a review that could reduce—

Senator CONROY—And that would not be retrospective either?

Mr McCloskey—No, that would not be retrospective either.

Senator CONROY—Are you aware of any of the contracts that have ceased to be profitable as a result of increased fuel prices? I mean they are fairly dramatic increases over the last six months.

Mr McCloskey—I am not aware of any individual contracts.

Senator CONROY—Does Post have a contingency plan in these cases where a contractor could no longer perform the contract?

Mr Newman—There are several really. Firstly, all of our current contracts have a three-month exit clause so, if a contractor was finding they could not cope under the current arrangements, they can elect to exit the contract. But that is a fairly rare thing and I know of no current examples where that has happened. More likely what would happen is, if local circumstances were placing a contractor in the position that was beyond his control and could no longer cope, we would undertake a special review and see if we could assist some way. That is a very rare occurrence, by the way.

Senator CONROY—When a contractor lodges a request for review of the fuel component of income, how quickly does Post process the request?

Mr Newman—It is processed within that month and is paid from the beginning of the next month.

Senator CONROY—If a mail contractor wins a tender for a mail contract and the price of fuel increases prior to the contractor commencing work on contract, does Post agree to an amended contract prior to the commencement of the contract, or is that just touch luck for the tenderer?

Mr Newman—I am afraid I would have take that on notice. I do not know the answer to that.

Senator CONROY—In February we raised the issue of the cost and complexity of the dispute resolution procedure for mail contractors. This is just a follow up. We talked about the dispute resolution procedures and I think Australia Post told the committee that there were no disputes active at that time.

Mr Newman—Yes.

Senator CONROY—Can I get an update?

Mr Newman—As far as I know, I know of no current disputes in terms of the resolution process, but I may have to confirm it.

Senator CONROY—So you think so far this year there has been none basically, subject to checking?

Mr Newman—Subject to checking, I know of no dispute going through the resolution process.

Senator CONROY—Okay. That is a very careful answer, but I asked about lodged disputes as opposed to ones that have gone to the final resolution process.

Mr Newman—Yes.

Senator CONROY—Is there a difference?

Mr Newman—There is a process that it follows through and, as I said, I know of no current ones. However, I would need to check that, for sure.

Senator CONROY—I appreciate that there is a difference between lodgments and resolution.

Mr Newman—Yes.

Senator CONROY—I am just seeking to know how many have been lodged.

Mr Newman—That is the information I would have to provide you with next.

Senator CONROY—But none of them have gone through to the resolution stage that you are aware of.

Mr Newman—Not that I am aware, no.

Senator CONROY—Could you check that? I am sure that one would easily jump out for you if it was. Has there been any resolution through arbitration or other means?

Mr Newman—Recently? Once again, I would have to take that on notice. I am unaware of any dispute that has gone to arbitration in the last period.

Senator CONROY—What is the mail contract management manual?

Mr Newman—It is a document that describes processes and procedures around the administration.

Senator CONROY—How widely available is it?

Mr Newman—My understanding is that every person involved in the administration of contracts should have a copy of it.

Senator CONROY—Can a mail contractor get a copy of it?

Mr Newman—Not as far as I am aware.

Senator CONROY—Are they involved in the administration of the contract at any point?

Mr Newman—A mail contract—

Senator CONROY—I presume they are, because it is an agreement between two people.

Mr Newman—Had there been a point of clarification relative to a contract, I am sure we could make the manual available.

Senator CONROY—But as a general rule the manual is not available unless asked for?

Mr Newman—Not as far as I am aware.

Senator CONROY—Is there a problem with it being available? There may be; you may say it is commercial-in-confidence from our side of it. But I am just interested in whether we could get a copy tabled here, for instance. I am happy for you to take that on notice. You do not have to say yes or no.

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

Senator CONROY—I am interested to know how confidential it is and if it is available publicly. I am happy for you to take that on notice.

Mr McCloskey—We will take it on notice.

Senator CONROY—Just coming back to the dispute resolution procedure, how does the dispute resolution procedure for mail contractors compare to the dispute resolution procedures available for licensed post offices? Some people have said to me that the LPO approach is a better model. Can you explain to me what the differences are?

Mr Newman—I would have to take that on notice. I could not answer that.

Senator CONROY—Formal arbitration is expensive. Has Australia Post considered reforming the dispute resolution procedure to allow a more cost-effective resolution of disputes between contractors and Australia Post?

Mr Newman—Not as far as I am aware at the moment. But I can take that on notice.

Senator CONROY—That is all the questions I have. There are a few I will put on notice.

Senator MARSHALL—I think all my questions will be to Mr McDonald. Is an occupational health and safety incident report and an investigational action report the same thing?

Mr McDonald—Could you repeat the question, the two reports?

Senator MARSHALL—An occupational health and safety incident report and an investigational action report.

Mr McDonald—No, they are probably separate. The first one would be the report of the incident itself. The second one would be the actual investigation that went on in respect of that incident.

Senator MARSHALL—Which one is referred to as a P400?

Mr McDonald—The P400 is the notification of the incident—the nature of the accident, the time, that sort of thing.

Senator MARSHALL—So that would be the first step in the process.

Mr McDonald—The first step in the process.

Senator MARSHALL—The first step. That would be the occupational health and safety incident report?

Mr McDonald—Yes.

Senator MARSHALL—Are you able to tell me how many P400s were lodged?

Mr McDonald—No, I could check that out for you and get you the information on notice.

Senator MARSHALL—Would you be able to break that down by state?

Mr McDonald—Yes, I could.

Senator MARSHALL—Can you give me the definition of a ‘lost time’ injury?

Mr McDonald—It is an injury which creates a loss—by definition a lost time for at least one day. I cannot rattle off the exact wording off the top of my head, but it is an industry accepted definition which we follow, along with a whole range of other organisations. It necessitates time lost from the workplace and an injury that occurred at the workplace.

Senator MARSHALL—So time lost from the workplace as opposed to actually taking time off and claiming sick leave or compensation?

Mr McDonald—It is related to per million hours worked and it necessitates an injury occurring and time having been taken off in that particular workplace. It does not then load into how many days you had off; it is the fact that it must have occurred and it caused some time off. So it is a number of injuries, if you like, over the number of hours.

Senator MARSHALL—If you actually lose productive time during the course of a day but do not leave the workplace, would that be considered a lost time injury?

Mr McDonald—Yes, it would.

Senator MARSHALL—Can you tell me how many lost time injuries there were in the last financial year?

Mr McDonald—In terms of the definition that is used, we came out I think—and I will double-check this figure for you—around 9.8 LTIFR, which—let me get you the exact figure on what that translates into.

Senator MARSHALL—But what is a ‘lost time injury FR’?

Mr McDonald—Lost time injury frequency rate. It is the number of lost time injuries against I think it is million man-hours worked. It is a ratio. In fact, just to answer the question, for the last year the figure was 9.6 lost time injuries per million work hours, which may have been the figure I said off the top of my head anyway, I think. So it is number of lost time injuries per million work hours, which was 9.6. I am happy to say we are travelling better than that at the moment.

Senator MARSHALL—You may want to take this on notice, but can you break that down by state for me, too.

Mr McDonald—Yes, I can, and I will take that on notice.

Senator MARSHALL—Do you actually know how many lost time injuries, though.

Mr McDonald—Yes, I do—not off the top of my head, but I can give you that.

Senator MARSHALL—And by state.

Mr McDonald—Yes.

Senator MARSHALL—How many compensation claims were lodged with Australia Post in the last financial year?

Mr McDonald—Again, I can check that for you. We do have that information, and I can provide it.

Senator MARSHALL—Can you break that down by state for me, too?

Mr McDonald—Yes.

Senator MARSHALL—You may not know this, as a consequence of that, but how many of these were accepted upon first determination?

Mr McDonald—No, I do not know that. I will go back and check those figures.

Senator MARSHALL—Again, we will just assume we can do that state by state for all of these questions?

Mr McDonald—I think we can. That is probably a little bit more of a jump, but I would think we should be able to provide that information.

Senator MARSHALL—You will probably have to take this on notice, too. I am just wondering how many employees with rejected compensation claims requested a review of the determination?

Mr McDonald—We have that detail and I will get that for you.

Senator MARSHALL—Could you also advise me on how many of those reviewable decisions were accepted, after the review, of course?

Mr McDonald—Yes.

Senator MARSHALL—How many employees chose to appeal these decisions to the Administrative Appeals Tribunal?

Mr McDonald—Again, I cannot tell you the numbers off the top of my head, but we do have that information. Again, I can break it down by state if that helps.

Senator MARSHALL—Can you also find out for me how many of those cases were settled at the conciliation stage and in whose favour?

Mr McDonald—Over what period?

Senator MARSHALL—The last financial year.

Mr McDonald—Yes.

Senator MARSHALL—We will assume all those questions are for that period.

Mr McDonald—Yes.

Senator MARSHALL—And also how many went to a full hearing and in whose favour the final determinations were?

Mr McDonald—Yes, I can do that.

Senator MARSHALL—I just want to talk a little about your code of ethics and disciplinary code. Can you just explain to me what the difference might be between your code of ethics and the disciplinary code?

Mr McDonald—We have a statement of corporate values, which is in all our statements, which sets down the values and the behaviours that we expect of people in the broad sense.

The code of ethics fleshes that out. If there were an issue where we felt that somebody had contravened that code of ethics, code of values, then what would normally follow would be, obviously, consultation with the individual concerned and, depending on the severity of the breach, that may lead to action being taken under the disciplinary provisions. So the ethics one side and the disciplinary provisions are a subset.

Senator MARSHALL—So in fact they are the same process.

Mr McDonald—They are an extension of the process, yes.

Senator MARSHALL—One is to measure the work performance.

Mr McDonald—We talk of ethics and values in a very positive sense. These are the sorts of behaviours and values we expect our managers and our employees to demonstrate. The disciplinary provisions are where there is an alleged breach, and it spells out the process that needs to be followed for that to be investigated in a fair fashion, and the remedies that might follow.

Senator MARSHALL—How are your employees made aware of the ethics that are applied by Australia Post?

Mr McDonald—There is a written document and it is also enforced through what we call tool box talks, where our supervisors are given briefing notes on how to talk to their staff about a whole range of things, be it the code of ethics, be it our diversity policy, in an ongoing sense.

Senator MARSHALL—Is that widely available?

Mr McDonald—Yes, it is. It is part of our standard personnel practices.

Senator MARSHALL—Is that printed in different languages?

Mr McDonald—It is certainly obviously printed in English. I would need to check whether it is printed in other languages. We certainly provide interpreter or other assistance for our staff in any interpretation of policies.

Senator MARSHALL—You would be satisfied that all employees are aware of the code of ethics?

Mr McDonald—I would hope they are. I cannot speak for every individual employee, but it is a code that has been in existence for a large number of years. We have negotiated changes to it with the union, the staff associations. It is a printed document. I believe it is well known.

Senator MARSHALL—Can you give me the numbers of code of ethics breaches that led to disciplinary action being taken?

Mr McDonald—Let me see what I can get you. The reason I hesitated slightly there—the first stage in the disciplinary provision process is a straight consultation with the individual concerned.

Senator MARSHALL—Would that be recorded centrally?

Mr McDonald—Only if it led to a stage where there was a necessity for what we would call counselling. If there was, there would be a record of that kept. Certainly anything beyond that we do keep and we can get you records of. Again, you are talking in the last 12 months?

Senator MARSHALL—Yes, in the financial year. Would the informal counselling be kept in the local workplace or would your department keep a record of that as well?

Mr McDonald—Informal would normally be kept in the workplace. Once it gets into a formal sense where there is a written file note, that goes onto the individual's file.

Senator MARSHALL—And you would be aware of that?

Mr McDonald—The HR areas in each of the states and in each of the big work centres, yes, they would. It is hard record.

Senator MARSHALL—Is there another level? Is there an inquiry level above that?

Mr McDonald—The counselling is the first stage. It is where most issues flowing from the breaches of the code of ethics would flow to. That is, it is a matter of the person being made aware of where there was a problem and what needs to be done in the future to prevent it. That is where we hope the situation would end. If it goes beyond that, there is an investigation process which is undertaken where there is a delegate appointed who is the person who gets the report from an investigating officer. There are a number of steps laid out in the disciplinary procedures. They are quite extensive about the process that needs to be followed: the right of the individual to be given copies of reports and so on; their right to appeal through to a board of reference. The penalties that might flow from that could range from a move to another position, if it was a severe situation, a drop in remuneration or, in the worst case scenario, it could be a termination situation. If it was a termination, in addition to the appeal to the board of reference there is a right of course of an appeal to the Industrial Relations Commission.

Senator MARSHALL—For those penalties you refer to three different levels of penalty. So you can either be terminated, transferred or fined. What is the level of fine?

Mr McDonald—Sorry, not fined as such. It is a diminution in remuneration, in salary. But those three levels, the drop in remuneration—

Senator MARSHALL—So how much remuneration is dropped? Is that variable?

Mr McDonald—It depends on each particular case. The normal situation might be a drop down to the next level in the classification structure. But it would depend on the nature of the occupation.

Senator MARSHALL—Would it be more than one level?

Mr McDonald—It can be. It can be up to two levels.

Senator MARSHALL—Who determines that?

Mr McDonald—That is determined ultimately by the delegate. So the investigation officer or the investigating team would make a recommendation to the delegate, who is normally a senior manager in the area concerned. That recommendation is given and the report is given to the individual concerned as well as to the manager. The ultimate decision is made by the delegate.

Senator MARSHALL—Are there large numbers involved in those three areas?

Mr McDonald—No, there are not.

Senator MARSHALL—Would you be able to give me the numbers of those that were terminated, those that were transferred and those that had their pay reduced?

Mr McDonald—Yes, I would.

Senator MARSHALL—And also those that had their pay reduced by more than one level?

Mr McDonald—Yes, I can do that for you. Again, the same period?

Senator MARSHALL—Yes, if you could. I understand you will not have the information about informal counselling, but those that got to the level of formal counselling or were cause for an inquiry to take place.

Mr McDonald—Certainly, cause for an inquiry, that information is available. I think I can get you that first stage—that went into a formal note on file. But I just need to check that that information is available.

Senator MARSHALL—Thank you. How many of that category, including those that were penalised, were authorised union representatives, and can you break them down separately in terms of those categories we talked about?

Mr McDonald—I do not know how many would be. Whether or not we would know whether they are an authorised union representative or not, I do not know. I will have a look at it to see if we have that information. Obviously, we treat everybody the same irrespective of whether they are—

Senator MARSHALL—I know, and I am making no suggestion. I am just asking for some information at this point. You would know who all the union representatives are, though, would you not?

Mr McDonald—It would be generally known, yes, in each state.

Senator MARSHALL—Is there a requirement of the union to advise you who their representatives are?

Mr McDonald—Yes. We call them work centres facilities. At each facility level there is a requirement to say who the AURs are. I think I can get you that information.

Senator MARSHALL—Thank you. Those are all the questions I have for you at this time.

CHAIR—Does that conclude Australia Post?

Senator MARSHALL—As far as I am concerned.

CHAIR—Thank you very much for appearing. I hope you get back to Melbourne and have a good day tomorrow.

Mr McCloskey—Thank you, Chairman, and thank you again for your indulgence and to all of the committee.

CHAIR—We now welcome SBS.

[5.09 pm]

Special Broadcasting Service

CHAIR—We are waiting for Senator Conroy. In the meantime, perhaps I might ask you about how successful your cricket coverage this year was and what kind of audiences you received.

Mr Brown—It was very successful. It was one of those test series where the action went right to the final day.

CHAIR—It was, yes.

Mr Brown—On the final day we achieved a 21 per cent share, which is an all-time record for SBS, between six and midnight. That is a measure of that success. More than that, it introduced a lot of new viewers to SBS, which was part of our reason for securing that property.

CHAIR—Have you found that it has flowed on? Are you having a bigger audience share now post the series than you did before?

Mr Brown—Yes, we are experiencing what is called a halo effect. Our average audience up till the end of October stands at 6.3 per cent across the year. That is compared to 5.1 per cent last year. So it has had a marked effect. The underlying schedule has been performing more strongly as well.

CHAIR—What about your second channel? Can you tell us how that has been proceeding and how successful it has been?

Mr Brown—Our second channel is exclusively in languages other than English. In essence, it is a rotation of World Watch content with some updates as well. We do not track the ratings on it.

CHAIR—You do not?

Mr Brown—No. I would be surprised if it were pulling big numbers. I am sure it is not in fact. It is more of a service to a smaller group of viewers who cannot see *WorldWatch* in a timely fashion and therefore can access it at another time of the day.

CHAIR—Are you getting positive feedback on that?

Mr Brown—Yes. I think it is well received. Obviously, we wish more people had taken advantage of digital technology. But if we continue to get lift-off of that technology then I think it will be a significant service.

CHAIR—The uptake of digital is interesting. In many other parts of the world there is multichannelling and interactivity. Do you think that would assist here? You do have multichannelling yourself, of course.

Mr Brown—I think multichannelling is the key. It provides tangible additional services that create demand. I think unless one has that demand then digital is in danger of being a sort of fringe activity rather than a central one.

CHAIR—It is not so much the picture but the other things, I think, that will attract people to digital.

Mr Brown—I think it is all about content.

CHAIR—The interactivity and the multichannelling, I think.

Mr Brown—The international experience is that interactivity is yet to prove a significant driver, but it is an important part of the mix.

Senator JOYCE—Going to your interpretation of the Office of Film and Literature Classification, how do you operate within that code?

Ms Eisenberg—Under the SBS Act, the SBS board is required to develop programming policies. Those programming policies appear in our codes of practice, and the current SBS codes of practice include a reference to the OFLC principles as a guideline. But obviously in the television context and in the SBS context they are interpreted in a way that is appropriate to that context.

Senator JOYCE—Would there be anything that is specifically to be interpreted by someone watching SBS that would be interpreted differently to someone watching Channel 9 or Channel 7?

Mr Brown—Inasmuch as the content that is produced at all?

Senator JOYCE—Inasmuch as the content.

Mr Brown—Our content does operate under a different set of codes than the commercial free to airs.

Senator JOYCE—Why would that be? Are people intrinsically different who watch your television station? Is there something that personifies them as being peculiar or different?

Mr Brown—No, to the contrary, there is nothing peculiar about the SBS audience. No, I think it is the way it has been set up in legislative terms—that we are responsible for setting codes and ACMA is responsible for finally overseeing them. I believe with the commercial broadcasters it is a different approach.

Senator JOYCE—It seems, though, that there is obviously a disparity between how you see the Office of Film and Literature Classification and how Channel 9, Channel 7 and Channel 10 would?

Ms Eisenberg—It is probably easier to respond to a specific example. That would be helpful.

Senator JOYCE—In May you had *Lolita* on. *Lolita* is rated R, if you got it from a video store. How did you manage to get that on?

Mr Brown—It was not rated R for—

Ms Eisenberg—Was that the Stanley Kubrick version?

Mr Brown—The Stanley Kubrick 1960s film.

Ms Eisenberg—I think we would need to take that on notice. There was another version of it which was made a number of years later which had a different rating. R rated content is not permitted on SBS under our codes of practice.

Senator JOYCE—Do you think there is somehow more latitude in SBS? It just seems peculiar. There seems to be a range of examples of things that make it onto SBS—and, being

a father of four kids, yes, I know we should put them into bed early at night—that would not make it onto other television stations.

Mr Brown—All of our codes are subject to a formal complaints procedure. From time to time we do get a complaint about classification. In the event of the outcome of that complaint not satisfying the complainant, it can be appealed to the independent authority, which was the ABA and now ACMA. I think I am right in saying that in recent years we have not had any upholds in that area.

Ms Eisenberg—The only one that I am aware of a number of years ago was an issue relating to whether a program—it was a repeat of the *Movie Show*—should have been rated G or PG. That was one finding where it was found that it should have been classified PG, but it was a borderline breach.

Senator JOYCE—Do you change for different states or does it all come out as a block? Do you have a different timeslot now for Queensland or is it on the same timeslot?

Mr Brown—We have a national signal, but it is shifted so that it is on the same time in each state.

Senator JOYCE—So 10 pm in New South Wales is—

Mr Brown—Would be 10 pm in Queensland.

Senator JOYCE—Without making any assertions about it—I will just read this anyway—on *Queer as Folk*, which is on at 10 pm:

In tonight's episode, there is a hot new stud at Babylon and Brian immediately targets him but is amazed when the guy rejects his advances and he won't accept the fact he's been given the brush-off because that would mean facing his advancing gay mortality. Michael and Ben are proud of how Hunter is handling the backlash at school, but when Ben goes to school to attend Hunter's debate, he discovers what has really been going on for Hunter. Emmett is a success at Channel 5 but Brian's claim that he's just another sexless fag for ratings leaves Emmett with second thoughts about his TV role. Since having plastic surgery, Ted now looks like a hot stud. His extreme makeover has given him confidence and when a lover from his past passes by, Ted takes the opportunity to pay him back.

Does that sound like the sort of thing that my children and someone else's children should have access to?

Mr Brown—It is shown at 10 o'clock at night, which I think would be commonly regarded as an adult viewing time. It is preceded by warnings and it is officially classified MA so that it can be shown. It is a program that would be shown in other countries around the world. There is a British version of *Queer as Folk*.

Senator JOYCE—But is that how we rate things now—that if it is shown in other countries around the world then it is acceptable?

Mr Brown—No. I really only mention that to say that it is not exceptional as being shown here in Australia. It does beg the question of course whether or not Australia should suppress content that is shown elsewhere around the world.

Senator JOYCE—I do not care whether it is two blokes or a bloke and a girl. Either way you put it, it is a dynamic that implies explicitness, even in just how you advertise it.

Mr Brown—The explicitness will be reflected in its classification. I think if you watched it you might form a view that the classification is not inappropriate, not for 10 o'clock at night.

Senator JOYCE—Let us go to something else. Let us talk about things that might be determined by some people to be offensive. Let us go to what is on on Sunday night. This is what is said about *Lost Worlds: The Real Family of Jesus*:

In part one, genealogist Tony Burroughs deals with the common misconception that Jesus was the single child of a nuclear family.

That is news to me. It goes on:

Evidence from the Gospels, history and archaeology as well as the interpretations of religious experts—
I would love to meet them—

reveal that not only did Mary have other children, but that Joseph had a previous marriage that produced children. Interviews with scholars reveal that Jesus had in fact two half-brothers, James and Joseph, two half-sisters, Salome and Miriam, and two full brothers, Simon and Judas. Other family members are revealed including Jesus' Uncle Clophas and Mary's cousin Elisabeth, who was the mother of John the Baptist—another relation and a key spiritual figure in the development of Jesus.

Do you think there are people in the community who might find that offensive?

Mr Brown—It is possible that some people may not be prepared to have an analytical approach to their religious belief.

Senator JOYCE—It is not a matter of being analytical. Do you think people in the community would find that highly offensive?

Mr Brown—My answer stands. I think some people may find it offensive.

Senator JOYCE—I would say some people would find it highly offensive. If you put that on about the Prophet Mohammed, you would be probably end up with bomb threats, wouldn't you? Would you do the same thing about the Prophet Mohammed?

Mr Brown—I cannot answer that. That is a documentary that we have acquired from overseas. If similar material was available dealing with other faiths, yes, we may well carry it. That is a 7.30 evening slot. I do not think there is a classification issue there. You are suggesting there is a sensitivity to religious beliefs?

Senator JOYCE—I am saying that it would be deemed to be highly insulting to some people. That is what I am saying. I am not asserting that. I am saying that it is highly insulting to a range of people and that it shows absolutely no belief by you that other people would find it highly insulting and that you have actually targeted what is the most fundamental, deepest philosophical belief of a whole range of people in our community without any tempering of it by yourself. Do you think that it is a fair thing for the public money of the taxpayers of Australia to go to that sort of program?

Mr Brown—I do not agree with your premise that that is not a legitimate area for scrutiny by a public broadcaster. I think religious beliefs are something that should be scrutinised and discussed and analysed and debated. Certainly for a multicultural broadcaster that services a number of different religious beliefs, it does not seem to me inappropriate. In this day and age where we are talking about the Da Vinci Code, the Holy Grail, the debate about the

Christian faith is wide ranging. I do not think people would ordinarily be offended by the fact that it is being considered and discussed.

Senator JOYCE—But it is using what a lot of people would deem to be the closest most focal point of their lives and basically rubbishing it. What is the factual content of this? This is all new information. Would you stand by this? Do you think this is a factually precise document? You have done the research into it and it has passed your imprimatur as being a factually worthwhile thing to put on television.

Mr Brown—I would have to take that on notice. I have not seen the program. I am reliant on the description you are giving me.

Senator JOYCE—You will get to see it on Sunday night. What is put to me as a representative of the people of Queensland is that this sort of thing prompts them to ask why we bother sponsoring SBS. They give it so much latitude in so many areas, but then it always manages to go that step that just takes it from questioning to insulting.

Mr Brown—I think before one forms that judgment one should see the program.

Senator JOYCE—I am reading what it says. It is on your web site. It is a statement. It makes a statement. It deals with a ‘common misconception that Jesus was the single child of a nuclear family’. That is a statement. It does not say ‘We question’; it says it deals with the ‘common misconception that Jesus was the single child of a nuclear family’. It also states:

Evidence from the Gospels, history and archaeology as well as the interpretations of religious experts reveal ...

It does not question, it does not say it needs to be discussed or that there is an area of doubt. It says ‘reveal that not only did Mary have other children, but that Joseph’ must have been married before and have had children from that marriage. That is interesting. I have grabbed my bible— I cannot find anywhere Joseph’s previous marriage. So where did it come from? It is on your program. It is taxpayers’ money that is going to sponsor this trash.

Mr Brown—As I said, I have not seen the program. I am quite happy to take on notice the consideration of whether that particular listing that you have taken from the web accurately reflects the program.

Senator JOYCE—I want you to take it on notice that we are on notice, that we are watching and that every time this sort of garbage comes out we are going to haul you to task over it.

Mr Brown—I think, with respect, the time to call it garbage is after you have seen it.

Senator JOYCE—I do not have to. This is yours. This is off your web site. This is what it says is going to be on. It does not talk about questioning. It makes statements. It makes statements so my nine-year-old daughter, who can read quite well, can read that and has now come forward with a thing that says, ‘Dad, apparently Joseph was married before and Jesus was not part of a nuclear family and that Mary had other children.’ Who are these half brothers?

Mr Brown—I do not know, because I have not seen the program.

Senator JOYCE—Read your web site, because it is there. We have *Queer as Folk* on tonight, and that says what it is, and then there is this. I cannot see the reason why we bother sending any money your way. Those are my questions.

CHAIR—Senator Lundy has some questions and then Senator Santoro.

Senator LUNDY—I will try to restrain myself from having a subjective spray over the SBS's programming choices, unlike other senators. I would like to go back to the issue that Senator Eggleston raised when he opened the questions for SBS and to congratulate you on your Ashes coverage. You mentioned the quite dramatic improvement in your ratings for that period. Was it equally successful in financial terms for SBS?

Mr Brown—It was a success financially. Most sports events of that nature incur losses. It is hard for any broadcaster, particularly one with limited commercial resources as SBS, to recover the costs contained in both rights and production costs. In this particular case it broke even or maybe a little either side of that equation, which is a very good result, not one we had anticipated.

Senator LUNDY—I missed your response to Senator Eggleston's question about the improvements in your share of audience post that particular screening of the Ashes or, indeed, related sports coverage. Can you comment on that, please?

Mr Brown—Sorry, I missed the end?

Senator LUNDY—Just any flow-on benefits in any increase in viewers that SBS experienced post Ashes coverage?

Mr Brown—Programs like our news, particularly our late evening news, which you will recall was shown during the lunchbreak during the Ashes, so we were able to introduce that program to new viewers who may not have been aware of it before. That has had an increase. Just generally across the schedule, an increase from around what we might have been expecting this year of around 4.95 shares—this is a hard time of year—to more in the region of 5.5 to 5.6 has been quite significant.

Senator LUNDY—Do you attribute that to your Ashes coverage?

Mr Brown—It is hard to distinguish exactly, because pre-Ashes we were already achieving audience increase year on year. So the underlying schedule has been stronger this year than in the last two years, but the Ashes clearly gave it considerable impetus.

Senator LUNDY—I understand you got some extra funding for sports rights in the last budget. Can you tell the committee what other events you are targeting?

Mr Brown—The additional funding I think was \$4.2 million. It was there to assist us to maintain our level of activity. The sort of events that we specifically applied that money to was the coverage of the Socceroos, which we are midway through a contract now, and we wish to negotiate with the FFA to renew that.

Senator LUNDY—Is that for their A-League?

Mr Brown—No, that is the Socceroos. That is the national team playing in international matches.

Senator LUNDY—Will that cover the World Cup qualifier?

Mr Brown—That includes the World Cup qualifier home leg on 16 November. It was maybe eight years ago, when we covered that event, that it gave us our highest single rating ever. It may well be replicated.

Senator LUNDY—Can you remember what it was?

Mr Brown—It was 1.6 million viewers on average across a two-hour spread. The money was also used in the last week to secure the away leg of the World Cup qualifier in Uruguay. That had to be a separate negotiation, which was competitively fought. We secured it and announced that on Friday. At the same time, we have entered into a five-year commitment to bring the Tour de France live, and that carried with it increased costs. We have secured the 2006 World Cup, and obtaining that event and committing to carrying it all free to air obviously has a significant impact on our budgets.

There are other events. The Ashes, when we applied for the money, was not necessarily in mind. We did want to be in a position to respond to opportunities, particularly where events of significance to Australian audiences may not end up on free-to-air television. The fact that we were able to have the additional government funding has allowed us to pursue that event, and we will look for others from time to time, where they fit those criteria.

Senator LUNDY—So all of the events for that additional funding are of national or international status?

Mr Brown—Yes, that is correct.

Senator LUNDY—What is the status of the coverage of the soccer A-League?

Mr Brown—The rights to the A-League are owned. I think it is about a four-year deal with pay TV. They have the opportunity to sublicense that if they wish, but they have not chosen to. That means they could allow part of it to be shown free to air, but at the moment they are retaining it for their own purpose, which is to drive up subscriptions.

Can I just correct myself: earlier I said \$4.2 million; it was \$4.7 million.

Senator Coonan—I was just going to go back to that.

Mr Brown—Thank you.

Senator LUNDY—I think the minister made a note of it when you said that.

Mr Brown—She did. I am short-changing you; sorry!

Senator CONROY—I think you were in the room when there was some speculation that SBS may join Channel 9 and Fox to bid for the AFL rights. I think I saw a press release. I was wondering if you could clarify the SBS position on AFL.

Mr Brown—It is not our intention to join with any organisation to seek AFL rights. The opportunity that was presented to us was to broadcast it in areas where it is not popular, while other partners would carry it in areas where it is. There are practical difficulties with splitting the signal and there are also philosophical difficulties for us in having a sport that does not have a clear national appeal but has strongholds of strength, as we only supply a national signal—with respect.

Senator CONROY—I am very tempted to jump in on your side there, Senator Ronaldson. Collingwood are a national club; there is no question in my mind about that. In fact, they are an international club.

Senator SANTORO—Why don't you do something right today and jump on the senator?

Senator CONROY—So you think that the AFL does not quite fall within your charter?

Mr Brown—I do not think there is a charter issue. I think most sports events involve multicultural Australia and are therefore reflective of multicultural Australia. There was a mixture of practical reasons—

Senator CONROY—But you said 'philosophical'.

Mr Brown—It is philosophical in that, in having a national signal that reaches out to all Australians, we could see difficulties in a sport that, while it has great strongholds, was not in the same style as football and cricket, which have an even spread of appeal across the nation.

Senator CONROY—I may have been very provocative, but I will move on to my next question. In August there were reports of SBS trying to generate savings of over \$180,000 from multilingual radio to establish an English language youth program. Are those reports accurate?

Mr Luu—There are people who would welcome receiving SBS Radio programs. For the time being, because of constraints in air time and also money, we will not be able to do that. The alternative, like much other exercise based SBS Radio, is to try to achieve more efficiency, to save money, to have the seeding program in a common language to cater for the needs of the second, third and fourth generations of Australians. One hundred and eighty thousand dollars is the notional saving we would hope to achieve.

Senator CONROY—So was that a yes?

Mr Luu—Yes.

Senator CONROY—Does SBS Radio have a policy of replacing staff on sick leave or on holidays only in special circumstances?

Mr Luu—When the program requires sufficient resources to produce the quality expected of SBS Radio then certainly we would replace that person—we would backfill—when that person is on sick leave.

Senator CONROY—What effect is this policy having on existing services?

Mr Luu—I do not think there would be any adverse effect in the sense that we adhere to the agreement with the union—in this case the AJA, which is now the MEAA—so we honour that commitment. Where the resources are needed, middle managers should have the flexibility to allocate resources in such a way that not only the operation of SBS Radio is achievable but also the quality is retained. We are mindful of the fact that we need to utilise taxpayers' money very efficiently. We have to make sure that we have both efficiency and quality of the product.

Senator CONROY—How much money is saved by this policy?

Mr Luu—We have not saved anything yet.

Senator CONROY—Nothing yet?

Mr Luu—That is projection to the future.

Senator CONROY—What is the strategic thinking behind this English language service that we were talking about before?

Mr Luu—They are two different things. The one that you referred to earlier, \$180,000, is for a unit to develop content production for SBS Radio. The other one is the SBS Radio fourth network by way of digital radio broadcasting. The framework was announced by the minister some time ago. Your question referred to which one?

Senator CONROY—We were talking about an English language youth program.

Mr Luu—That is SBS radio 4. That has not happened yet because—

Senator CONROY—Yes, but I am asking what is the thinking behind it. You mentioned a little earlier going after second and third generations. I am just trying to get a picture of what it is.

Mr Luu—The thinking behind it is that that is part of the radio listener group that is not being catered for. In a time of uncertainty like this one, in the time in which we are living now, in terms of getting the young people to engage in the issues that will promote harmony and cohesion within the society, we need to be able to talk with them effectively. How could a Greek Australian talk to Arabic-speaking Australians? We have to do it by way of English, the common language, and that is the rationale behind the network, this radio 4, but that is digital.

Senator CONROY—This is with digital radio?

Mr Luu—Yes.

Senator CONROY—How far away are we from digital radio?

Mr Luu—Following the announcement by the minister, we need to discuss in detail a number of issues with the department and the ABC.

Senator CONROY—We are a couple of years away, though, aren't we?

Mr Luu—The minister said it would happen in two or three years time.

Senator CONROY—So we are making savings now for something to happen in two or three years time? It is very forward thinking.

Mr Luu—Yes, that is part of it, but we plan more than that. In a sense we are learning from the introduction of digital TV. We believe—and that was proven by the experience in Europe, particularly in the UK—that if we have innovative and constructive content we may accelerate the consumer take-up of the digital radio broadcasting. In order to do that, we wish we would be able to put the program online first before the roll-out of the digital broadcasting. May I also quote the figure in the UK. There are more than 16 million people listening to the radio broadcasting on the digital TV and more than nine million people listening to digital radio broadcasting online. So if that is translated to the Australian market then certainly the introduction of the programs online first, before putting them on air on digital, is itself a sound planning exercise.

Senator CONROY—I am scratching my head. I understand you have always got cost pressures and you have got to make tough choices.

Mr Luu—Yes, certainly.

Senator CONROY—It just seems odd to be scaling back resources in foreign language programs to target second and third generation young people who do not speak a foreign language.

Mr Luu—The young people can be bilingual. A Greek Australian second generation can speak both English and Greek. But how could we communicate between a Greek Australian and a Lebanese Australian? They have to do it in English, a common language. That is the issue.

Senator CONROY—I am sure you have had this debate internally—

Mr Luu—We did.

Senator CONROY—I am sure you know the point that I am trying to get to. I am perhaps just not expressing it very well. There are those that would argue that providing funding for multilingual radio is the whole purpose of SBS and that targeting second or third generations, who maybe cannot even speak the original ancestor language, is perhaps just going in the wrong direction.

Mr Luu—With respect, multilingual certainly would include English, the common language of Australia. What you said could be true if, for instance, the efficiency measure would result in the reduction of either broadcasts in languages other than English or the quality of the programs. Neither would be case. This is an efficiency measure that would not be negatively impacting on the existing services.

Senator CONROY—Wouldn't it just be easier to make the case in your next triennial funding submission rather than cutting back on your existing services for something you are thinking about making in two to three years time?

Mr Luu—We have made our case within the budget cycle. But in the meantime we look forward to the future. We wish to help ourselves first, as a seeding program.

Mr Brown—I think the key issue is that nothing in the actions that SBS Radio has taken is designed to have, or has had, any material impact in either the range or the quality of services. This is simply a way of securing an efficiency that may then be invested in some modest beginnings for a future service.

Mr Luu—If you need any indications, I can say that our efficiency measure has not diminished either the quality or the output of the programs. There are many ways to look at the popularity of SBS Radio: by way of surveys, by way of talkback, by way of outside broadcasts around Australia where we attract very large crowds and, last but not least, by way of the capacity of SBS Radio to raise funds for many good causes. For the tsunami victims exercise SBS Radio raised \$1.5 million with around 1,500 calls. Just this week we are approaching half a million dollars in what we raised, with more than 4,000 calls, to assist the Children's Hospital at Westmead, and also the victims of the earthquake in Pakistan. So these are the very strong indicators to show that, in spite of the fact that we tried to gain better

efficiency, our programs are still well liked and well listened to by our listeners. In other words, we do not suffer in terms of the quality of programs or the reduction in the output.

Senator CONROY—Moving on to digital radio, you would be aware that the minister released a framework for the introduction of digital radio. One of the good things about the framework is that, unlike the digital TV framework, it encourages the launch of new services to drive take-up. What sort of new services would SBS like to launch using digital radio?

Mr Luu—Essentially, provided we had enough technical or spectrum facilities, SBS Radio would endeavour to double its output with only 50 per cent of the cost. In other words, we would have SBS radio 1, SBS radio 2, SBS radio 3 and SBS radio 4 at 50 per cent of the cost compared with only two frequencies that broadcast in Sydney and Melbourne.

Senator CONROY—Have you done any estimates and applied for funding for new services as part of your triennial funding submissions?

Mr Luu—Yes.

Mr Brown—The new services that we have submitted as part of our funding bid are currently in the form of new policy proposals which we have lodged with the government. The final detail of the submission is still being worked through. Our intention is to make public the appropriate detail of that bid once we have submitted it properly to the minister and there has been a chance for it to be considered there.

Senator CONROY—On current indications—I think we have briefly touched on this—when would SBS expect to roll out its new digital radio services?

Mr Luu—Whenever the infrastructure is available for that to happen.

Senator CONROY—Is that in one year, two years, three years?

Mr Luu—The minister has already indicated the time frame for that.

Senator CONROY—Yes. So it is a two- to three-year time frame?

Mr Luu—Yes.

Senator CONROY—Okay. Does SBS intend to use its allocated digital spectrum to simulcast its existing analog services or for just new digital-only services?

Mr Luu—We welcome what the minister said in terms of continuing to broadcast on analog but with the add-on of digital. So, practically, we will be doing both.

Senator CONROY—Are you aware that the ABC has expressed concerns about the minister's proposal that it should share a multiplex with SBS? Mr Stendell, the ABC's head of radio, has suggested that there will not be enough room for all the ABC programs plus yours. What is your reaction to the ABC's claims?

Mr Luu—It is for the ABC to argue their case. Insofar as SBS Radio is concerned, we certainly would like to have our fair share—enough for us to serve the needs of our listeners.

Senator CONROY—But do you think that technologically you can both fit on the same multiplex?

Mr Luu—That is to be worked out. So far as we are concerned, we would hope to have enough spectrum to have four networks, as I have just described to you. I think that the

important facility is for SBS Radio to be able to cater for the needs of our listeners. We have not been able to do that insofar as analog broadcasting is concerned.

Mr Brown—There are discussions with the department taking place. I think we would view the ABC's comment as probably conditioning future negotiations rather than necessarily being a serious threat at this stage.

Senator CONROY—I am trying to establish whether or not it is actually—

Mr Brown—To the best of our knowledge it is a practical proposition.

Senator CONROY—Is it practically possible or is it just a bit of a—

Mr Luu—It would be ideal if SBS Radio could be granted two 256 kilobits per second.

Senator CONROY—What a good idea. Minister, any thoughts?

Senator Coonan—I would love to give everybody 256 kilobits, if I had it. But there is limited spectrum with current compression. There is currently around the world consideration of much more improved compression. I am sure that if that is in fact adopted as the standard world wide it will relieve some of the tension on most of the broadcasters in not having access to enough spectrum. It is very congested in the metropolitan areas.

Senator CONROY—What percentage of SBS's local TV content is outsourced now?

Mr Brown—I am not sure whether I can give you an exact percentage, but I could probably describe it. All of news and current affairs and just about all of sport is insourced. The majority of all other content is outsourced. The exceptions to that are a handful of internally made programs, like *The Movie Show*, *Thalassa*, *Global Village* and *Hotline*. There are some outsourced programs which use internal facilities, like *In Siberia Tonight*, but they are comparatively few. All other programs are made using outside resources and production staff. The majority of that is done through the commissioning arm, SBSi.

Senator CONROY—How many jobs have been lost in SBS because of outsourcing of program production in the last two years?

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

Senator CONROY—Do you anticipate as likely any further job losses over the next year as a result of further outsourcing?

Mr Brown—There has been a steady attrition of a person here and a person there, so I suspect that may well continue, but a lot of it depends really on what use we make of our internal facilities: whether or not they are appropriate to continue making certain programs.

Senator CONROY—Can SBS guarantee that remaining production, including news, current affairs and sport, also will not be outsourced?

Mr Brown—I do not think anyone can give a firm guarantee on anything in the future—that would be inappropriate—but there are no plans to outsource those areas.

Senator CONROY—Do you think your charter obligations require you to produce local content internally or are you very comfortable that SBSi constitutes your commitment to local production?

Mr Brown—I think our charter specifically requires us to be quite open about outsourcing. One of the lines in the charter says ‘to support Australia’s diverse creative resources’ and clearly that is hard to achieve with a small internal unit and it is better to spend that money across a wide range of content providers, both large and small, in the Australian independent sector.

Senator CONROY—Thank you; that is all I have.

CHAIR—I will ask a question about the extent of SBS coverage now. I know that you are now covering towns with quite small populations, but how dense is your coverage across Australia now? Basically, are you in rural areas, regional areas?

Mr Brown—I think we have a solid reach into communities of 5,000 and we are starting to move that down into the 3,000 level.

CHAIR—Are towns like Pemberton and Manjimup, in the south of WA, where there is a high Italian population, covered?

Mr Broderick—We have a number of services going into WA at the moment. There are four new services going in over the next six months.

CHAIR—Where are they going into?

Mr Broderick—Margaret River, Derby, Exmouth and Tom Price.

CHAIR—Exmouth and Derby—that is very interesting. Carnarvon is covered now, I gather?

Mr Broderick—I would have to take that on notice. I am not sure.

CHAIR—Carnarvon has a high ethnic diversity. I do not think Exmouth and Derby do. I would have thought they would have been of higher priority, but that is very interesting. So you are now covering towns down to 3,000 people?

Mr Broderick—That is correct.

CHAIR—Excellent. That is all I have to say.

Mr Broderick—The roll-out is going to towns down to 3,000; we have not achieved it yet.

CHAIR—I understand what you are saying. That is very good.

Proceedings suspended from 5.53 pm to 7.04 pm

CHAIR—We might resume. Do you wish to make a comment, Mr Brown?

Mr Brown—Yes, I wonder if I could just return to an earlier line of questioning concerning digital radio. I just wanted to make it clear that SBS supports the aacPlus compression standard and will support that during its development work in the belief that it will ease some of the spectrum scarcity issues. I do not think I made that clear before.

CHAIR—Thank you for putting that on the record. We now turn to Senator Santoro.

Senator SANTORO—Thank you, Mr Chairman. Welcome, Mr Brown. We appreciate your attendance. It is certainly a very big improvement on the performance of your counterpart at the ABC. We appreciate your being here with us. Mr Brown, you are, as I understand it, the Acting Managing Director of SBS since the departure of Mr Milan?

Mr Brown—That is correct.

Senator SANTORO—Congratulations on that appointment. How is the search progressing for a new MD?

Mr Brown—My understanding is that interviews are currently taking place, and the search is well advanced.

Senator SANTORO—Is Mr Quang Luu of SBS Radio a contender for that position?

Mr Brown—The process is confidential, Senator.

Senator SANTORO—Mr Brown, are you aware of an article in the *Australian* newspaper in September about SBS and the Iraq war?

Mr Brown—Is that by Mr Heng?

Senator SANTORO—Yes. And are you aware that the article asserted that SBS was anti-American and anti the present American government because of the way SBS portrayed the Iraqi war?

Mr Brown—I am not sure that that would be the summary of conclusions. I mean, I am aware of the issues he raised in terms of the scheduling of the series of documentaries. What I think he claimed was that, while the documentaries deserved to be shown, he felt that there should have been a greater diversity and balancing range of other documentaries.

Senator SANTORO—Mr Brown, you are right. I think the article did quote a number of programs SBS has run, which it said were almost all anti-American and anti the Iraq war. Do you believe that there could have been a bit of balance in the total number of programs that could have been run? Could there have been a variety?

Mr Brown—Well, I was sufficiently concerned to look into the matter. Our evaluation is that Mr Heng's list of documentaries that he thought were anti-American were not always. Some of them were more neutral, and some of them were the other way around. We felt he excluded two or three documentaries that did go some way to addressing the balance. I think, on reflection, we felt his point about the scheduling of repeats had some merit, and we have consequently visited that issue and determined that repeats should be scheduled by the principal scheduler and not be routinely scheduled by the deputy—to ensure that there isn't a sort of clouding.

Overall, I don't subscribe to his belief that it amounted to an anti-American slant, but I am concerned that that perception may exist. While I think we are soliciting and sourcing documentaries from a wide range, if there is a view about the way we've scheduled them that there is an anti-American skew, then I am concerned about that perception and would wish to address that as well.

Senator SANTORO—Mr Brown, is there any official anti-American or anti-George Bush bias at SBS?

Mr Brown—Is there any—

Senator SANTORO—Is there any official anti-American or anti-George Bush bias at SBS?

Mr Brown—Certainly not.

Senator SANTORO—None at all?

Mr Brown—Not to my knowledge.

Senator SANTORO—One would assume that some staff would hold private views, like most Australians. But you are saying, you just told me, that there is no official anti-American government bias or anti-Bush bias at SBS?

Mr Brown—To the best of my knowledge, not in a way that I believe could influence what goes to air. I cannot vouch for people's individual personal views.

Senator SANTORO—Would SBS managers actively encourage anti-Americanism in programs?

Mr Brown—No.

Senator SANTORO—Would SBS managers encourage opposition to President Bush?

Mr Brown—No.

Senator SANTORO—Would they provide virulent anti-American and anti-Bush material for programs? I repeat: would they provide—

Mr Brown—I heard the question. I was just reflecting really on whether or not some programs may carry that message in part, from people expressing those views. But, if what you are suggesting is that there is a systemic bias and a deliberate placing of this material to achieve an anti-American perception, then I have no evidence of that.

Senator SANTORO—Would managers encourage SBS programs to portray George Bush as an international terrorist?

Mr Brown—No.

Senator SANTORO—Can I ask you about the following apparent memo, evidently written by the PA to your SBS Radio national editor, Diane Willman. It is dated January 21 this year.

Mr Brown—Sorry, who is the position again? PA to—

Senator SANTORO—PA to your SBS Radio national editor, Diane Willman.

Mr Brown—Yes.

Senator SANTORO—And the memo is dated 21 January 2005. It appears to show that Diane Willman is encouraging Sydney and Melbourne language program broadcasters to use musical satire to lampoon President Bush on the day of his inauguration. It states, and I quote, 'The following links have satirical songs about George W Bush, which may be appropriate for coverage about today's inauguration.' One of the links, Mr Brown, is called internationalterrorist.com. I have gone to that link, Mr Brown, and what I found was a picture of the president with a large caption: 'international terrorist'. It then goes on to provide what it calls a profile of a terrorist, about President Bush. Mr Brown, was that memo sent?

Mr Brown—I've never heard of that memo.

Senator SANTORO—I have a copy here of what appears to be a genuine memo from Cheryl McGee to melbournebroadcasters.melpo.SBS@SBS.com.au, Melbourne Radio, etc.

Mr Luu—I would like to take that on notice, if I may.

Senator SANTORO—Are you aware, Mr Luu, if that memo did in fact go out?

Mr Luu—I was not aware that it was sent out, but I was aware that there was a memo of that nature.

Senator SANTORO—You said that you were aware of a memo of that nature?

Mr Luu—Yes, but the point is that it has to be read within context, and I would like to see the context. I'd like to see why it was written and what it meant within that context. That is why I would like to take it on notice.

Senator SANTORO—Hang on, I think we have sufficient material here, Mr Brown and Mr Luu, to understand what the context of this memo is. It is a memo from Cheryl McGee to a number of people within your organisation. It provides a series of links. It then has that sort of material linked to it.

I would like to continue to question Mr Brown. I know that you would like me to just give it to you to provide me with a sanitised answer—with all due respect—but I actually want to question you about this now. Assuming that it is true—Mr Luu has just suggested that he was aware of such a memo; I've produced the memo—Mr Brown, when did it become official policy at SBS to encourage or instruct your radio broadcasters to portray President Bush as, and I quote again, 'the pre-eminent terrorist in the world today', 'the commander of the world's largest terrorist network', and 'the evil mastermind'?

Mr Brown—I have no knowledge of any such instruction. Can I make one point?

Senator SANTORO—So you're unaware of that?

Mr Brown—I am unaware of that, but I'd also—

Senator SANTORO—Was Mr Milan aware of it?

Mr Brown—Well, I can't answer that. I am totally unaware of it, so it has never been—

Senator SANTORO—But you just heard that Mr Luu was aware of a memo of this nature. But you—

Mr Luu—May I say something about this one?

Senator SANTORO—Please.

Mr Luu—On the face of it this was a memo from a person claiming another person was saying something. What I need to establish is that the other person reported in that memo in fact said something to that effect.

Senator SANTORO—Mr Luu, we are almost at the end of the 10th month of the year. You're telling me that you are aware of something like this? You now ask that you take the question on notice, and you're going to investigate the veracity or otherwise of the situation—whether or not the person was a significant person, the PA to a senior executive. Why has it taken 10 months for you to be motivated to investigate this memo?

Mr Luu—With due respect, Senator, the person who wrote that so-called memo is not, was not, a PA of the national executive.

Senator SANTORO—So, who was it? Can you inform the committee—

Mr Luu—If you said Cheryl McGee—

Senator SANTORO—That's the one.

Mr Luu—She is the librarian at the Melbourne production centre.

Senator SANTORO—Okay, so we have a librarian? So we have a librarian?

Senator CONROY—You have thumbed the librarian!

Senator SANTORO—Well, let me say that, you know, we've now got to say that she's not a PA. She's actually a librarian, who should be—I submit to you, Mr Brown and Mr Luu—quite competent in terms of assessing, particularly from an SBS point of view, the potential detriment that an instruction like that would bring to SBS, let alone the subject matter of the memo—namely, President Bush.

Mr Brown—Senator, I wonder if you could read out the actual memo, because I still have not got a true sense of what it actually is alleged to be saying.

Senator SANTORO—Alright, it reads:

Dear All,

At Diane Willman's suggestion, our Sudney—

—I imagine 'Sydney'—

colleagues have provided the following information:

The following links have satirical songs about George W. Bush which may be appropriate for coverage about today's inauguration.

Please check any copyright/usage conditions on each page to ensure that the songs can be used for broadcast purposes before downloading or broadcasting any material from these sites.

It's a pretty explicit encouragement, if I could put it that way. I'm not going to say it's an instruction. But it's a pretty explicit encouragement of material that is hugely misrepresentative of President Bush's position in terms of terrorism. Mr Luu, can I confirm: you just told us that you were aware of the existence of this memo.

Mr Luu—I was aware of the claim but not the fact. The point, Senator, is that someone claimed someone else said something. I need to have a context of somebody else, whether in fact she did say something.

Senator SANTORO—But when you became aware, what efforts did you take? I mean, you're obviously going to take some efforts after today, which I appreciate, by the way, Mr Luu.

Mr Luu—I haven't seen the memo at all. I just—

Senator SANTORO—Okay. I'll take you at face value. I take your answer as a genuine answer. But what efforts did you take? When you heard something like that, what action did you take? Did you ring anybody, did you send an email to staff? What did you do?

Mr Luu—I have to establish the facts first, to see whether in fact the national editor did say what she said and what the context was of what was said.

Senator SANTORO—Okay, well, I just told you. Is Diane Willman still working?

Mr Luu—Yes, she's the national editor of SBS Radio.

Senator SANTORO—Is she still in her job, peddling anti-Bush and anti-American material from the likes of the *Revolutionary Worker*? Are you confident that she's still not doing that?

Mr Brown—With respect, Senator, we don't know because, as Mr Luu has said, what we have is an email that purports that Ms Willman said this, and that's what needs to be checked out.

Senator SANTORO—Do you undertake to do a thorough investigation into this memo?

Mr Brown—We will.

Mr Luu—We will.

Senator SANTORO—Would you undertake, for the committee, to find out how many programs broadcast the material referred to in the memo?

Senator CONROY—The librarian!

Mr Brown—Yes.

Senator SANTORO—Would you provide us with specific—would you perhaps go to the librarian, as Senator Conroy has just suggested? I appreciate your assistance, Senator Conroy, very much. Would you provide very specific details as to how many—

Mr Brown—We will look fully into the allegation contained in that email and the consequences of it.

Senator SANTORO—Can I now take you back to your answer to question 6. Assuming that the memo that was promulgated exists and that stations on the SBS network broadcast that material, do you still maintain, in terms of the answer that you gave to me a little while back, that there was no anti-American government or anti-Bush policy at SBS? Would you still maintain it if that was proven to be right?

Mr Brown—I maintain that until I am presented with evidence of otherwise.

Senator SANTORO—Let us assume—

Mr Brown—Senator, with all due respect, let us not assume people's guilt before that has been established.

Senator SANTORO—I am only asking you to assume that that memo—I mean, it looks—when I have a look at the headings. it looks pretty authentic.

Mr Brown—Yes, I am not suggesting it is manufactured, although that may be the case. But let us assume that it is an authentic email; it still does not necessarily mean that Diane Willman made that comment that is now being reported as hearsay.

Senator SANTORO—Would you agree with me that that sort of email, that sort of content, should not be promulgated by SBS means and networks?

Mr Brown—Yes, on the face of it, it is not the sort of email I would expect to see distributed around the building.

Senator SANTORO—Would you think that it is the role of a senior manager, a national editor, to actually stop this kind of thing happening, either then or in the future—if it was happening?

Mr Brown—Again, I would rather not comment on a hypothetical situation relating to somebody's individual obligations in this area. That, as Mr Luu says, is more properly investigated—

Senator SANTORO—I am still at a loss as to why Mr Luu, being aware, still has not informed me of what action he had taken in the last 10 months—you know, having heard that this sort of thing was going on, why it has taken 10 months for this sort of thing to emerge and for you to be prompted. Were you ever going to investigate this, if I had not raised it, Mr Luu?

Mr Luu—Now I'm aware of it, certainly I—

Senator SANTORO—I know. But you said that you were aware of something—

Mr Luu—Yes, but I was aware of the general thread of it and I can not—

Senator SANTORO—And you made no inquiries, no general inquiry, even the most general. You just heard it and you shelved in the back of your subconsciousness.

Mr Luu—I need to see something in writing, and now you have it I certainly will make an investigation. As I said to you, I cannot take on face value that someone who reportedly said something in fact did say something to that effect.

Senator RONALDSON—Mr Luu, how did you become aware of it?

Mr Luu—Certainly months after the event.

Senator RONALDSON—Who brought it to your attention?

Mr Luu—Sort of 'office talk'. And, to my knowledge, in fact there were no programs in radio—and this is subject to investigations—that did it the way this was suggested.

Senator RONALDSON—Whose office did the talk come from? Your office?

Mr Luu—My office is in Sydney, Senator.

Senator RONALDSON—You said it was office talk. Whose office?

Mr Luu—No I, I might have said—

Senator SANTORO—These are Sydney colleagues of Diane Willman, so it's pretty close to the action.

Mr Luu—With respect, Senator, that memo originated in Melbourne, not in Sydney.

Senator SANTORO—Oh, okay. Well, I mean, it says—

Mr Luu—Cheryl works in Melbourne.

Senator SANTORO—'At Diane Willman's suggestion, our Sydney colleagues have provided the following information:' I think it's called the 'Sergeant Schulz response', Mr Luu.

Mr Luu—No, we—

Senator SANTORO—I hear nothing, I see nothing and I, um, know nothing. Mr Brown, I am grateful for you undertaking to provide some very specific responses to those questions that I asked, and I am grateful to you, seriously, for those.

Can I ask about a report on *World News Australia* on October 20 by one Aarti Betigeri, who as I understand it, is quite a junior reporter. She put forward the controversial theory called ‘peak oil’, which is all about the beginning of the end of the world as we know it—starting in five years, I believe. Your report says she talked to, and I quote, ‘oil experts’. It turned out to be an anti-government academic from Sydney—who is actually an expert in management, not oil—and a proponent of the theory himself, who was introduced on your program as an ‘oil geologist’, when in fact he is retired. Why didn’t this report tell us that the ‘peak oil’ doomsayers’ theory is regarded by many as a myth and has been dismissed by the actual experts: the oil industry.

Mr Brown—I need to take that one on notice as I am not familiar with the report.

Senator SANTORO—Why didn’t your reporter tell us that doomsayers’ theories about the end of oil had been around since 1875 and that the most notorious of these, the Hubbert curve, predicted that ‘peak oil’ would happen in 1970?

Mr Brown—Again, Senator, I will take that on notice.

Senator SANTORO—Or is SBS TV there to be one-sided, unbalanced and alarmist? You are going to deny that, aren’t you? You are not going to say that. You are going to deny that.

Mr Brown—Absolutely.

Senator SANTORO—Yes, okay. Staying with SBS TV, and you have a report reviewing the meeting between President Bush and Palestinian leader, Abbas. And you had presented two direct quotes from the White House spokesman, Mr McLennan. I mean, they are there in inverted commas on your web site. I checked the White House web site too, and the quotes you presented are not the same quotes as are on the White House web site. And I have both transcripts here. Now, I am not suggesting you have changed them or anything, but are you in the habit of presenting as direct quotes items which in fact are not direct quotes? Would you like to take that on notice?

Mr Brown—I’ll take that on notice, but I am prepared to say that the—

Senator SANTORO—It is not a habit that you would—

Mr Brown—It is not a habit, and it is not a practice that would be endorsed.

Senator SANTORO—Has this ever been done before, to your knowledge?

Mr Brown—Not to my knowledge. I am not sure that it has been done this time, either, obviously.

Senator SANTORO—So, what is your rule on something like that?

Mr Brown—I am not sure I can actually quote a specific rule. I think the basic journalist’s tendency is that a direct quote is a direct quote. If you put quotes around a statement, it means that it was actually said, in those words.

Senator SANTORO—Would you be able to provide to the committee the relevant parts of policy manuals, instruction manuals, in relation to direct quotes?

Mr Brown—I do not believe there is one. I think that is just a given.

Senator SANTORO—Do you think there should be one, if what I have just suggested can be proven to be correct?

Mr Brown—I do not really, to be honest. I have worked as a journalist for nearly 40 years, and I have never seen a—

Senator SANTORO—So it is instinctive that journalists just quote direct quotes.

Mr Brown—It is a question of accuracy. If it is a quote, it is a quote; if it is indirect speech, it is that.

Senator SANTORO—I have got one last, very small line of questioning before I give way to—

Senator CONROY—One line of questioning is not one last question. You are stretching our friendship.

Senator SANTORO—Look, I did make a commitment to Senator Conroy. We started at five past seven. I have some other questions which clearly lie at the heart of the issue in relation to Middle East politics and the way that SBS and the ABC, for that matter, cover that. But because I did make a commitment to Senator Conroy, I will be happy to desist and place the rest of the questions on notice. Mr Brown, I forwent the opportunity of questioning Mr Milan at the last estimates because I thought that SBS was making some pretty serious attempts at looking seriously at the criticisms that I levied at it previously—although I did find Mr Milan's answers—and I went on the record as saying it—were a bit thin and a bit dismissive and I thought a bit arrogant. I would hope that you would be a little bit more respectful of the requests of this committee when you are considering the answers to my questions.

Mr Brown—Certainly. I wonder if I could say something, Senator. I am obviously not privy to the articles you have got in there—but the two you referred to earlier. SBS this year introduced a robust new complaints process. In my view, the best way for the sorts of complaints you are talking about to have any lasting effect is for them to go through a proper process where they are objectively assessed and where, if there is an uphold, action is required to be taken and is taken. Or, in the event of there not being an uphold—and that does not satisfy the complainant—it is referred to external independent review.

The value of that is not just that it gets objectively assessed but also that it forms part of the database that shows a pattern of complaint upholds in a certain area. It authorises and justifies management action in those areas. I don't know if those are areas that you yourself have discovered or whether they are things that have been drawn to your attention. If it is the latter, I would urge the people who are drawing it to your attention to use our complaints process.

Senator SANTORO—Mr Brown, just before I go, can I ask a question? Have you appeared before estimates committees before?

Mr Brown—Yes, I have.

Senator SANTORO—And I would just like a quick response. Do you appreciate—as I do, and I think all of my colleagues here tonight would—that this committee is in fact the ultimate accountability for SBS?

Mr Brown—Absolutely, and I am not suggesting that you not ask these questions. Sorry, I am saying that, even if it is simultaneous, I think that, if there is a legitimate breach of the codes, carried out by SBS, of course this committee can and should do whatever it feels proper. But if at the same time this was a formal complaint put through our new formal complaints process, I think it would have a more lasting effect.

Senator SANTORO—Except that I really want to draw, in a fairly dramatic way, to your and your fellow officers' attention, the severity of this one. As you know, appeals processes can be quite bureaucratic; they can be quite long; they can be very time-consuming and requiring a lot of resources—for an outfit like the SBS. So, I am absolutely aware, I can assure you, of my further rights and those of the constituents that I represent. And depending on your answer, I may avail myself of those additional opportunities. But I thank you for highlighting in my consciousness that they do exist and that I can avail myself of them.

Mr Brown—Thank you.

Senator SANTORO—I thank you for your courteous responses.

[8.14 p.m.]

CHAIR—I thank SBS for appearing. I welcome you to your first estimates today. We now call the Department of Communications, Information Technology and the Arts for output 3.2. Senator Conroy.

Senator CONROY—I might just start with the government's plans for digital TV and cross-media. At the press club in August, the minister indicated that the government would like to have a framework completed before the end of the year so that the government could finally consult with the community on the changes. Minister, is that still the government's intention?

Senator Coonan—It is, and it will be very soon, Senator Conroy.

Senator CONROY—So, that timetable will be met?

Senator Coonan—Yes. What I expect is that the framework will be in place shortly. That will enable a period of public consultation, and I hope to have the legislation come forward early next year.

Senator CONROY—Are further rounds of consultation for media players planned before this framework document is finalised?

Senator Coonan—Not formally, but no doubt there could be some form of consultations.

Senator CONROY—Do you have any idea of when they will take place? Or are they just sort of ongoing, rolling?

Senator Coonan—They tend to be ongoing more than structured. But I like to give everyone a go.

Senator CONROY—Minister, you have repeatedly expressed a preference for undertaking the cross-media changes at the same time as digital reforms. Is that still the government's intention?

Senator Coonan—Yes, except that, as I outlined in the press club speech, it may need to be a staged approach in respect of some of the digital reforms, such as multichannelling for

example, because the engineering evidence that I have received is that you cannot easily do the highest form of high-definition broadcasting consistently with multichannelling. So my current thinking is that those kinds of reforms might be better fed into a digital action plan to get us to switch off, which is really the critical underpinning of all of the digital reviews in any event. That would release more spectrum.

Senator CONROY—Let me just clarify—‘digital action plan’. The switch off is 2012 now?

Senator Coonan—It was set for 2008. I have said publicly, and I am quite happy to say again that I think that is unachievable. What I do think is that, as part of a digital action plan, we need to look critically at what additional steps might be taken to encourage the take-up of digital, including things such as mandating dual tuners, so that analogue televisions are not sold anymore, would be one aspect. I currently have a review under way, but I have in mind out of all that drawing together a digital action plan that will provide a comprehensive approach to how we get to switch-off.

Senator CONROY—Okay. That is a small but subtle shift in your thinking, so I just want to try and tease that out if I could, just so I understand where you are going now. What parts of the digital agenda would you get upfront at the beginning of this process?

Senator Coonan—The government has made no decision about that yet. I am simply indicating, because you asked me, that some aspects of a suite of digital reviews may not be able to be dealt with right now, because of a technical problem. But the government will announce its framework when we have made a decision.

Senator CONROY—Who did you get advice from about this technical problem, in terms of multichanneling and HDTV?

Senator Coonan—Engineers—a number of them, from all of the free-to-air and pay players. And, indeed, from the department. I think ACMA was there as well.

Senator CONROY—Are there any other areas where there is a technological impediment? I understand the point you are making about this particular aspect of the digital reforms.

Senator Coonan—Yes, well, other than the fact that if people keep buying analog television sets it does not augur well for a digital take-up. I suppose you would call that technical, but then again I am splitting hairs a bit.

Senator CONROY—Will the use of datacasting spectrum be dealt with up front now, or is that going to be—

Senator Coonan—It may be. The government has made no decision about how we take those matters forward, but I expect the framework—

Senator CONROY—I am just trying to work out which ones you are actually going to take forward, though.

Senator Coonan—Everything has to have a decision made about it. I am simply indicating that some may be staged because of a technical impediment.

Senator CONROY—I am just looking at your quotes from the Press Club. I am looking at media ownership and foreign investment reform, in conjunction with the broader policy questions relating to digital technology platforms:

This is just common sense. It is essential that we look at a broader framework than containing it to simply cross and foreign.

But from the sound of this it sounds like only that one will be going forward immediately and the rest may sort of come along in bits.

Senator Coonan—I would like to put you out of your misery, Senator Conroy—

Senator CONROY—I do not believe that Minister!

Senator Coonan—I can disabuse you of that assumption, because that would not be a correct one, but I am not going to pre-empt a decision that has not yet been made

Senator CONROY—Sure. A little while back, I saw in the media that you floated extra pay channels, I think. Is that a correct description?

Senator Coonan—That is a possibility, but the speech at the Press Club I think canvassed that also.

Senator CONROY—Is that still on the agenda?

Senator Coonan—What I am saying is that no decision had been made to rule in or rule out any of these matters. The one caveat I will put on it is that there may be a technical impediment to the multichannelling because of the point that I have mentioned. Apart from that, I am making no other distinction, and we have to await the decision being made

Senator CONROY—What are the engineers telling you in terms of the likely timing of the solving of this technical problem?

Senator Coonan—It depends on compression standards. There is a legacy problem, of course, with MPEG2. If you go to MPEG4, you might not have this problem, but I think we have to await the decision about what we see as the best way to get us switched to digital and to release as much spectrum as we can.

Senator CONROY—Will the genre restrictions on the ABC national desk be lifted straight away? Is that one of the ones you can do straight away?

Senator Coonan—You will have to wait for the decision.

Senator CONROY—So will the framework document that you are talking about releasing deal with both media ownership and digital TV issues, or will it just be the media ownership?

Senator Coonan—No decision has been made, but I expect that it would be more comprehensive than being contained simply to cross and foreign.

Senator CONROY—You mentioned, I think, that you hoped for the legislation early in the new year, did you say?

Senator Coonan—Certainly in 2006—I would hope the earlier part of 2006.

Senator CONROY—Okay. You have constantly talked about, and the Prime Minister has repeatedly talked about, the need for broad industry support for the reforms. I am just

wondering whether you can give the committee some indication of what constitutes broad industry support.

Senator Coonan—A willingness to implement the reforms in an appropriate way. People who run businesses need to be broadly supportive, particularly of broadcasting, because otherwise you might run the risk, Senator Conroy, of a valuable resource such as free to air—which is certainly valued by consumers and in many respects I think uniquely distinguishes the Australian media landscape—being endangered. Now we certainly would not want to do that. But, by the same token, we want to see new and innovative services. So it is a matter of, once again, getting the balance right. It is a mixture of having industry broadly supportive of major changes while at the same time moving to new things that are for the benefit of consumers. It cannot be all one way or all the other. There has to be a balance.

Senator CONROY—I accept that, but what I am trying to establish is: what are you and the Prime Minister defining as constituting broad industry support? Is it a majority of the incumbent proprietors? Would that represent broad industry support?

Senator Coonan—I do not think you would need to define that. You do know if people are basically able to live with what is being proposed. You do that with any policy position. It makes sense from the point of view of any public policy, particularly in the kind of society we live in, to canvass broadly with the kinds of people who have to implement it or else you end up with something that simply does not fit very well with the existing business model. So it is really a matter of making sure that the balance is right, and you know that from comments made to you. There is no definition that I can give you.

Senator CONROY—Well, it is just that you keep saying it, so I am asking you to explain what you mean.

Senator Coonan—That is what I mean.

Senator CONROY—So if a majority of incumbent proprietors said they were opposed to what you are proposing, would that mean you would not proceed with it?

Senator Coonan—It need not necessarily mean that. It might mean that you—

Senator CONROY—It could be a minority? You may have a minority?

Senator Coonan—Just a moment until I finish the answer. It might mean that you need to be more persuasive. It might mean that you need to take into account a particular objection that can be overcome in some way. There is no blueprint for how you would proceed with it, but it is normal to be consultative.

Senator CONROY—But the Prime Minister, as well as you, has said you are not going to proceed unless you have got broad industry support, so it is only fair to ask what that means.

Senator Coonan—Well, I have already answered that—

Senator CONROY—Is it just the television network owners?

Senator Coonan—I have answered it about three times, I think. It is a matter of being consultative and getting an indication as to their broad agreement to a direction.

Senator CONROY—Does Fairfax get a vote now that Ron Walker is running it?

Senator Coonan—Fairfax is consulted as well as all relevant media proprietors.

Senator CONROY—So if a majority of incumbent proprietors said they were opposed to your legislation, would you proceed?

Senator Coonan—I am not going to engage in hypotheticals at all. No decision has been made. When it is made it will be announced.

Senator CONROY—It is a bit of a chicken and egg here, because you are saying—

Senator Coonan—Well, it might be, Senator Conroy, but you are not going to engage me in speculation.

Senator CONROY—I am just asking you to explain your own words—what it is that you and the Prime Minister mean.

Senator Coonan—I have explained it. I haven't any other comment.

Senator CONROY—Will the government go ahead without the support of PBL and News Ltd?

Senator Coonan—I have already answered that.

Senator CONROY—Well, that is the first time I have asked that, so I do not know how you have answered it.

Senator Coonan—I have said that basically you proceed with broad support for a direction.

Senator CONROY—Well, if PBL and News Ltd were indicating opposition, do you think you could cobble together broad industry support without them?

Senator Coonan—I am not going to engage in speculation.

Senator CONROY—Can the Minister explain why broad industry support is a prerequisite for proceeding?

Senator Coonan—I have already answered that. I have got nothing to add to it.

Senator CONROY—Did the Minister seek broad industry support for regulatory proposals for Telstra?

Senator Coonan—I am sorry?

Senator CONROY—Have you sought broad industry support for your regulatory proposals for Telstra?

Senator Coonan—What does that have to do with media?

Senator CONROY—I am just trying to understand where you get this litmus test, broad industry support. Apparently in one area broad industry support is necessary for you to proceed, but in another area if you do not have broad industry support, stuff them.

Senator Coonan—This is speculation piled on speculation. The telecommunication industry is a slightly broader and different industry. There are about 720 Internet service providers. There are over 100 telecommunication providers. It is likely that one or two might not support a proposal. The media is a much smaller industry, and it is a different industry to deal with.

Senator CONROY—I repeat: why is broad industry support a prerequisite for you proceeding with your media ownership and digital reforms?

Senator Coonan—I answered that I think about 10 questions ago. I am not going to add anything to it.

CHAIR—I think this is repetition. We might move on.

Senator CONROY—Why is the government letting the industry decide what is a viable approach to reform?

Senator Coonan—We are not.

Senator CONROY—So you would proceed without industry supporting it?

Senator Coonan—I did not say that. I have answered the question about 10—

Senator RONALDSON—Mr Chairman, with great respect to Senator Conroy, these are hypothetical situations. I think we are flogging a dead horse. I think the Minister has given—

Senator CONROY—I think the Minister actually does not need your help. She is doing fine. It is not like she is struggling.

CHAIR—Well, it might be helpful if we moved on then to another subject.

Senator CONROY—If she is giving inconsistent and nonsense answers, I am entitled to pursue them, Senator Ronaldson.

Senator Coonan—You are making absolutely nonsense questions. Why do you not ask something sensible, Senator Conroy, and I can try to deal with it?

Senator CONROY—Why do you not define sensibly what ‘broad industry support’ is?

Senator Coonan—I already have.

Senator CONROY—Some mythical thing that exists in your and the Prime Minister’s heads.

Senator Coonan—I explained it as best I could. If you do not like the answer, that is not my problem.

CHAIR—This is becoming a pointless standoff, I think, so let us move on.

Senator CONROY—Is there any possibility that you will seek broad community support for the proposals?

Senator Coonan—Obviously I am going to be consulting.

Senator CONROY—Is it as important to get broad community support as it is to get broad industry support?

Senator Coonan—It is important for any policy that you canvass the people who are affected by the policies, so clearly there will be a public consultation process. And I would think that the outcome of that would indicate a basis for the government to proceed. We do not normally proceed in these kinds of areas if there is not broad support.

Senator CONROY—Minister, in your Press Club speech you talked about what you called the self-executing provisions in the Broadcasting Act. These are things that will occur if the act is not amended, such as—I have a few of them—lifting the moratorium on ACMA’s

ability to issue new free to air TV licences; lifting the moratorium on free to air services being delivered by other platforms such as satellite; lifting of the programming restrictions for datacasters; and prohibiting the free to air broadcasters from getting access to datacasting transmission licences. Does the government plan to change any of these provisions?

Senator Coonan—You will have to await the announcement.

Senator CONROY—I ask that because you have already mentioned that you do not see a case for a fourth TV—

Senator Coonan—I have not made any announcement. What I say in a speech is not a government announcement.

Senator CONROY—No, if I could just finish the question. You have already mentioned that you do not see a case for a fourth TV network, and I think you have said that the government is going to take the power to issue licences from ACMA.

Senator Coonan—That was part of our election policy.

Senator CONROY—I am not disagreeing. That is why I am asking you about it.

Senator Coonan—No. I just said it was part of our election policy.

Senator CONROY—What I was asking you is: will any of these other self-executing provisions be repealed? I am trying to confirm that you do intend to repeal that provision, given that it is an election promise.

Senator Coonan—I intend to implement an election promise and announcements will be made about any other matters.

Senator CONROY—Okay. Can we just clarify: the election promise was to repeal ACMA's power to issue a licence?

Senator Coonan—It was to transfer to the government the decision-making authority for the issue of any other free to air terrestrial television licence.

Senator CONROY—Okay, thanks.

Senator Coonan—Just to be precise.

Senator CONROY—Thanks for that. I know that you have occasionally said publicly, in terms of some of the pressuring—and I understand that you will be engaging some strong-willed individuals and companies that will not want to see changes in some areas necessarily—you have said, 'If I do not do anything these changes just happen automatically'. So, from where I am sitting, it just looks like it is a bit of leverage on your part.

Senator Coonan—You noticed.

Senator CONROY—I have. I can't say that anyone else has, but I certainly have.

Senator Coonan—I am glad you are paying attention.

Senator CONROY—Are you making any progress in terms of convincing them that, if they will not accept some change, you will just sit there and let these things happen?

Senator Coonan—Senator Conroy, you are going to have to wait for the government to make a decision.

Senator CONROY—So with regard to the decision about introducing legislation—because you will need to introduce legislation to take the power to issue commercial television licences from ACMA and transfer it to yourself, as you have indicated—will that be standalone or will that be part of your legislation at some stage through 2006?

Senator Coonan—You will have to wait and see what comes with 2006, but we do have an outstanding commitment to introduce the change to the terrestrial licence decision-making power.

Senator CONROY—Okay, thanks. I would like to talk about the so-called diversity test that has been floated as a replacement for the cross-media rules. Under this test, a merger between television, radio or newspaper companies could not proceed unless there would remain at least five commercial media groups in mainland state capitals and four in regional areas, and I think there is a limit of one TV station per market and two radio stations.

Senator Coonan—The normal media rules are retained under that proposal.

Senator CONROY—I would like to explore, if I could, how that test would work. Firstly, what would be a media group for the purpose of this test?

Senator Coonan—I will leave that for Mr Cameron to answer.

Mr Cameron—A media group would be a group of one or more licensed television services, radio services or associated newspapers in a market where they are under common control.

Senator CONROY—I just want to make sure I have got the definitions, because in terms of the public debate the language is a little bit different to how you have put it. You have been quite precise in what you have said, so I want to make sure. Would it include every company that owns a newspaper, a commercial television licence or a commercial radio licence—or are there other things? I just want to be clear about those.

Mr Cameron—It would include assessment of the relevant media entities, any commercial television licence, any commercial radio licence and any associated newspaper.

Senator CONROY—So those are the three things that are the test for a media group?

Mr Cameron—That is correct.

Senator CONROY—Under this test, how many media groups are there in the major capitals at the moment?

Mr Cameron—There are different numbers in each capital city, depending on the number of entities—

Senator CONROY—I am asking about ones that are actually covered by the definitions that you have just used.

Mr Cameron—Well, it depends on the particular licence area and the relevant ownership arrangements in those license areas. Currently in each of the major cities, obviously, the three television licences are separately controlled, so that would be three—

Senator CONROY—Okay. Can we deal with Sydney? I just want to make sure that we have got this right. So in Sydney we have PBL, Seven and Ten.

Mr Cameron—Correct.

Senator CONROY—Okay, commercial radio? I can run through them and, if I miss any, maybe you could say so, just to save us time—unless you have got them off the top of your head.

Senator Coonan—There are about 12 voices, I think, was it not? You have short-changed them. I think I heard you say there were 10 or 11. There are 12.

Senator CONROY—That is why I am going to get it right. I would not want you to think I have short-changed anyone, Senator Coonan. So we have Austereo—in Sydney—MRN, which is 2GB/2CH

Mr Cameron—Yes.

Senator CONROY—DMG, Nova?

Mr Cameron—Yes.

Senator CONROY—ARN?

Mr Cameron—Yes.

Senator CONROY—Southern Cross, 2UE?

Mr Cameron—Yes.

Senator CONROY—Broadcast Operations—that is 2SM, I think.

Mr Cameron—I think so.

Senator CONROY—WIN—C91.3?

Mr Cameron—I think that is in Wollongong licensing. I think that is a Wollongong station.

Senator CONROY—A Wollongong station rather than a Sydney one. And Tabcorp, 2KY?

Mr Cameron—Yes. I am not sure whether that is the full list, but they certainly are among them

Senator CONROY—That would be a media group—Tabcorp?

Mr Cameron—Yes.

Senator CONROY—But WIN, you think, is a Wollongong one rather than a Sydney one.

Mr Cameron—On my recollection, yes.

Senator CONROY—And the newspapers—NewsCorp and Fairfax.

Mr Cameron—That is correct.

Senator CONROY—Twelve. If you say the Wollongong one does not count, it is 12.

Mr Cameron—I would have to take that on notice, but I think that is about right.

Senator CONROY—Now Melbourne, if we could just do that. PBL, Seven and Ten?

Mr Cameron—Yes.

Senator CONROY—Austereo again?

Mr Cameron—Yes.

Senator CONROY—Southern Cross?

Mr Cameron—Yes.

Senator CONROY—DMG? ARN?

Mr Cameron—Yes.

Senator CONROY—Pacific Star? They have Easy Music 1377 and SEN116—I am not even sure that that is still on air. That falls into the category of a media group for your definition?

Mr Cameron—Yes, they would. I am not sure whether it is called Pacific Star.

Senator CONROY—Okay, but you recognise Easy Music—not that you probably listen to it—Easy Music 1377? That rings a bell?

Mr Cameron—It does.

Senator CONROY—Okay, and 3UZ, Radio Sport—that is a media player for the purposes of this bill?

Mr Cameron—That is correct.

Senator CONROY—And NewsCorp and Fairfax again?

Mr Cameron—Yes.

Senator CONROY—Eleven, okay. Now we will do Brisbane. If I have missed anyone in those things, please add to them. Brisbane: PBL Seven-Ten, Austereo, Southern Cross, DMG, ARN?

Senator CONROY—UNiTAB—that is radio TAB. That is a media player?

Mr Cameron—Yes.

Senator CONROY—Powerful one, that one. And then there is NewsCorp, in Brisbane only.

Senator JOYCE—Mr Chairman, what is he doing?

CHAIR—He is getting a list of radio organisations—

Senator CONROY—I am just establishing who the media players are for the purposes of cross-media laws.

Senator JOYCE—Are you including the commercial broadcasting licences?

Senator CONROY—I am asking, for the purposes of the new diversity test—which is what is being proposed—

Senator JOYCE—I am just wondering whether the commercial broadcasting licences that you are using include the section 40s or are you just going to include the section 36s?

Senator CONROY—I am seeking these sorts of clarifications from Mr Cameron, as to what will be classified for the purposes of the proposed legislation, and what will be classified as a media group when it comes to the diversity test. I am genuinely interested in the answer, Mr Cameron. Have I missed any in those three markets we have talked about?

Senator Coonan—What I should make absolutely plain for the purposes of *Hansard* and anyone who might be vaguely interested in this exchange is that there has been no decision made yet as to what we are doing.

Senator CONROY—It is just a proposal that you have floated and the government has talked about.

Senator Coonan—I said it is a possibility. I have not said that is what we will do.

Senator CONROY—No, I was not—

Senator Coonan—Okay. Just as long as it is clear. As long as we are not proceeding on the basis that this is policy. It is not.

Senator CONROY—No. We are discussing on the basis that it is a proposal that is being considered.

Senator Coonan—Yes, okay.

Senator CONROY—And what are the consequences of it.

Senator JOYCE—Are you up to Perth?

Senator CONROY—No, I am only doing these three. If Mr Cameron has found any that I have missed out—I think you now have a list—

Mr Cameron—No. With regard to your Pacific Star, we understand that they are called Data and Commerce.

Senator CONROY—Okay

Senator Coonan—Senator Conroy, I also want to put on record, because I think it is appropriate that I do so, this is additional estimates. I am not quite sure how a policy that is being talked about—or at least a proposal—really comes within the ambit of the inquiry that is normally the preserve of additional estimates.

CHAIR—That is a very good point, Minister. Estimates are based on the department's budget and annual report, and I do not really think prospective policies on cross-media ownership come into the annual report or the estimates.

Senator Coonan—I have answered them because I think they are fair questions and I have tried to deal with them. But if you really want to go into this sort of detail I think I do need to draw the committee's attention to the fact that it does not really seem to arise out of additional estimates.

CHAIR—A private briefing would provide a much better opportunity to understand any policies—

Senator CONROY—I do not think the government has offered me a briefing, but I appreciate your suggestion that the government should offer me a briefing, Senator Eggleston. I do not see the minister jumping take up the offer, but all I have sought to do in the last five minutes is to establish, under the definition of the proposed bill, which media players—

Senator Coonan—It is not a proposed bill.

Senator CONROY—Sorry, the government's proposal. I appreciate—

Senator Coonan—It is not even the government's proposal.

Senator CONROY—Okay, Senator Coonan's proposal.

Senator Coonan—Well, it is a possibility. It is not even a proposal; it is a possibility.

Senator CONROY—Anyway, if I could keep going I would appreciate that. So, under this diversity test that the minister has indicated is a possibility—happy with that?

Senator Coonan—Yes, but not that it is quite additional estimates, and I think it should be wound up reasonably soon.

Senator CONROY—I appreciate that. I will try to get through this as fast as I can, Minister, and hopefully we will succeed. So this test gives Channel Nine and Radio Sport in Melbourne the same weighting in terms of their contribution to media diversity?

Senator Coonan—No, it does not. What you are overlooking is that, in addition to—

Senator RONALDSON—Chairman, with the greatest respect to Senator Conroy, we are just getting into never-never land. There is not a firm proposal. This is just all hypothetical. With the greatest respect—

Senator CONROY—I do not think you even know what additional supplementary estimates means, so do me a favour—

CHAIR—They relate to the previous estimates and annual reports.

Senator RONALDSON—From what I have been told, this does not fit within it. We are going down a hypothetical path that, quite frankly, is going nowhere.

Senator CONROY—The department talked about the media ownership advice in its annual report. It is subject to the process—for the record.

Senator Coonan—They have not talked about this proposal.

CHAIR—If they have not talked about this proposal, it is not relevant to this.

Senator CONROY—It is page 164 of the annual report.

Senator CONROY—Yes, but they have not talked about any specific proposal, and—

Senator LUNDY—Well, it—

Senator Coonan—Excuse me, just a moment, Senator Lundy. You are now seeking to ask—

Senator CONROY—Okay. I have taken a shortcut by asking you. I can go back to asking department directly if you like, Minister, and it falls easily within—

Senator Coonan—Just a moment. What you are overlooking is that the department's advice to me is not something—unless I say so—that you are entitled to ask about, quite frankly. I am entitled—

Senator CONROY—But that is—

Senator Coonan—Just a moment. Let me finish this. I am entitled to have advice from my department, and, until the government makes a decision about it and it becomes government policy, it is not properly the subject of this line of inquiry. Now I do not mind that—

Senator CONROY—That is a different test from the one you have just tried, and you have your goons over here trying to say that it is not only not actually relevant to supplementary estimates—

Senator Coonan—It is not.

Senator CONROY—It is. It is directly relevant to page 164 think of this report.

Senator Coonan—Well, tell me what page 164 says.

Senator CONROY—I do not have it in front of me. Ms Williams has it in front of her.

Senator Coonan—I will have a look at it, because I think you are wrong. And, Senator Conroy, whoever has drafted the questions for you, they could ask me directly. They do not have to use you as a patsy to try to find out what the government is going to be deciding on media policy, because I am not going to answer.

Senator CONROY—That is entirely different. Minister, you are embarrassing yourself. You are out of your depth and you are embarrassing yourself at the moment.

Senator Coonan—You are the one who ought to be embarrassed.

CHAIR—I call this committee to order. Come on, Senator Conroy, let us call it to order.

Senator CONROY—Let us be clear—

CHAIR—This is a line of questioning which is not going anywhere. We are a long way behind. You are speculating on a hypothetical possibility that the policy may be—

Senator CONROY—It is a hypothetical possibility that the government is floating.

CHAIR—They are not floating it. We are here to deal with concrete items.

Senator CONROY—The minister has admitted that it is a proposal she has put forward.

Senator Coonan—I have not said that—

Senator CONROY—We are going to have this one out, Eggie, right now. Either the Minister can say that—

CHAIR—We are right now, I agree. And this is not a matter relevant to estimates.

Senator CONROY—Now, there are two different issues that you are trying to obfuscate behind, and they are two different ones. One is relevant to you trying to rule me out of order, and one is that the minister can direct the department not to answer the questions. They are two different things.

CHAIR—You are talking about prospective policies, not existing policies.

Senator Coonan—Excuse me. Can I just say this: what Senator Conroy is trying to hang this line of questioning on is this vague statement:

During the 2004 election campaign the government committed to reforming media ownership laws while protecting the public interest in a diverse and vibrant media sector. The department undertook a number of statutory reviews into the digital television regulatory framework during the year.

I have answered some questions about those.

They have involved the consideration of some of the key regulatory structures which shape the television sector.

Now that does not, in my view, entitle Senator Conroy to go on a frolic of his own—or somebody else's—into government policy that has not yet even been formulated.

CHAIR—Exactly.

Senator CONROY—I actually agree with your definition that it was a vague statement. The whole purpose of supplementary estimates is questions on the annual report. They are part of it, and I am entitled to—

Senator Coonan—You cannot ask officers for advice about something that is not government policy.

Senator CONROY—I was not. I was asking—

Senator Coonan—You are. You were asking about diversity tests that have not been set.

CHAIR—You were asking about matters that have not been determined—

Senator CONROY—I was asking you, Minister.

CHAIR—Therefore it is hypothetical—

Senator Coonan—All right, you can ask me. Go on, ask me.

CHAIR—And therefore it is out of order.

Senator CONROY—The minister just said she is happy for me to ask her the questions.

Senator Coonan—You ask me the questions because I am not going to answer any policy questions at all, or any detail, because we have not got a settled government position.

Senator RONALDSON—Particularly if it is a rule-in rule-out scenario, because that can only possibly evoke one response—

Senator CONROY—With no disrespect, the Minister is actually quite good at avoiding this rule-in rule-out. She is actually perfectly competent to answer those questions, and she has been.

CHAIR—There are more important specific issues to deal with, with only three hours and 55 minutes to go.

Senator CONROY—We have now wasted 20 minutes of it.

Senator RONALDSON—Maybe the minister should just say that she is not going to comment any further on ruling in or ruling out.

Senator LUNDY—Are you the chair of this committee?

Senator RONALDSON—I have more of an input on it than you today.

Senator CONROY—Okay, let us keep reading the report. I am going to take a point of order on the ruling by the chair if he continues to try to rule me out of order. We go on—and this comes after when the minister stopped reading:

A key challenge is to develop reforms that will provide more flexible and dynamic regulation of media and its ownership while ensuring the preservation of diversity in this critical sector.

It is there. I am entitled to ask about diversity. It is in black and white.

CHAIR—Estimates are basically about budgets and about existing policies. It is not an exercise in—

Senator CONROY—It is about the annual report. You might get away with this in a legislation committee inquiry and say you can only ask questions about half of what is in the legislation, but this is Senate estimates.

CHAIR—I am interested in why you are wasting so much time when you could get on to something productive.

Senator CONROY—I have some news for you. I happen to think protecting media diversity in this country is productive, Senator Eggleston. You might not.

Senator RONALDSON—If that is what you were doing it for, Steve, that would be okay. But all you are doing is trying to narrow down a range of options within or out. It is totally inappropriate for this committee's time to be taken up with this.

Senator CONROY—And the minister is perfectly capable of saying that.

CHAIR—But there are no decisions made.

Senator RONALDSON—But that is what your questioning is about.

Senator Coonan—It is all speculative, Senator Conroy. We have not got a position. I am not going to engage—

Senator CONROY—This is actually the parliament, Minister.

Senator Coonan—Yes, I know. I have not got a government position and I am not going to go through every iteration.

Senator CONROY—So you can go outside and give a press conference and go to the Press Club and no-one in the parliament is allowed to ask you a question about it?

Senator Coonan—You can. Ask away, but I am not going to give you detail because there is no detail. I am entitled to take my advice. I do not have to engage you—

Senator CONROY—I agree.

Senator Coonan—in an iteration of every little part of how I develop my thinking around these issues.

Senator CONROY—I am entitled to ask you, though.

Senator Coonan—Ask away, and we will see how far we get.

Senator CONROY—It is under both the standing orders and the annual report. Any attempt to try to rule these out of order is just completely embarrassing and wrong for you if you actually read 164 and 165. It is very simple.

Senator Coonan—Senator Conroy, I do not think you are correct. Ask me some questions and we will see how long it takes. I do not think it will take very long.

Senator CONROY—I was asking about the diversity test, which you indicated earlier you are happy to discuss without being definitive.

Senator Coonan—I said I will not be definitive and I am not discussing it. It is not just a diversity test because it also obviously involves the ACCC, which is a whole different scenario. I am not going to speculate or try to develop a policy that has not yet been settled.

Senator CONROY—I am not asking you to develop it. You have indicated publicly to the whole country, not just the parliament, that what you have described as a diversity test is an option. It is an option.

Senator Coonan—Yes, but not by itself.

Senator CONROY—I will not press you on that. Obviously it is something you are considering and you will not answer so I will not take you down that path. But I will ask you about the diversity test and the consequences.

Senator Coonan—I am not going to engage in any speculation. There is not a decision yet.

Senator CONROY—This is a wonderful way to run a country and a government where you are allowed to go outside publicly, make comments and then the parliament is no longer allowed to ask you a question.

Senator Coonan—You are allowed and you are asking me. You are asking me and I am answering.

Senator CONROY—You keep saying you are not going to answer.

Senator RONALDSON—A range of policy answers have been floated. You have translated that issue—

Senator CONROY—No. Only one has been floated.

Senator RONALDSON—to demanding an answer about what that policy is. Well, it does not work like that.

Senator CONROY—Only one has been floated, Senator Ronaldson. Are you awake most days? One has been floated. It is called the diversity test. Senator Coonan has floated it.

Senator RONALDSON—One of the options.

Senator CONROY—She has not floated any others.

Senator Coonan—I have. I certainly have.

CHAIR—She has said that it is not an established government policy.

Senator Coonan—I have floated two out of three options. I have floated lots of options.

Senator CONROY—I am not going to ask you about ones you floated 12 months ago—I am going to ask you about the ones you floated most recently. It is not unreasonable for the parliament to be entitled to ask the minister questions about policy she has floated.

Senator Coonan—Senator Conroy, we can go on like this all night. Ask me what you want to, but I am not going to give you detail about something about which I have not made a decision.

Senator RONALDSON—We are all getting a bit tired, Steve.

Senator CONROY—So the diversity test which you have floated gives Channel 9 and Radio Sport in Melbourne the same weighting in terms of their contribution to media diversity?

Senator Coonan—I do not think I have floated anything like that.

Senator CONROY—You have floated the definition of a media group, being what we have discussed with Mr Cameron.

Senator Coonan—I am not going to engage in any further discussion about diversity. There is no government position on it. I am not going to tell you what is in my head. I do not have to and I am not going to.

Senator CONROY—And you are perfectly entitled to say that. But that does not mean I am not going to ask you the questions, and I am entitled to.

Senator Coonan—All right. Keep asking and that is what you will get until midnight, if you like.

Senator JOYCE—Chair, it is asking the minister to develop a policy between here and 10 o'clock. It is ridiculous.

CHAIR—Essentially that is true. It is just testing out various options. It is not an established policy. Let's move on to something useful, practical and concrete.

Senator CONROY—No. I will ask the questions that I think are useful. I appreciate the government do not think they are useful. But if you want to be so partisan as to decide what is a useful question for me to ask, that is very entertaining.

CHAIR—I am just concerned about the fact that time is moving on. We have a lot of agencies to be asked to the table yet. You may well be disappointed at 11 o'clock when we close these estimates down and you have not covered a lot of the ground that you could have. This is a fairly unproductive line of questioning, I would have thought.

Senator CONROY—So under the diversity test that is an option that you are considering, you could end up with the following outcome in Sydney as an example: News Ltd, Channel 7 and 2UE in one group—

Senator RONALDSON—This is pure speculation.

Senator LUNDY—Stop interrupting.

Senator RONALDSON—Good to hear from you. This is pure speculation.

Senator CONROY—I did not interrupt you during your questions, Senator Ronaldson.

Senator RONALDSON—But it is not possible for this minister to answer that question unless there is a policy.

Senator CONROY—Then she can say that.

Senator RONALDSON—Unless there is a policy, she cannot answer it.

Senator CONROY—Then let her say that. Let me finish my questions. She can say whatever she wants.

Senator RONALDSON—I think she has said it about 10 times anyway.

Senator CONROY—Under the diversity test with the media group definition that we discussed with Mr Cameron, Sydney could end up with the following media combinations: News, Channel 7 and 2UE in one group; Nine, the *Sydney Morning Herald* Fairfax and 2GB Macquarie in another group; and a third group comprising Ten and Austereo. The two other groups will just be radio stations, such as DMG Nova and 2SM. That would actually meet your diversity test? That is an option you are considering?

Senator Coonan—No, it is not.

Senator CONROY—Sorry?

Senator Coonan—No, I am not considering a policy that I have not yet decided.

Senator RONALDSON—You are now putting words into the minister's mouth.

Senator CONROY—I think the minister just put her words in her own mouth, but I appreciate your constant interjections and the inability of the chair to keep you under control. In fact, just for the record, his name is Senator Ronaldson in case, Chair, you need to call him to order.

CHAIR—Senator Conroy, let's just focus on what we are trying to do here, and that is deal with the estimates.

Senator CONROY—Which is, as I have already embarrassingly demonstrated to you, part of the annual report.

CHAIR—As I am going to illustrate to you from Odgers, you will find that annual reports relate to the financial performance of the department over the previous year. I think that shows that the kinds of questions you are seeking to ask based on the annual report are out of order.

Senator CONROY—If you are ruling annual reports out of estimates—

CHAIR—No.

Senator CONROY—that is a big call, a very big call.

CHAIR—I am speaking to the definition in Odgers. We are going to provide you with a copy of it.

Senator CONROY—Are you ruling that the annual report is not to be considered as part of estimates?

CHAIR—I never said that at all. I said it was part of the estimates. But it is in the context of the financial performance over the previous year.

Senator CONROY—So the so-called diversity test for Melbourne, as an example, under the definition provided by Mr Cameron of a media group, could have News, Seven and 3AW in one group and Nine, the *Age* and Austereo in another, and these two groups would dwarf a possible Ten, DMG and a gaggle of small radio stations. That is the sort of outcome you could get if the government decided to pursue the option that you have floated, Minister.

Senator Coonan—I do not accept that.

Senator CONROY—Would the proposed diversity test stop News Corp merging with Channel 9?

Senator Coonan—I am not going to make any comment about any question of diversity. There is no settled government position.

Senator CONROY—Thank you for allowing me to finish my questions, Minister. I would now like to turn to the digital TV reviews. Are they going to be considered to be additional estimates?

Senator JOYCE—As long as it does not take another 40 minutes.

Senator CONROY—Barnaby, the bad news is that I get to ask questions for as long as I want. If you have a problem, take it up with Senator Santoro.

Senator Coonan—You do not really because I am going at 11.

Senator CONROY—If you have a problem, take it up with Senator Santoro or Senator Ronaldson, who spent plenty of hours earlier today asking questions for as long as they wanted.

Senator JOYCE—Be concise like me, Senator Conroy.

Senator CONROY—I cannot guarantee Senator Santoro to be concise. Can the department update the committee on the progress of the digital reviews that are required to be conducted under the Broadcasting Services Act over the course of 2004-05?

Mr Cameron—There are a number of reviews that—

Senator CONROY—Eleven I think, is it?

Mr Cameron—Eleven in total. The majority of those reviews were conducted in four groups where consultation was undertaken during 2004. That consultation process has been completed. There was also a review conducted earlier this year in relation to the high definition television quota arrangements, with submissions received in the first half of this year. The department currently has a discussion paper out in relation to the review of the length of the simulcast period of analog and digital television, with submissions due on 8 November.

Senator CONROY—Did you use the word ‘completed’?

Mr Cameron—The consultation processes have been completed, yes.

Senator CONROY—So where are these reviews at?

Mr Cameron—The department has provided advice to the minister on the reviews where the consultation processes have been completed.

Senator CONROY—Sorry, did you say ‘concluded’?

Mr Cameron—The department has provided advice to the minister in relation to those reviews where the consultation process has been completed.

Senator CONROY—What is the definition of a review being completed? It is a generic question. I am happy for the minister or Ms Williams to take the question or anyone else who wants to venture the definition of the legislation.

Mr Cameron—The legislation requires the minister to cause reviews to be conducted.

Senator CONROY—But the legislation states that the reviews must be tabled within 15 sitting days after completion. So now I am asking: what is the definition of ‘completion’?

Mr Cameron—The legislation requires reports of those reviews to be tabled within 15 sitting days of those reports being completed.

Senator CONROY—So what is the definition of ‘completed’? When does the 15 days kick in?

Senator Coonan—When I have considered them, I suppose, wouldn’t you think?

Senator CONROY—Well, I am hoping someone can give me an answer like that.

Senator Coonan—There you are.

Senator CONROY—Thank you.

Senator Coonan—And you will have a decision when we announce a policy framework.

Senator CONROY—Given the legislation requires many of the reviews—for example, the ones on multichannelling and the fourth network—to have been conducted by 1 January 2005, which is nearly 10 months ago, can the minister explain why they still have not been released?

Senator Coonan—Because I have them under consideration.

Senator CONROY—Completion is when you have finished considering them?

Senator Coonan—Yes.

Senator CONROY—Is that after they have gone to cabinet?

Senator Coonan—Are you saying it is some other time?

Senator CONROY—No, that is what I am trying to ask.

Senator Coonan—That is what I am telling you. You sound incredulous, Senator Conroy, so I am just trying to see if you have some other definition there.

Ms Williams—It also does say ‘cause to be conducted by’, which does not mean completed.

Senator CONROY—Clause 60 of schedule 4 states:

The Minister must cause copies of reports to be laid before each House of Parliament within 15 sitting days of that House after the completion of the preparation of the report.

Ms Williams—Yes. I was going back to a previous statement, which is ‘cause to be conducted by’, which are the words of the legislation about when it starts or when it could be undertaken to start.

Senator CONROY—Minister, I want to be absolutely clear about your definition of when a report is completed.

Senator Coonan—My understanding is that after I have considered them they it will be tabled. But they have been factored, obviously, into consideration as to what the government’s policy response should be.

Senator CONROY—So a couple of them had to be conducted by 1 January 2005 and they are still sitting on your desk?

Senator Coonan—They are under consideration by me.

Senator CONROY—Were those two in particular—multichannelling and the fourth network—conducted by 1 January?

Senator Coonan—I think everything has been conducted.

Senator CONROY—Do they comply with the legislation?

Senator Coonan—I believe they do.

Senator CONROY—So you have been pondering for 10 months?

Senator Coonan—Well, they are difficult to consider in isolation.

Senator CONROY—You have indicated fairly clearly that you do not favour the establishment of a fourth free-to-air channel. You say it is an election commitment.

Senator Coonan—Yes.

Senator CONROY—Is there a reason why that review cannot be released? It is a fairly cut and dried situation.

Senator Coonan—Nothing in digital policy is cut and dried, Senator Conroy.

Senator CONROY—You have said you are not going to do it.

Senator Coonan—We have said we do not favour it.

Senator CONROY—You said it is an election commitment and that is what you are going to do.

Senator Coonan—No. What I said is an election commitment is that the government would resume the authority-making capacity to issue, should we ever do so or should any government do so in the future, a fourth terrestrial free-to-air channel.

Senator CONROY—And one of the reviews was about the establishment of the fourth channel?

Senator Coonan—It is different from the decision making as to whether there should be one.

Senator CONROY—So an election commitment is not a decision?

Senator Coonan—No. The election commitment is to transfer the authority, if you were to issue a fourth free-to-air channel, to the government of the day rather than the regulator.

Senator CONROY—You have mentioned a couple of times the adoption of the MPEG 4 compression standard. Have you got any advice on how far away we are from getting that standard adopted?

Senator Coonan—Well, the department can maybe give you a view. As I have said, there are significant legacy issues even if it were available.

Mr Cameron—MPEG4 is a more advanced compression standard for audiovisual services which was originally established for use over broadband networks such as the internet. In

more recent times it has been developed further for use on a range of broadcast platforms. MPEG4 is used in some cable and satellite pay-TV platforms or is being launched for those platforms internationally. It has not yet been launched anywhere in the world for a terrestrial broadcast network, although we understand that it is to be used as part of the digital terrestrial network in France to be launched in the next couple of months. So at this stage MPEG4 in a terrestrial environment is an untested platform, although it is likely that over the next few years its capacity to be rolled out in a robust way in the terrestrial platform will be confirmed or otherwise.

Senator CONROY—What would the adoption of that standard or any other compression standard mean for people who have already purchased digital equipment as opposed to analog?

Mr Cameron—The adoption of that standard would mean that signals broadcasting MPEG4 could only be received by digital equipment that has an MPEG4 capability.

Senator CONROY—So if you bought a digital MPEG2 at the moment, you could not actually receive it technologically?

Mr Cameron—If you have a box which is only capable of receiving MPEG2, and all the boxes in the Australian market currently are only capable of receiving MPEG2, then, yes, you could not receive an MPEG4 signal.

Senator CONROY—This is one for you, Minister, rather than the department because it might involve expressing an opinion. Do you think you would need to have a simulcast between MPEG2 and 4 just because of that legacy? It is another two or three years.

Senator Coonan—I just do not know. That would be obviously subject to some technical advice. It is not imminent enough to pose that problem.

Senator CONROY—But you are a big advocate of MPEG4. I have heard you mention it many, many times, not just here today.

Senator Coonan—I do not think it is many, many times.

Senator CONROY—You are being modest. Justifiably, you indicated that MPEG4 is on the horizon.

Senator Coonan—Well, it is an available standard. That is all I have said. I have said tonight, I think three times now, that it has significant legacy issues for people who can only receive a less advanced form of compression. So you would need to be very careful about how you introduced it.

Senator CONROY—This is one of those legacy issues. It is slightly different to the legacy issue most people automatically think of, which is analog. This is a genuine issue. If we allow MPEG2 digital equipment to be sold for the next three or four years, we will build up this huge amount of digital technology that could ultimately become useless if you wanted to try it.

Senator Coonan—It is something that can be considered in the current review.

Senator CONROY—Yes. The UK government has estimated that the switch-off of analog will boost the UK economy by up to £2.2 billion. Has the department made any assessment of potential economic gains to the economy from the digital switchover?

Senator Coonan—Not that I have been advised.

Mr Cameron—The answer is no.

Senator CONROY—Do you have any plans to conduct that sort of research? The UK government has done it and said there are serious benefits there. Are there any thoughts, Minister?

Senator Coonan—That is something obviously that can be considered as part of the review and a digital action plan.

Senator CONROY—It would be useful to help build the case for the switchover.

Senator Coonan—I think you have to look at all the issues that are relevant to how you get to switch over. You obviously do not do it for the fun of it. You do it because it has some benefit for the community more broadly speaking. We do not live in an economy alone; we live in a community.

Senator CONROY—In the past, companies in the Communications portfolio have showered gifts like plasma TVs on officeholders, you might remember. You do not have a plasma TV, do you?

Senator Coonan—Unfortunately, I do not, although one was offered on the basis that you got one too, so I refused on your behalf.

Senator CONROY—Thank you very much. Very sneaky!

CHAIR—Disappointing, I would say.

Senator CONROY—Have you received any gifts or loans from any media or telecommunications companies this year?

Senator Coonan—Sadly, not that I am aware of, so it cannot have been very large if it was.

Senator CONROY—So you are not trialling any equipment?

Senator Coonan—No. I might have something called a DVBH. That is part of the trial that is being conducted by Broadcast Australia.

Senator CONROY—That little handheld one?

Senator Coonan—Yes, somebody gave me one.

Senator CONROY—How is it going? Is it working?

Senator Coonan—Unfortunately not—not unless you stand near a window.

Senator CONROY—That is a bummer.

Senator Coonan—I have also just been told there is a digital radio from Broadcast Australia that does not get very many stations. So I am not doing too well.

Senator CONROY—You are not doing too well. That is disappointing.

Senator Coonan—I try to understand what is available.

Senator CONROY—I wish it was working better, that is all.

Senator Coonan—I do too.

Senator CONROY—I have a whole range of other questions for this part of the department. But given how much we are running over, I will put them on notice. For 3.2, I am finished.

CHAIR—Thank you, Senator Conroy. Are there any other questions to the department—

Senator CONROY—On this section only.

CHAIR—from other senators?

Senator JOYCE—Yes. You can call these out of order, if you wish.

Senator CONROY—They are not out of order. It is just whether they are in the right place.

CHAIR—This is outcome 3.2.

Senator CONROY—These questions are only for that specific area of the department, Barnaby. I am just trying to save you a bit of grief.

Senator JOYCE—It is all right. I have lost track of where you were over the last hour—I thought you might have gone through a few more areas.

Senator CONROY—No. Tragically, we are still on that one. Now we are about to move to Telstra.

[8.28 pm]

Telstra

CHAIR—We welcome Telstra representatives to these estimates.

Senator CONROY—I have a number of questions about the ACCC's draft decision to reject Telstra's ULL undertaking. If the ACCC's draft decision is allowed to stand, what impact does Telstra expect the decision would have on its revenues?

Ms McKenzie—We expect that it would have quite a significant impact on our revenues. In particular, our concern is that if that decision is allowed to stand, it will mean that there is a lack of capacity for us to maintain parity of pricing in rural and regional areas.

Senator CONROY—I have seen some figures quoted in the media. I actually do not think they are by Telstra. I want to clarify this because I think there has actually been some confusion in the media in the reporting of this. There has been some suggestion that it would cost Telstra \$800 million with the ULL undertaking if it stood as the ACCC is suggesting. As I said, I do not think that is Telstra saying that. I want to get it clear. Is there an \$800 million figure attached to that one decision?

Ms McKenzie—I think we would say that that is in the right ballpark. But it depends how you calculate it.

Senator CONROY—This is from the one decision about the ULL?

Ms McKenzie—Yes, but it depends over what period of time. It depends what final price the ACCC comes up with. It depends on the rate of take-up of ULL. So there are many variables. But certainly it is a large impact and it would be of that order.

Senator CONROY—I am asking about the impact on next year's revenues. Does the figure you are talking about include the \$88 million attributed to new ULL price controls and the \$68 million attributed to the ULL price reductions by Telstra when it issued its profit downgrade on 5 September?

Ms McKenzie—Of the \$68 million included in the profit downgrade in September, it is my understanding that that was based on the prices in our current undertakings.

Senator CONROY—What about the \$88 million which is attributed to new ULL price controls?

Ms McKenzie—I am not sure which \$88 million you are referring to there. Are you talking about retail price controls as opposed to the ULL decision?

Senator CONROY—I asked you about the ACCC's draft decision on ULL.

Ms McKenzie—I think the \$88 million you are referring to that was mentioned in the profit warning is actually attributed to the new retail price control determination rather than the ULL draft decision.

Senator CONROY—So it was described as new ULL price controls. I am quoting from the statement that was released by you when you issued your profit downgrade.

Mr Nicholson—I believe in the 5 September guidance a figure of \$850 million of lost revenues was factored into the company's outlook. That was as a result of a range of price reduction decisions, including ULL. So the numbers that you just quoted of \$68 million for ULL and I believe the \$88 million was with respect to our access prices on CPI.

Senator CONROY—You have taken us a big step forward there, Mr Nicholson, so thanks for that. So the \$850 million was not directly the single cost of the ACCC ULL proposed decision? It makes up part of it. That is what I am really trying to understand.

Mr Nicholson—Mr Stanhope, our CFO, on that date, 5 September, talked about the range of price reduction decisions—that is correct.

Senator CONROY—So if you have created a conglomerate figure, you must have some individual figures to back that up.

Mr Nicholson—And you have two of them.

Senator CONROY—So where we talk about new ULL price controls costing the company \$88 million, is that the specific impact of the draft ULL decision if it was to go ahead?

Mr Nicholson—The number I have here for ULL was \$68 million. The other one was the \$88 million with respect to access pricing.

Senator CONROY—I was going on Ms McKenzie's suggestion that the \$68 million was on existing rather than—

Mr Nicholson—Okay.

Senator CONROY—So the impact of the ACCC's ULL proposed decision is the \$88 million and the \$68 million added together? Is that a fair way to put it or not?

Mr Gration—I think what Mr Nicholson said is \$68 million for ULL and \$88 million for retail price controls.

Senator CONROY—So the media have got it very wrong when they quote an \$800 million figure as being the impact of the ACCC's ULL decision? That is a lot more than your own figures suggest?

Mr Gration—I think those figures that Mr Stanhope gave and the \$850 million overall guidance in that 5 September announcement was the 2005-06 impact. Certainly, as Mr Stanhope said—

Senator CONROY—Well, it cannot be a 2005-06 impact from a future proposal.

Mr Gration—No. I think the \$68 million, as I understand it, was the estimate of the impact of ULL pricing in 2005-06.

Senator CONROY—Now I am getting confused. Firstly, can we confirm the \$800 million figure that is being touted in the media—not by Telstra, I repeat. This is not a figure that I am saying Telstra is kicking around, but I think the media have looked at your one figure of \$850 million and said that is the entire impact from just the one decision by the ACCC. Can I confirm with you that the \$850 million is not a figure that applies to the draft ACCC decision?

Mr Gration—The \$850 million was the revenue impact in 2005-06 of various regulatory decisions.

Senator CONROY—So that is not the one. It is a whole raft of decisions?

Ms McKenzie—But I think the \$800 million figure that has been quoted is a projection of the impact of ULL over a period of time.

Senator CONROY—Perhaps someone can take me through that. I am happy for you to say, 'No, it is our figure and here is how we derived it', but, please, someone step forward and do that.

Ms McKenzie—As I said in the beginning, it is difficult to come up with an accurate figure because you have to know over what period of time you are talking about, what demand levels there are likely to be, what sort of take-up there is likely to be and what the flow-on consequences of that are likely to be for other revenues. One of the concerns is that with the de-averaging pricing construct people actually only take up ULL in band 2. Band 1 is generally a situation where people already have their own competing infrastructure so all the ULL take-up is in band 2. So Telstra loses customers in band 2. There is no ULL take-up in band 3 or band 4.

Senator CONROY—I do appreciate the difficulties you are describing, Ms McKenzie. But there is a figure out there and I am trying to ascertain whether it is the correct figure. I accept everything you are saying about how difficult this is. But I want to come back to the simple proposition.

Ms McKenzie—And the answer I gave was that over a period of time you are talking about figures in that ballpark.

Senator CONROY—It is called the long run. Someone came and said, ‘We’re all dead in the long run’. So if it is a 50-year proposal, please say that over 50 years Telstra will lose \$800 million. Feel free to say it. I am asking you to stand by your \$800 million figure or not. I do not even think it is your figure. But I am saying that if it is your figure, can you justify it. Can you take me through your methodology on the \$800 million figure, if you are attaching yourself to it. I am offering you the opportunity to not attach yourself to it.

Ms McKenzie—I guess what I am trying to say is that it is in the general ballpark over a period of some years—three to five years, not 50 years, definitely. How accurate it is depends on a whole range of variables, some of which I was just trying to begin to take you through, which include the sort of patterns of take-up and the flow-on implications of that.

Senator CONROY—Can we put aside the impact of the current ULL decision. We have taken that out of the equation. I am talking about what will be the impact of the proposed ACCC decision. You are saying over three to five years, and that is a pretty big variable. I ask you to narrow that down a little. The difference between three to five years and \$800 million is pretty substantial. Can we get just a slightly better time frame on your three to five years and \$800 million? Is it \$800 million in three years or is it \$800 million over five years?

Ms McKenzie—It is a question that is very difficult to be absolutely accurate about because there are so many variables involved. We have said that in band 2 our efficient costs are \$43, our undertaking prices are \$22. The ACCC’s current draft determination would put those prices at \$13. So that is 40-odd per cent below what we would say. What impact that has depends on how many lines get taken up by competitors, what services they provide of them and how many services we lose as a result of that. If you do the maths, in band 2 there are about 1.8 million lines. If you had quite low levels of take-up, that potentially still translates into large slabs of revenue.

Senator CONROY—I do appreciate that these things require a number of assumptions. I am just trying to make sure I understand what your assumptions are.

Senator RONALDSON—I am still not clear.

Senator CONROY—Neither am I. But I am sure with the help of all the officials at the table we will find an answer.

Ms McKenzie—Seven million lines we have counted.

Senator RONALDSON—On that, you have said \$800 million. You cannot give us a time frame. How is the \$800 million paid up?

Senator CONROY—If you bear with me, Senator Ronaldson, we will get there. But I understand why you ask that question. Presumably Telstra’s modelling is based on the assumption that the ACCC’s pricing will result in a significantly higher take-up of ULL lines by access seekers.

Ms McKenzie—Yes, in band 2 only.

Senator CONROY—How many lines does Telstra anticipate will be taken up by access seekers under its modelling of the loss to Telstra caused by the ACCC’s ULL decision?

Ms McKenzie—If I am correct, there are about seven million lines in band 2, not 1.8. We think that that will get up to the 1.8 level over the first three years or so.

Senator CONROY—Is there any update there? Did you want to add anything?

Ms McKenzie—No.

Senator CONROY—Will you table the modelling that these conclusions are based on?

Ms McKenzie—I think there is an issue with that. We have not made public any forecasts of this kind. Probably in the current circumstances, until we know what the outcomes are, we would not be tabling that level of detail.

Senator RONALDSON—But you had enough detail to get the figure of \$800 million.

Senator CONROY—I think you have the gist of it, Senator Ronaldson.

Senator RONALDSON—Thank you very much, Senator Conroy. And the response?

Mr Gration—Just to clarify, I think as Senator Conroy said at the start, the figure that we gave to the market was \$850 million for a 2005-06 impact.

Senator CONROY—On a raft of regulatory decisions.

Mr Gration—Yes. That was a revenue impact in 2005-06. I do not believe we have put out any other figure for a sort of future impact.

Senator CONROY—You do not believe you put out the figure?

Mr Gration—I do not believe Telstra did.

Senator CONROY—Ms McKenzie is going to great lengths here to try and justify the \$800 million figure and now you are telling me it is not your figure.

Ms McKenzie—No, I am just explaining to you that we have not publicly disclosed a longer term forecast.

Senator CONROY—But Mr Gration has just said that Telstra did not put out the \$800 million figure.

Mr Gration—We did not put out the \$800 million figure. Ms McKenzie has been explaining why we think the order of magnitude of the impact might be like that figure. But I do not think we have put that figure out or said that we have done the modelling or whatever that gets us to an \$800 million figure.

Senator CONROY—So you have not done any modelling that gets you to an \$800 million figure?

Ms McKenzie—We have clearly done a range of internal modelling on the impacts of this. I guess my concern is that we have not revealed those forecasts publicly and we would have to consider what our obligations were to disclose those to the market if they were to be disclosed anywhere else.

Senator RONALDSON—So what was the modelling over three years?

Ms McKenzie—I think I have just given my answer. Potentially—

Senator RONALDSON—What is the modelling over four years?

Ms McKenzie—Potentially the details of these models are disclosable information—

Senator RONALDSON—What was the modelling over five years. Ms McKenzie, you have made the comment. You have gone three to five years and it has all been modelled. I am asking you what the modelling is over three years, four years and five years. Clearly you have done the modelling. What did it say?

Senator JOYCE—Did you say you had not created a figure of \$800 million?

Senator CONROY—They have not.

Senator RONALDSON—They have tonight, I think.

Senator CONROY—They said it is in the range. I do not want to verbal Ms McKenzie.

Ms McKenzie—That is right.

Senator JOYCE—As has already been reported, that cross-subsidy is worth up to \$800 million a year. It is from Telstra.

Ms McKenzie—You are quoting from?

Senator JOYCE—A report given to me by Telstra the other day.

Senator CONROY—Which report is that, Senator Joyce?

Senator JOYCE—One that I had.

Senator LUNDY—That internal secret one that he was not supposed to read out.

Senator CONROY—You have not been given one that did not exist, have you?

Senator JOYCE—No, it is from Telstra. These are Telstra maps.

Senator CONROY—Are you getting secret briefings from Telstra that are not available to everybody, Senator Joyce?

Senator JOYCE—No, I am not.

Senator LUNDY—Especially not available to the market.

Senator CONROY—I hope that is—

Senator JOYCE—Well, you just said \$800 million. Everybody said \$800 million. It is \$800 million. I want to know where it comes from too because it is very important. We have some serious concerns about it.

Senator CONROY—This is why we have estimates—so that we can hold people accountable if they are telling you one thing in private and telling other people publicly something else.

Senator LUNDY—A bit like cross-media.

CHAIR—It is about public accountability.

Senator CONROY—Wonderful. As long as it is not a government policy.

Ms McKenzie—I may be able to cast some light on that. Without having seen the material that Senator Joyce has, I think the \$800 million figure may be a figure that Mr Campbell from Telstra has described as being the band 4 loss. So the amount—

Senator CONROY—A full loss as opposed to band 2.

Ms McKenzie—The amount of subsidy that would be required to make up for the loss of revenue in band 4. It is the difference between the ACCC's estimate of costs and the revenues in band 4. That is what it is.

Senator CONROY—The difference between?

Ms McKenzie—The ACCC's estimate of costs in band 4 and the actual revenues that we can earn in band 4, which is different.

Senator CONROY—I do not want to help Senator Joyce out here, but is that the figure that Senator Joyce has been given?

Senator JOYCE—This is from a public forum given at Townsville the other day.

Senator CONROY—Okay.

Senator JOYCE—Unfortunately, the magnitude—

Senator CONROY—What is the basis for that estimate?

Ms McKenzie—It is just what the ACCC has estimated as the costs of providing the network in band 4 minus the revenue that we can earn in band 4. As everyone knows, band 4 costs are very high and we earn very little revenue. That is the gap.

Senator CONROY—Is that the impact of the ULL decision? That is a no?

Ms McKenzie—No.

Senator CONROY—Excellent. So the mysterious \$800 million figure continues to have no owner?

Ms McKenzie—No. The \$800 million figure is—

Senator CONROY—Are there two \$800 million figures here?

Ms McKenzie—Well, it is very difficult because I am not sure exactly what document Senator Joyce is referring to.

Senator CONROY—I am talking about my two. You have now given me a second \$800 million figure, which is the difference between ACCC estimates and actual revenue losses.

Ms McKenzie—That is right.

Senator CONROY—Then we were talking about another \$800 million figure which you said Mr Campbell had suggested was a ballpark figure.

Ms McKenzie—No. I think the \$800 million figure that I was attributing to Mr Campbell is the difference between the ACCC's estimates of costs in band 4 and revenues in band 4.

Senator CONROY—But that is not the ULL impact decision?

Ms McKenzie—No.

Senator CONROY—So is the ULL impact decision \$800 million? Two or three times tonight, I think Mr Nicholson, Mr Gratton and you have all tried to suggest that that may be. I might have been a bit unkind to you there. I am actually trying to get an answer as to whether or not the \$800 million is a Telstra figure or not and what it applies to because I am trying to ask a question about the ULL.

Ms McKenzie—I have just explained that I think the \$800 million figure is a figure attributed to Mr Campbell.

Senator CONROY—That is one of them. I am asking—

Ms McKenzie—I do not know what the other \$800 million is.

Senator CONROY—The other one is the ULL decision you keep trying to make up—the impact of the ULL decision, \$800 million.

Ms McKenzie—But I am not sure where that \$800 million comes from.

Senator CONROY—I started off in the first question by saying that, did I not? So it has no author any more?

Ms McKenzie—I think you said that \$800 million figure you did not think had been attributed to Telstra.

Senator CONROY—I said that. But then you decided to grab hold of it.

Ms McKenzie—Well, I said an impact in that ballpark—

Senator CONROY—I was very specifically asking you about the ULL decision, Ms McKenzie, and you have grabbed an \$800 million figure that has nothing to do with the ULL decision.

Ms McKenzie—It does not have nothing to do with it. It is an estimate.

Senator CONROY—I think the word ‘no’ from behind you indicated it did.

Ms McKenzie—The band 4 subsidy cost is of that order, so it is not unrelated to the ULL impact. It is just not directly the consequence of the ACCC’s draft determination on ULL.

Senator JOYCE—I am lost. What does that mean?

Senator RONALDSON—What undertaking did you give to the ACCC?

Ms McKenzie—At the end of the day, I guess what we are saying is that if that decision of the ACCC proceeds, we will be obliged to provide ULL services at significantly below cost to competitors. They will only take those services up in band 2. That will reduce our revenues significantly. The subsidy required for band 4 will become more transparent. Without something being done to address that, the capacity to be able to maintain the network in those rural and regional areas when we are recovering very small amounts of revenue that go nowhere near covering the cost of those services is a recipe for not being able to maintain the network in the long term.

Senator CONROY—That has cleared it up, then. As an alternative to the ACCC’s proposal for regionally deaveraged ULL pricing, Telstra have proposed the imposition of average wholesale prices throughout Australia. Could you explain how that would work.

Ms McKenzie—How it would work is that you would take the cost of the network across the whole country. They are our efficient costs of providing ULL. Instead of having it divided up into four bands with low prices in band 1 and band 2 and much higher prices in band 3 and band 4, you would just charge the same price all across the country.

Senator CONROY—So the basic idea is that you can convince the ACCC to give you a little extra cream or profit margin in the cities and then you can use that to subsidise investment in less profitable services in the bush. Is that the basis of it?

Ms McKenzie—No. The basis of the argument is that if we are required to average our prices at retail, then we should also average our prices at wholesale. That is what happens in almost every other country in the world. Alternatively, they deaverage both at wholesale and retail. The problem is that when you are required to provide average prices at retail at deaveraged prices at wholesale, it allows competitors to cherrypick. It does not provide proper recompense to maintain the network across the whole country.

Senator CONROY—Maybe I did not ask my question sufficiently clearly. The rationale when you average is that the services in the city will be at a slightly higher price than they otherwise would be if they were deaveraged on the basis that that money is then taken and put into the subsidies for the higher prices. So it goes like that. That is what happens. I know the *Hansard* cannot capture this, but that is what an average is.

Ms McKenzie—Yes, that is right. But what you are really arguing is that if ULL provision is only going to happen in band 2, then the competitors who are buying the ULL service in band 2 should contribute to the cost of providing those services in rural and regional Australia as well if we are going to stick with parity of pricing across the city and the bush.

Senator CONROY—But that is the impact of using an average price—some area pays more so some other area pays less. In this instance, the area that pays more will be the city to subsidise the bush.

Ms McKenzie—That is right.

Senator CONROY—That is to put it in its simplest form. This model of cross-subsidisation is based on the traditional model of cross-subsidisation of fixed line services in Australia. That is the way fixed line works.

Ms McKenzie—That is right.

Senator CONROY—But there is a difference between cross-subsidisation of broadband and cross-subsidisation of fixed lines, isn't there?

Ms McKenzie—ULL is used to provide both fixed line services and broadband services.

Senator CONROY—But you are legally obliged to provide a certain level of fixed line service throughout Australia by the USO, aren't you?

Ms McKenzie—Yes.

Senator CONROY—There is effectively an obligation that you actually spend the extra money in the bush that you make in that averaging process in the cities. That is your legal requirement?

Ms McKenzie—That is right.

Senator CONROY—There is no such obligation under your proposal for averaged ULL pricing, though, is there?

Ms McKenzie—Sorry, could you just repeat that?

Senator CONROY—You are not suggesting that it should be legislated, that all the extra money you make in the city you spend in the bush?

Ms McKenzie—What we are suggesting is that if that were to occur, we would be able to maintain retail pricing parity.

Senator CONROY—But that does not mean that all the money you made was used to subsidise, whereas there is a legal requirement. When you say, ‘We want it averaged,’ you are not actually asking for the mechanism that guarantees that all the extra money—

Ms McKenzie—We are saying averaged at efficient cost. So effectively if you average at efficient cost, all you are doing is spreading the cost of providing ULL across the whole network.

Senator CONROY—At the moment there is a legal requirement on fixed line for you to spend the money that you make.

Mr Gration—There is no legal requirement to spend the money in a particular way. There is a legal requirement to provide a standard telephone service throughout the country. It is not couched in terms of ‘You must spend the money you make in the city in the bush’.

Senator CONROY—No. I appreciate the legislation does not say that. I am trying a bit of shorthand here. Practically, that is what happens?

Ms McKenzie—No. Practically, that is not what happens. Practically, a figure is made up for what is going to be contributed to the USO. There is a reconciliation at the end of the year. For this year, I think the figure is \$171 million, which is way below the cost of providing those services in rural and regional Australia. Approximately \$100 million of that is Telstra’s contribution. In effect, how that operates is that there is something called the NUSC, which is ACMA’s way of reconciling those funds at the end of the year. All that happens is that we get approximately \$70 million in contributions from other carriers and carriage service providers towards the cost of maintaining the universal service. Most of that funding actually goes into radio systems and satellite services. Only 23 per cent of it goes into maintaining the can over which ULL is provided.

Senator CONROY—Would Telstra be amenable to the imposition of a kind of USO obligation for broadband if averaged ULL pricing was established?

Ms McKenzie—I think we would say that the USO as a mechanism has proven very ineffective. Right from the day of it first being imposed, it has been significantly underfunded. While ever it is significantly underfunded, it is not an adequate mechanism to make sure that broadband gets provided.

Senator CONROY—Do you acknowledge that under an average price system which you are advocating there needs to be some kind of obligation on Telstra to provide the service?

Ms McKenzie—Look, broadband can be provided by a range of different technologies. It does not have to be provided by a ULL. It could be provided a whole lot of other ways and by other people with competing bits of infrastructure. You have to be careful there.

Senator CONROY—Where do you get your incentive to spend money on below cost services in the bush if there is not a USO? Just the goodness of your heart? I know you have a very good heart, Ms McKenzie, and I am sure Mr Gration has too.

Ms McKenzie—Telstra is a company that has always been committed to rural and regional Australia. Certainly we are the universal service provider so we have to maintain the infrastructure that is necessary to provide a standard telephone service. We are also the supplier of last resort. I guess what we are saying is whilst we are happy to continue to meet those obligations, at some point they have to be adequately funded.

Senator CONROY—But you are not prepared to accept some sort of obligation to provide broadband in the same way as fixed line despite wanting the same averaged process?

Ms McKenzie—Not stated in that bald way. Obviously Telstra would like to provide broadband to the whole country. We put up a broadband plan to the government some time back which would have resulted in us investing significant sums of money—around \$3.1 billion—and the government investing \$2.6 billion to provide high bandwidth broadband to 98 per cent of the country. That was rejected. Presumably now it is a matter of government policy to decide how they are going to get broadband out across the country.

Senator CONROY—There is a challenge for you. Would Telstra's proposal for average ULL pricing result in increased retail broadband prices in metropolitan Australia from either Telstra or Telstra's wholesale customers?

Ms McKenzie—I think the answer to that is no, because there is a sufficient margin to be made by competitors using ULL service and enough competition in those areas to ensure that prices would not go up. They just would not go down by as much as they might under a de-averaged pricing construct.

Senator CONROY—So increasing the costs of ULL based competitors by up to \$17 per line would not cause them to increase their prices?

Ms McKenzie—You have to remember that the idea now of deciding what the ULL price is is so that everybody knows, before they make major investments in ULL, what the pricing construct is going to be. The reason a number of competitors have decided to invest in ULL is that they can make significantly greater margins using ULL than they can using products currently available to provide that service. We think that margin is sufficient. Even if you had an average price, it would still be viable for them to take up ULL in those bands and provide cheaper retail prices.

Senator CONROY—All of a sudden, all these competitors of yours have these fat margins. You have been telling me that competition in the broadband sector is red hot, but everyone has these fat margins.

Ms McKenzie—It is simply a factor of the margins that are available using the ULL service compared with the margins that are available using currently available products.

Senator CONROY—You are telling me that everyone in the market is running around with margins fat enough to absorb a 110 per cent increase in their biggest cost?

Ms McKenzie—I do not know where the 110 per cent increase comes from. In fact, their costs are reduced if they provide both broadband and fixed line using a ULL service as opposed to the other wholesale options that are currently available to them—essentially resale options.

Senator CONROY—Most people are retailing it for \$29, so I am guessing that they are making some margin on that. A \$17 increase—

Ms McKenzie—But it is an increase in the monthly charge for the ULL service. They can provide a number of services plus the ULL service.

Senator CONROY—What do they currently charge?

Ms McKenzie—I do not have details of every pricing construct that every competitor has at the moment, but certainly we have had some information that we got off Optus's web site, where they were claiming a significant increase in their margin for providing the same services using ULL as the basis for providing those services, compared with what they currently use. Therefore, there is a sufficient margin there for it still to be worth while for them to provide ULL, even if it were on an average pricing construct.

Mr Gration—It is also worth remembering that Optus has its own infrastructure that passes something like 2.5 million homes and over which it can provide broadband if it chooses. The current pricing construct says, notwithstanding their sunken investment in that HFC cable, it is still preferable for them to buy our infrastructure than use their own, which tells you something about the pricing constructs that exist.

Senator RONALDSON—Senator Conroy, did you discuss the undertaking that has been given to the ACCC in relation to ULL?

Senator CONROY—No.

Senator RONALDSON—Have the de-averaging and the support been raised?

Senator CONROY—I have not gone there yet. I have not talked about it in the specific way that you, I suspect, want to talk about it.

Senator RONALDSON—You go on.

Senator CONROY—If, as you propose, you set ULL prices at \$30 and maintain your retail broadband price at \$29.95 for entry level products, how much scope is there for ULL based retail competition in Australia?

Ms McKenzie—There is still quite a lot of scope for ULL based competition because nobody just provides a broadband service off the ULL service; they provide voice as well. Some of the figures that we have seen show that the average revenue that they get from the provision of both of those services is in the order of \$120. With the ULL costs and other costs added in, that still leaves them with a significant margin.

Senator CONROY—Do you think that they might provide a VoIP—

Ms McKenzie—They may well.

Senator CONROY—rather than a fixed line? Yes, they may well. ULL based competitors will be forced to try to sell higher quality broadband products for more than \$30 per month, won't they?

Ms McKenzie—Sorry?

Senator CONROY—I mentioned entry-level broadband at \$30 earlier. If people want to charge more than \$30, they are going to have to sell higher quality broadband products. That would make sense.

Mr Gratton—Higher speeds and higher download capacities.

Senator CONROY—Yes, when I say ‘higher quality’, that is what I mean. That is what they would have to do.

Mr Gratton—That is what they do currently and that is what we do currently.

Senator CONROY—How much success has Telstra had in signing up new customers for products that are more expensive than the \$29.95 entry-level product?

Mr Gratton—I do not have the figures with me, but certainly I think the experience is that most customers, once they get a taste for broadband, also get a taste for higher speeds and higher download limits. I think—and my colleague Denis may tell me if I am wrong—the \$29.95 plan is 256 kilobits per second for a 200 meg download limit. I think most customers, once they get a taste for broadband, will tend to use more than that and tend to move on to some of the plans provided—

Senator CONROY—I am asking you how much success have you had. I am not disagreeing with your analysis; I am just asking you how much success.

Mr Gratton—I do not have the figures, but I understand that is the general path for customers.

Senator CONROY—Mr Mullane?

Mr Mullane—I know that in our wholesale ADSL services and the resale services a significant proportion of the base is sold at higher speeds. There is something like 20 per cent at the 1½ megabit per second level and something like 40 per cent at the 512 kbps download level. In the wholesale market, there is substantial attraction to those higher bandwidths. In the Telstra retail side of it, it is not quite so skewed but there is certainly a substantial portion at the 512 kbps level: towards 40 per cent. There is a lower percentage at the 1½ meg level. But it is all changing, so it is a dynamic market.

Senator CONROY—Telstra has indicated that it will implement differential pricing for retail broadband services in rural and regional Australia if the ACCC decision on ULL is allowed to stand. Have you given any consideration to how high Telstra’s prices may climb in rural and regional Australia?

Ms McKenzie—No decisions have been taken of a specific nature. Obviously, if that decision stands, work will be done to come up with some new pricing constructs, but no decisions have been taken on that at this stage.

Senator CONROY—So you have not given any consideration to that yet.

Ms McKenzie—Certainly there has been some consideration given. There is a whole range of options for how you might do that, but no decisions have been taken.

Senator CONROY—So you do not have any idea of what you would realistically have to charge in a de-averaged world?

Ms McKenzie—I think you can do the maths and figure that out.

Senator CONROY—You have a lot of people in your company employed to do that, so I wonder whether you could share it with us.

Ms McKenzie—And I guess, as I said, certainly there is a range of options available and no decisions have been taken about exactly what we would do or how we would manage that. That would be the subject of quite detailed consideration.

Senator CONROY—Are you suggesting you have not done that?

Ms McKenzie—No. I said certainly some work has been done and there are a number of options that could be pursued, but no final decisions have been taken.

Senator CONROY—You said—and you seem to imply that it is fairly simple—that you can do the maths and work it out. I am not familiar with all of the constructs. What is a rough figure?

Ms McKenzie—It would not be sensible to try and pluck a figure out of the air because, as I say, we would have to give close consideration to what sort of pricing constructs we wanted to have.

Senator CONROY—How low would prices fall in metropolitan areas; do you have any estimates?

Ms McKenzie—Again, I would not like to put a figure on how low they would fall in metropolitan areas.

Senator CONROY—Minister, given that you have promised parity of broadband pricing to rural and regional Australia, have you given any consideration to how much this promise will cost the government?

Senator Coonan—We have said that pricing parity is important to the government and that we are going to ensure that people in regional Australia are not disadvantaged in the line rental prices they pay compared with people living in metropolitan Australia. Parity arranged between city and country consumers will remain. We can adjust the price controls if it becomes necessary and if Telstra takes certain decisions. I think that is probably the most appropriate answer.

Senator CONROY—I asked about broadband pricing, Minister.

Senator Coonan—I am sorry; I thought you were talking about line rental.

Senator CONROY—I said, given that you promised parity of broadband pricing—

Senator Coonan—As you know, we have a big policy we just announced on that. The current figure is \$878 million.

Senator CONROY—Just so we are clear that we are talking about the same thing, this is the broadband policy?

Senator Coonan—Yes.

Senator CONROY—You have offered \$878 million as part of your package. That is not what I was actually asking you for. Given that you have promised parity of broadband pricing, how much will that cost the government?

Senator Coonan—We have not actually said that. What we have said is that it is achieved through the government subsidies, which as you know have taken the form of HiBIS and you have all the figures on HiBIS. The arrangements to make broadband available are continued through the broadband connect program. I think you asked me a question, if I recall rightly, about a claim by the NFF to that effect. I said in effect that they are quite right to have said that, because that is what the effect of the policy is. But the government has not actually said that broadband pricing parity is something that is guaranteed. We have talked about pricing parity in terms of line rental. I am sorry; I did not hear the beginning of your question, which is why I misled you.

Senator CONROY—That is okay. So when you say the government, having given a commitment for parity of broadband pricing—

Senator Coonan—Not in the same way as we have with line rental. But, in effect, the government is concerned; absolute broadband pricing parity is difficult, as I have said. Also, in answer to a question you have asked me at question time: because different people want different things, it is different to a basic phone on a wall and a line. What people want in broadband varies enormously. What the government is obviously committed to do is to ensure that there is some equity in terms of broadband being available, and then people can obviously make decisions about how they wish to access it.

Senator CONROY—The wonderful thing about dollars is that they are fungible. It does not matter what method you use to deliver the broadband; it has a cost.

Senator Coonan—Of course it does.

Senator CONROY—What I am asking you again is that, given that you have promised to deliver broadband, in whatever way it takes to provide it—and we are now some weeks after your decision to make this commitment—how much will this promise cost the government? Please do not quote back to me what you have put on the table in terms of \$878 million over four years. I am asking what it will actually cost to meet.

Senator Coonan—I will have to take that on notice.

Senator CONROY—You have done no work on it?

Senator Coonan—I will have to take it on notice.

Senator CONROY—So the government has made a promise and has no idea what it will cost.

Senator Coonan—Of course, we know what we have offered. I have given the broad figure, but if you want some detailed information about that, it would be simply irresponsible to be plucking figures out of the air that I do not have in front of me. I will take it on notice and I am very happy to do that, if you wish to frame the questions.

Senator CONROY—I have framed my question.

Senator Coonan—Then I will take it on notice.

Senator CONROY—I have asked you: what is it going to cost to meet the commitment that you gave to the NFF on broadband?

Senator Coonan—I did not give a commitment to the NFF that was not a public commitment, as we all know, and I will take on notice the costing.

Senator CONROY—You made a suggestion a moment ago that you would give me a broad indication. I presume you are again referring back to the \$878 million.

Senator Coonan—I am sorry; just say that again?

Senator CONROY—You gave me an indication—I think you said something along these lines; I do not have Hansard in front of me—that you had given a broad indication of the cost of this promise.

Senator Coonan—No. I have said that that is the amount that is available following upon the HiBIS program, the figures of which you know well.

Senator CONROY—We know that the government has committed \$878 million, but that is not necessarily the cost. I am trying to find out—

Senator Coonan—That is what I am taking on notice.

Senator CONROY—So you are taking on notice something you say the government has already done the work on.

Senator Coonan—I am saying I am taking the question on notice and it will be answered in the normal course.

Senator CONROY—You are just refusing to answer, Minister.

Senator Coonan—No, I am not refusing to answer. In fact, I am just reserving my right to take something on notice to give you an accurate answer.

Senator CONROY—You do not have to provide the answers until February in terms of the next round of estimates, so can you give us an indication—and please do not say soon—

Senator Coonan—No. How about timely? How is that?

Senator CONROY—You see, she does not need your help at all, Senator Ronaldson! If you allow the ACCC's draft decision to stand, and Telstra's retail prices in the bush will be up to 10 times higher than its prices in the city, as Donald McGauchie claimed on the *Sunday* program, have you done any modelling to work out how much it is going to cost to subsidise the services to deliver parity of price?

Senator Coonan—We need to be clear here. The ACCC has not actually made any ULL pricing decision.

Senator CONROY—I specifically said 'draft decision'.

Senator Coonan—The only decision it is being asked to make is whether to accept or reject Telstra's undertaking. I want to see what the ACCC says. And, of course, we have an IDC looking at the issue.

Senator CONROY—Do you believe Mr McGauchie when he claims it is 10 times higher than the prices in the city?

Senator Coonan—I do not think it is appropriate for me to guess what Mr McGauchie believes or does not believe.

Senator CONROY—No, I asked whether you believed him.

Senator Coonan—I do not have to believe or not believe it.

Senator CONROY—Is it a credible figure?

Senator Coonan—Mr McGauchie can say what he thinks is appropriate. I do not have to agree with him.

Senator CONROY—I asked if you thought it was a credible figure. That sounds like hundreds and hundreds of millions of dollars.

Senator Coonan—These arrangements have been in place for a number of years. The ACCC is operating under the same basic rules that have been in place since 1997, and Telstra's costs of providing line rentals have not changed. The network is currently profitable. A decision on the ULL will not suddenly make it unprofitable. That is not to say that over the longer term—and I mean longer term—there may not be some impact that we need to have some regard to.

Senator CONROY—I would like to move on from ULL to investments Telstra is currently making in broadband across Australia. In March this year Telstra made a public financial commitment to a national ADSL 2 Plus roll-out. Does this commitment still stand?

Mr Mullane—We are continuing to roll out ADSL 2 Plus technology in our network each and every week. We probably now have a level of ADSL 2 Plus support through the network approaching 20 per cent of the installed base.

Ms McKenzie—There is a strategic review going on inside the company at the moment. As part of that strategic review, all of the investments we are currently making in infrastructure are being looked at.

Senator CONROY—Is the roll-out on hold?

Ms McKenzie—It is not on hold.

Mr Mullane—No. Those ports are backwards compatible with today's ADSL services, so they are used to connect new customers today at ADSL 1 rates. But it gives us flexibility in the infrastructure, should any decision be taken to change the service mix.

Senator RONALDSON—What has been the financial investment in that?

Mr Mullane—Over the last five years or so Telstra's investment in broadbanding Australia would certainly have been billions of dollars. We have created a very high-scale infrastructure throughout very large parts of Australia.

Senator RONALDSON—Have you any idea how many people or how many communities have benefited from that investment?

Mr Mullane—Just looking at the ADSL infrastructure, the current network is approaching 2,000 exchanges enabled. The planned number is beyond that: it is about 2,150. In terms of where those exchanges are, there are 1,650 to 1,700 in regional Australia in our Telstra Country Wide areas. If you think of it in those terms, if you brought it down to townships there would perhaps be less than the straight number of exchanges because some clusters of exchanges would constitute a sort of town area. Typically, I would be thinking 1,500 towns would be broadband enabled, just with ADSL. On top of that of course we have ongoing

service arrangements on satellite, which reach out to any premises unable to be serviced through ADSL.

Senator RONALDSON—I think you should be congratulated on that. Thank you.

Senator CONROY—Has Telstra given any consideration to the terms on which it will make ADSL 2 Plus available to wholesale customers once its national roll-out is complete?

Mr Mullane—As Ms McKenzie just said, there is a major strategic corporate review going on across all of Telstra's businesses. Our broadband business is being covered as part of that review. I do not think we can say any more on that tonight.

Senator CONROY—Will Telstra offer its wholesale customers the same speeds that it will offer its retail customers?

Mr Mullane—I refer to my previous answer.

Senator CONROY—That is a fairly straightforward question.

Mr Mullane—The broadband business is under review. We await the outcomes of the review.

Senator CONROY—You are not suggesting that you would not make available the same speeds?

Mr Mullane—I am not suggesting anything. I am waiting for the outcome of the review.

Senator CONROY—Minister, are wholesale products utilising ADSL 2 Plus going to be part of the products made available to wholesale customers on an equivalent basis under the operational separation regime? There seems to be a question mark.

Senator Coonan—The details of what is included in the operational separation are still under consideration.

Senator CONROY—So it is secret. We have a national roll-out of ADSL 2 Plus going on and no commitment from Telstra at this stage that it is prepared to offer the same speeds to country people as opposed to what they are installing for their own country people. If you are Optus or anyone else, you are not necessarily going to get the same speeds offered by the same Telstra piece of equipment. Does that sound fair?

Mr Mullane—All I can say—

Senator CONROY—That was a question for the minister.

Mr Mullane—I beg your pardon.

Senator Coonan—I am not going to enter into discussion, Senator Conroy, consistently with the position I have taken today, on something that has not yet been decided.

Senator CONROY—So you can continue to say whatever you want to outside parliament but if you get asked about it inside parliament you say, 'I will not talk about it.'

Senator Coonan—That is not a conclusion you can draw.

Senator CONROY—It is. You just said you were going to going to act consistently, so it is a conclusion I can draw.

Senator Coonan—You can draw whatever conclusions you want, but—

Senator CONROY—It is fairly—

Senator Coonan—the truth is different—

Senator CONROY—It is an unusual position for you, Minister.

Senator Coonan—I am not going to speculate.

Senator CONROY—You are not normally arrogant.

Senator Coonan—I am not going to speculate. I am not going to be divulging confidential communications.

Senator CONROY—I am asking a policy question. I am not asking you a confidential communication question.

Senator Coonan—I think it is a confidential discussion, and I am not going to talk about it.

Senator CONROY—That is a fairly contemptuous way to deal with the parliament, but I will move on.

Senator LUNDY—It is—

Senator CONROY—I am getting used to it, don't worry, Senator Lundy.

CHAIR—Does the committee want to have a short break?

Senator CONROY—Sure.

CHAIR—We will have a short break.

Proceedings suspended from 9.23 pm to 9.35 pm

Senator CONROY—In the past six months, how much has Telstra spent on the use of private jets as opposed to scheduled commercial flights?

Ms McKenzie—A private jet has been used on one occasion that I am aware of. I am not aware of the detail of exactly how much that cost.

Senator CONROY—Is that the only time in the last six months?

Ms McKenzie—I could not be certain, but I am aware that there was an occasion when a meeting was to occur with the Prime Minister and a private jet was the only way that people could get there on time.

Senator CONROY—How much did Telstra spend on the use of private jets for the corresponding six-month period in 2004?

Ms McKenzie—I do not have any information about how much was spent on private jets in that time frame.

Senator CONROY—Could you take that on notice?

Ms McKenzie—Certainly.

Senator CONROY—I appreciate that you mentioned that there was one jet that you were aware of. Is it possible to check to see if there were any others and take that on notice?

Ms McKenzie—We can take that on notice.

Senator CONROY—Was the flight on the private jet the only way to get back from Canberra as well?

Ms McKenzie—As far as I am aware, the private jet was employed so that the senior executives could come to a meeting and return and meet their other commitments.

Senator CONROY—Could you take on notice whether any private jets have been used for flights to Sydney and Melbourne in the past six months?

Ms McKenzie—Certainly. I will take that on notice.

Senator CONROY—Including return. How many private jets does Telstra have access to for the use of its executives?

Ms McKenzie—How many private jets does Telstra have access to? As far as I am aware, we just hire private jets in the same way that anybody else would.

Senator CONROY—In terms of the one instance you are aware of, there were no commercial flights available that were suitable?

Ms McKenzie—I have not personally checked the timetable, but I am certainly aware that at the time the decision was taken to use the private jet because it would not be possible to get to and from those commitments in any other way.

Senator CONROY—Does Telstra have a policy as to when it is appropriate for its executives to use a private jet and when its executives should fly commercially?

Ms McKenzie—Not that I am aware of.

Mr Gration—Not that I am aware of.

Senator CONROY—So it is just at the discretion of—

Ms McKenzie—It is a matter of what is appropriate at the time.

Senator CONROY—I am not just referring to the CEO; I am referring to other officials, whether it be board members or—

Ms McKenzie—I am not aware that there is any specific policy on the use of private jets. It would just be a matter of discretion as to when that was an appropriate thing.

Senator CONROY—As I say, I was not just referring to executives' use of jets—anybody that Telstra paid for: board members, chairs, CEOs.

Ms McKenzie—I am not aware of any specific policy on that issue.

Senator CONROY—I am saying it did not just apply to the one individual, in terms of how much has been spent and how many other flights. I am saying that I am talking about anyone that Telstra has paid for—board members, the chair—in terms of the question you took on notice.

Ms McKenzie—Okay.

Senator CONROY—So you do not believe that there is any policy at all for the use of private jets.

Ms McKenzie—Not that I am aware of, no.

Senator CONROY—Could you take that on notice just in case, and come back to us if there is one.

Ms McKenzie—Yes.

Senator CONROY—How many foreign citizens have commenced employment with Telstra in the last six months?

Ms McKenzie—I would have no idea how many foreign citizens there are employed across the country.

Senator CONROY—In senior positions.

Ms McKenzie—I think it has been well publicised that there have been—

Senator CONROY—In very senior positions.

Ms McKenzie—a number of senior appointments of people from overseas in recent times.

Senator CONROY—How many senior appointments?

Ms McKenzie—What do you mean by ‘senior’? As I say, there have been a number of well publicised announcements. Certainly—

Senator CONROY—We are aware of Mr Trujillo.

Ms McKenzie—Yes.

Senator CONROY—We are aware of Mr Winn.

Ms McKenzie—Yes.

Senator CONROY—Mr Burgess?

Ms McKenzie—Yes.

Senator CONROY—Mr Stewart?

Ms McKenzie—Yes.

Senator CONROY—Robbiati?

Ms McKenzie—Yes. That gentleman has not commenced duties yet.

Senator CONROY—But will be.

Ms McKenzie—His appointment has been announced.

Senator CONROY—Mr Jovan Barac?

Mr Nicholson—Yes.

Senator CONROY—Any others? That is a very quick list.

Ms McKenzie—Mr Burns.

Senator CONROY—Others?

Ms McKenzie—There may well be others. They are the ones we know of.

Senator CONROY—My understanding is that it is up to nine or 10 now.

Ms McKenzie—That is possibly quite right.

Senator CONROY—This is only seven. I understand that it is up to 10.

Ms McKenzie—There may well be others that we are not aware of.

Senator CONROY—I would hope that you are aware of them.

Mr Gration—There is the CEO himself. There are three of his direct reports—Mr Winn, Mr Burgess and Mr Stewart. There is Mr Robbiati, who you referred to, who is a report to Mr Stanhope. Mr Burns is a report to Mr Winn. I am not sure about Mr Barac.

Mr Nicholson—I think Mr Barac reports to Mr Stewart.

Senator CONROY—Any others?

Mr Gration—At that level of seniority I am not aware of any others. As Ms McKenzie says, the company employs numerous people.

Senator CONROY—Is the manner in which these foreign citizens are being employed by Telstra consistent with Telstra's existing employment policies?

Mr Gration—I believe so.

Senator CONROY—You have been doing executive searches?

Ms McKenzie—I think our existing employment policies merely require us to make a merit based selection and ensure that we get the best people that we can find available to fill those roles, and that is what has happened.

Senator CONROY—For the level that we are talking about, though, most companies that I am aware of use a search agency. Has a search agency been used? Obviously a search agency was used for Mr Trujillo, I understand. But, following Mr Trujillo's appointment, was a search agency used for Mr Winn, Mr Burgess, Mr Stewart, Mr Robbiati, Mr Barac or Mr Burns?

Mr Gration—Not that I am aware of.

Senator CONROY—How did they get selected?

Ms McKenzie—They got selected based on the skills and experience that they had to bring to the company.

Senator CONROY—Who selected them?

Ms McKenzie—As far as I am aware, the CEO.

Senator CONROY—Were they advertised? Were the jobs advertised?

Mr Gration—I think Ms McKenzie gave you the answer. The CEO selected them.

Senator CONROY—So Mr Trujillo personally selected the other six?

Mr Gration—Mr Trujillo selected his direct reports. Mr Winn, Mr Burgess and Mr Stewart selected theirs. Mr Stanhope appointed Mr Robbiati. Mr Winn appointed Mr Burns. Where did we decide that Mr Barac fitted in?

Senator CONROY—You have a very complicated map here. Who was Mr Barac appointed by?

Mr Nicholson—He would have been appointed by Mr Stewart.

Senator CONROY—So each of them needs one of their mates to help.

Ms McKenzie—That is your interpretation. Out interpretation is—

Senator CONROY—They have clearly gone on a worldwide search and they have looked through Australia extensively!

Ms McKenzie—They found experienced telco executives who they think are needed in the company to move the company forward.

Senator CONROY—Given how busy they are, did they have a lot of time for this extensive search they conducted before they picked their mates?

Ms McKenzie—I do not know.

Senator CONROY—Except that they did not use any executive search company; they were just personal appointments. And there was nobody whatsoever in Australia with any employment expertise who would have been available to—

Ms McKenzie—As the CEO explained at the annual general meeting, the company is moving into a period of very significant competition. He felt it necessary to bring in skilled executives who had had experience in overseas telecommunications companies and who had worked in those sorts of environments.

Senator CONROY—It is like a third world coup. ‘If you are Australian, don’t apply’ seems to be the motto. You do not even get told about the job to get a chance to not apply.

Ms McKenzie—There are plenty of Australian senior executives in Telstra as well.

Senator CONROY—They are getting thinned out. How many direct reports of Australians are there to Mr Trujillo now?

Mr Nicholson—The majority of them I would suggest.

Senator CONROY—There used to be eight.

Mr Gration—Seven or eight.

Senator CONROY—There used to be eight.

Mr Nicholson—Most of them are still there.

Senator CONROY—We have three—Mr Burgess, Mr Winn and Mr Stewart.

Mr Nicholson—Correct.

Mr Gration—Mr Pretty and Mr Scales have left the company. I think all the other reports to the CEO who were reports to the CEO when he arrived are still reports to the CEO.

Senator CONROY—That leaves three.

Mr Gration—No, Mr Stanhope—

Mr Nicholson—Mr Moffatt—

Ms McKenzie—Mr Thodey, Ms Schiff, Mr Campbell—

Mr Gration—Mr Irving.

Senator CONROY—These are all direct reports. I am confused. How many direct reports do we have now?

Mr Nicholson—I am not sure of the actual number, but there are—

Senator CONROY—More than eight, from the sound of it.

Mr Nicholson—Correct.

Mr Gration—I think you will find it is 10 group managing directors—if I have just counted up the numbers in the annual report correctly—

Senator CONROY—No wonder he is doing a review.

Mr Gration—In addition, the group general counsel and the head of BigPond are also reports to the CEO.

Senator CONROY—So that is about 12 then?

Mr Gration—Correct.

Senator CONROY—No wonder he is doing a review, and some very nervous Australians are awaiting their fate. Are the terms of employment of these foreign citizens consistent with Telstra's existing employment policies?

Mr Gration—Yes.

Senator CONROY—Could you provide me with a general breakdown of the salaries of these employees. I am talking about the six that we identified.

Mr Gration—I do not believe that we have the information as to the employees who are not direct reports to the CEO, but for those who are direct reports to the CEO I will start with Greg Winn. He is on fixed remuneration of \$1.45 million with a potential short-term incentive of \$1.015 million, giving a combined total remuneration—

Senator BOSWELL—Does he get a car?

Mr Gration—If he were to take a car that would come out of his fixed remuneration.

Senator CONROY—So he has \$1.45 million fixed—

Senator JOYCE—They don't need a car, Bos; they've got a jet!

Senator CONROY—Whenever they want. So there are two components you mentioned. I thought you were going on to say a third component before.

Mr Gration—There is a third component, a long-term incentive component, that has not yet been fixed but will be fixed following the announcement of the strategic review. So that is Mr Winn.

Mr Stewart is on fixed remuneration of \$900,000 a year, with a short-term incentive of \$450,000 and the same parameters I mentioned previously. He will also participate in that long-term incentive plan.

Mr Burgess has fixed remuneration of \$675,000 a year and a short-term incentive of \$270,000, and again the ability to participate in that long-term incentive plan.

Senator CONROY—Are you talking options there, or straight shares?

Mr Gration—The way it has been structured previously is, I think, as a combination of performance rights—in fact, I think they are all performance rights now—as we have described in the annual report. Under the current structure, part of the return is delivered on total shareholder return and part on EPS growth.

Senator CONROY—On growth?

Mr Gratton—Earnings per share growth.

Senator CONROY—What existing salary bands would they have been within?

Mr Gratton—As you would see in the annual report, they would be similar to the salary bands of the other group managing directors.

Senator CONROY—Okay. And could we get the details on Mr Barac, Mr Burns and Mr Robbiati as well.

Mr Gratton—We can do that. I guess our practice has not been to disclose the remuneration of executives at that level, having regard to their privacy and so on.

Senator CONROY—I can understand that and appreciate your concern. We can still ask and receive that information. Given they were handpicked without a selection process or a search company by the individuals, I think it is a slightly different set of circumstances. When the jobs were not advertised or involved in any search process and have just been plonked in by—

Mr Gratton—I am not completely familiar with the committee's process. If we could provide that on a confidential basis I think that would be fairer to the individuals concerned. I do not know whether that is possible under your processes as a committee.

Senator CONROY—It is up to the committee to decide if we want to keep it confidential or not, but you can ask us to keep it confidential and the committee then makes a decision.

Mr Gratton—Okay. We will take that on notice and we will make that request.

Senator Coonan—Remember how careful we were about Mr Short.

Senator CONROY—Yes, we did not seem to have a problem with discussing Mr Short's salary.

Senator Coonan—It was in broad terms.

Senator CONROY—It was very broad. It was a very broad salary, just to be a government spy!

Senator Coonan—I just thought you might have forgotten, Senator Conroy.

Senator CONROY—And the strike prices for all of these, including Mr Trujillo, have not been set yet?

Mr Gratton—To the extent that our incentive plans are referable to share price, we set that share price on the volume weighted average five days after we release our annual results. This year, that volume weighted average was, from memory, \$4.78 a share. The performance targets have not been set because the board has appropriately said that you do not set the targets until you have set the strategy. To the extent that any of those targets are referable to a share price, they will be referable back to that \$4.78 per share.

Senator CONROY—That would be the price they have to achieve?

Mr Gratton—No, that would be the price against which performance would be judged.

Senator CONROY—What are we up to? Is it \$4.18 today?

Mr Gration—It was \$4.21 today when I looked. Our current share plans look at a total shareholder return. If this plan were structured on the same basis, it would be the total shareholder return by reference at \$4.78.

Senator JOYCE—Was it more than \$4.78 when they started?

Mr Gration—I could not tell you.

Senator JOYCE—So they get the bonus when they go up through it, not down through it?

Mr Gration—Correct.

Senator CONROY—Thanks, Senator Joyce! I would like to move on to another potential investment by Telstra. I have a number of questions about recent media speculation concerning the possibility that Telstra may shut down its CDMA network in favour of a 3G network. While I appreciate that Telstra has not come to a decision on this question, and that all will be revealed upon the release of Mr Trujillo's operational review, I did want to ask a serious question about the implications of such a decision in terms of some of the technical issues. From a technical perspective, is it correct that, due to the smaller coverage range of 3G mobile base stations, 60 per cent to 80 per cent more 3G base stations would need to be installed to provide the same degree of coverage as the existing network?

Ms McKenzie—There has been media speculation, but the truth of the matter is that no decision has been taken on that. The technical specifications and what the impact of those might be are not matters that we are aware of.

Senator CONROY—I am sure you are aware of them. You could not do your job and not be aware of them—maybe not you personally but somebody at this table would, no doubt. I am sure it is Mr Mullane, because he always enjoys these sorts of questions. Seriously, you would have to sack someone if you could not answer this question. It is a straight-out technical question. Mr Mullane?

Mr Mullane—I think the question you are asking relates to two specific technologies. Essentially, what Telstra does—and so does every other company serving customers—is provide services and capabilities that our customers need. The detail of the individual technologies are important to the people designing things but the people who buy the services do not care that much. The key issue is that you have to examine what is required over an extensive period of time. It is not just about the difference between this mobile technology versus that mobile technology today. I am not aware of any directions of the corporate strategic review in respect of our mobile businesses but, seriously, you would have to look at the long-term capabilities of technologies and at changes in directions that you get in technology landscapes. All of those factors would have a considerable bearing on any strategic review of mobile businesses.

Senator CONROY—I appreciate your having asked yourself the key question, and you have answered it. I wonder whether you could now answer my question. I asked about a technical perspective. Is it correct that 3G mobile base stations have a smaller coverage range than CDMA? Is that a correct technical statement?

Mr Mullane—I think it is a very broad question and it would depend on a lot of factors: the nature of the base station, the directional design of the antennas and many other factors. I think it is somewhat hypothetical in this situation until we understand all the—

Senator CONROY—I have not asked about a decision; I have asked about a technological fact, which you are fudging and which you are so expertly able to do.

Mr Mullane—As you may appreciate, my personal expertise is not particularly in mobile technology, so I would be very happy to take that on notice.

Senator CONROY—Are Mr Adcock, Mr Nicholson or any of the other people sitting at the table better equipped? Mr Mullane, I appreciate your bashfulness; I think you are being bashful.

Ms McKenzie—I think we have answered your question as best we can. If you want more detail, we will have to take it on notice.

Senator CONROY—I do not think you have, Ms McKenzie. I will be the most impolite of the people around this table in about 30 seconds if we do not get an answer to the question.

Ms McKenzie—I have made my best attempt and so has Mr Mullane.

Senator CONROY—Somebody from Telstra sitting at this table or behind you must know whether or not a 3G mobile base station has a smaller coverage than a CDMA one. It is not possible for the people sitting in front of me not to know.

Ms McKenzie—We have given you the best answer we can for this evening. If you want more detail, will have to take that on notice.

Senator JOYCE—With all due respect, it must be that every other pundit seems to have an answer to that question but you do not. The answer is: no, it does not.

Senator CONROY—Mr Mullane, you would not like to update us? You have not had a search of the memory banks and thought, ‘Maybe I’ve read something somewhere that says they do need it; it is smaller.’

Mr Mullane—It depends on the circumstances. If I were to consider a 3G base station on top of Black Mountain versus a CDMA base station on top of a one-storey building in Civic, there would be a different outcome.

Senator JOYCE—Mr Mullane, with all due respect, you are not answering the question. Let us put the CDMA station on top of Black Mountain next to your 3G station on top of Black Mountain. How far can I trot off with my phone before I do not get any reception? I will put my house on it and I will have my CDMA reception long after the other one stops. That would be a correct statement, would it not?

Mr Mullane—It depends on the transmitter power, on the nature of the receiver you are going to use, on whether you have an internal or an external antenna, on whether you are inside a building with a metal roof or metal sisalation insulation—on many variable factors.

Senator JOYCE—Mr Mullane, you must think that we are all fools here. I can tell you that you can run on the rough premise that, if you have made it to the Senate, you must have a brain somewhere in your head, so stop trying to fudge it. Give us a straight answer. We will start with Black Mountain. You are both on Black Mountain and you have 3G and CDMA and

the same capacity in generation from your antennas. You jump in your car with the same kit on both and you start heading west. Which one is going to drop out first?

Mr Mullane—I will have to take that on notice to give you the proper dissertation on the nature of the issues to be considered and to respond to that question.

Senator RONALDSON—It depends whether it is a Ford or a Holden!

Senator JOYCE—I am going to be really daring and say that you are fudging the answer.

Senator CONROY—I have already said that; that is not daring.

Senator JOYCE—Obviously, Mr Mullane, the point we are getting to—and Senator Conroy is getting to—is your latest announcement about shutting down the CDMA or retiring the CDMA network so that we all have to go out and buy new handsets that only do some of the job of what we currently have.

Mr Mullane—There is no such announcement.

Senator JOYCE—So how did the statement that you are considering it get into the media?

Ms McKenzie—I have no idea how that got into the media.

Senator JOYCE—So there is no consideration?

Senator CONROY—I would love to invite Mr Sainsbury to the table, but I am sure he would plead that he could not reveal his sources.

Senator JOYCE—We would probably get the same lines as we got just then.

Senator CONROY—Or is this one of those cases where you cannot believe everything Mr Sainsbury writes, Senator Coonan?

Senator Coonan—I do not know about Mr Sainsbury. I would consider very carefully before I disbelieved something he wrote.

Senator CONROY—You have made him blush now.

Senator RONALDSON—Can I get final clarification? In answer to Senator Joyce's question, if everything else is equal, you are unable to answer his question tonight—is that right?

Senator JOYCE—About the range.

Mr Mullane—I am saying that there are so many factors that you need to take into account—

Senator RONALDSON—So you did. If everything else is equal, are you saying to this committee tonight that you are unable to answer this quite specific question—yes or no?

Mr Mullane—I would much prefer to consult with my expert colleagues—

Senator RONALDSON—I am sure you would.

Mr Mullane—in a mobile infrastructure area who can give this matter a proper answer. I am not equipped to do that here and now.

Senator RONALDSON—With the greatest respect, I think you are not giving the answer because you are worried that you might give the wrong answer. Why don't you just

acknowledge to Senator Joyce that what he is saying is right? As one of the other senators said, let us just move on from this, because I am absolutely sure that the answer to that question is that it is not the same range.

Senator JOYCE—What worries me is that your prevarication and lack of willingness to answer the question would suggest to all the people at this inquiry and in Australia listening to this that you have an intention to roll out this 3G network in replacement of CDMA. That is what I would gather if I were watching this in TV land tonight.

Mr Mullane—No decision has been taken. If you were to arrive at that conclusion, I would suggest that it is not correct. This is a complicated area. We are reviewing our mobile businesses—

Senator JOYCE—If it is a complicated area, that would imply that you know about the complications and technicalities and you would be able to give some sort of answer.

Mr Mullane—As I say, I am not really a mobile infrastructure expert. I would like to consult with the people that can answer this question properly, so I will take it notice.

Senator JOYCE—They always seem to have an inability to come to these things. I see poor old Mrs McKenzie has been foisted out in front of us again. It is good to see her again, but I cannot believe that they would roll a whole range of people into this inquiry and none of them is able to answer a very simple technical question, which you have obviously been talking about. It stands to reason that this has been discussed over the coffee urn somewhere in Telstra.

Mr Mullane—The only other thing I would add is that Mr Trujillo at the annual general meeting last week made comment that we have a very extensive coverage of both CDMA and GSM mobile infrastructures, which are both serving our customers very well.

Senator JOYCE—The reports that come back show that there is a further extension to CDMA. I am a little old country accountant, but some would suggest that CDMA is underutilised; there is further technology that can be attached to the CDMA network. Some would suggest that even though you have now said, in front of everybody, that there is no intention to replace the CDMA network—and we have that one on the *Hansard*, haven't we?—

Mr Mullane—No. I said that our mobile businesses, like all the other businesses in Telstra, are under strategic review.

Senator JOYCE—So there is no answer about removing the CDMA network.

Mr Mullane—Correct.

Senator JOYCE—It is another one of those 'which one has a better range' questions. So you are considering it?

Mr Mullane—We are reviewing all of our businesses.

Senator JOYCE—Can't you just give a straight answer? You are considering it.

Mr Mullane—I was very straight. We are strategically reviewing all of our businesses.

Senator RONALDSON—Some of us have been here since nine o'clock this morning and we are probably all getting a bit tired. I am the first to acknowledge that. But there have not been many yes or no answers in relation to some of these questions today.

Senator CONROY—That is how I feel about the minister sometimes!

Senator RONALDSON—You are wrong, but I am absolutely right.

Senator Coonan—That is very selective, Senator Ronaldson.

Senator CONROY—Very selective—I agree, Senator Ronaldson.

Senator Coonan—All I can say is that it is like a very long flight without any movies!

Senator RONALDSON—No, we have seen a bit of action today.

Senator CONROY—Now you are sounding like Senator Ian Campbell.

CHAIR—There is quite a lot of entertainment.

Senator JOYCE—I am going to make a prophecy. I think you are considering moving the CDMA network, and you know full well that the CDMA network has a better coverage than what you are going to replace it with. I think the reason that you are not giving a straight answer is that you do not want to scare the horses. But don't worry; you have done that.

CHAIR—The cat is out of the bag!

Senator CONROY—I thought you were harder to scare than that mongrel. Is there a legislative obligation on Telstra to ensure that a 3G network provides the same degree of coverage as the existing CDMA network?

Ms McKenzie—Not as far as I am aware, no.

Senator CONROY—So Telstra could switch to a 3G network with a smaller coverage if it wanted to?

Ms McKenzie—Telstra is always going to make decisions that are in the best interests of its customers.

Senator CONROY—But there is nothing in law to prevent you switching?

Senator Coonan—There is a licence condition. If Telstra were to close its CDMA network, it would be in breach of its current carrier licence conditions.

Senator JOYCE—You had better stop considering it, then, Mr Mullane.

Senator CONROY—I have another technical question. Would CDMA handsets be compatible with a 3G network?

Mr Mullane—Not in their native form. You would need a multiple band handset and multiple protocols in the one handset. No doubt such devices could be designed and manufactured.

Senator CONROY—You are displaying your knowledge of mobile phones.

Senator JOYCE—For a man who has no knowledge of the technical answer!

Senator ADAMS—I have just met with Telstra Country Wide in WA and I am trialling a CDMA/GSM phone, but my other CDMA phone, which I have here, is performing better.

Mr Mullane—That gets back to some of those intricacies I have mentioned before in answering such questions.

Senator ADAMS—The CDMA is performing better than the joint one. I know that it has the advantage that, if you go overseas, you are able to use the GSM part of that phone there. But that is the only advantage I have found so far. I have only had it a week.

Senator Coonan—Perhaps just for the record, seeing that this has been a discussion where people—as Senator Joyce quite rightly said—might have some apprehension as to what is being considered, I will just read into the *Hansard* two fundamental conditions. Under Telstra's carrier licence condition it is obliged to operate a digital mobile telecommunications network on the 800-megahertz band, which is the band used for CDMA, and to have digital mobile coverage equivalent to the old analog network. Under the funding agreements in place with the department, Telstra has an obligation to keep Commonwealth-funded CDMA services functioning for a minimum period of 10 years, and under current agreements CDMA services must be provided to designated locations until 2015.

Senator CONROY—That is not quite as definitive as you indicated earlier. I appreciate that you have read that in.

Senator Coonan—I am just trying to put the discussion in context.

Senator CONROY—Can a 3G network operate on the same network that you described?

Senator Coonan—I just have information in relation to CDMA. I will check that.

Senator CONROY—You did not say that it had to be a national CDMA network. You said that a digital service had to be operated on this network. A 3G service would be digital and would comply with the licence conditions.

Senator Coonan—It refers specifically to CDMA.

Senator CONROY—Not until later.

Senator Coonan—We will check to be absolutely certain, but I think it is pretty specific that it has to be CDMA.

Senator CONROY—I thought only a little further down—

Senator Coonan—I do not think 3G can operate on that band. We will find out.

Senator ADAMS—Do you have any staff here from Telstra Country Wide? I would have thought that, knowing the composition of this panel and the questions that we have asked before, you would have brought someone along that understands what goes on with Telstra Country Wide. Have you anyone here?

Ms McKenzie—There is not a representative here this evening from Telstra Country Wide.

Senator JOYCE—What would you define Telstra Country Wide as?

Ms McKenzie—Telstra Country Wide is a business unit. It is one of the business units that make up the several business units that comprise Telstra.

Senator JOYCE—But what is in it? What would I find in Telstra Country Wide?

Ms McKenzie—The charter of Telstra Country Wide is to understand the needs of rural and regional customers. There are people who have good customer relationships with their customers in that part of the Telstra organisation.

Senator JOYCE—It understands the needs and has the capacity to serve them?

Ms McKenzie—Yes.

Senator JOYCE—It does. Good.

Senator CONROY—I would like to talk about Telstra's denial, Mr Gration, to the ASX of the existence of a 104-page internal Telstra document outlining widespread job cuts in Telstra. I think you wrote to either me or the Stock Exchange, correspondence that they referred to me.

Mr Gration—I think you wrote to the Stock Exchange and we wrote to you.

Senator CONROY—I started it; I admit that I threw the first letter. Is Telstra aware that, just days after this announcement was made to the Stock Exchange, Telstra executive Phil Burgess confirmed the existence of this document to the *Australian* newspaper? I do not know how he keeps getting into these stories, but Mr Michael Sainsbury, on 15 September 2005, on page 22 of the business news, then stated that, rather than the document being 104 pages long, 'It is much longer than that now.' Did you see that comment?

Mr Gration—I think Mr Sainsbury originally wrote an article, and you wrote your letter, about a 104-page document. The response we gave, which remains the case, is that we are not aware of a 104-page document, but we also went on to comment on the substance of your letter.

Senator CONROY—No, I do not think you actually commented on the substance of my letter at all. That is an opinion, Mr Gration, not a fact. But I am now referring to a follow-up article by Mr Sainsbury quoting Mr Burgess directly, where he gloats: 'It is much longer than that now.'

Mr Gration—I am aware of that article.

Senator CONROY—Do you think Mr Burgess's comments are consistent with Telstra's disclosure to the Stock Exchange?

Mr Gration—I think they are—well, as far as I can tell, having spoken to the people involved. They have all told me that they are not aware of a 104-page document.

Senator CONROY—No, Mr Burgess has indicated that it is longer than 104 pages now.

Mr Gration—I do not know which specific document Mr Burgess is referring to there.

Senator CONROY—You have not chatted with him about it?

Mr Gration—I have not asked him which document he was referring to.

Senator CONROY—Are you in the loop at all? You are the legal officer writing to the Stock Exchange. Do you have any idea what is going on?

Mr Gration—I do.

Senator CONROY—Excellent. But you have not bothered to ask him what document he was referring to when he said that it is longer than 104 pages?

Mr Gration—There were and there are numerous documents generated as part of the strategic review, but—

Senator CONROY—Yes, but you have not asked him.

Mr Gration—which document Mr Sainsbury was referring to we do not know.

Senator CONROY—How can you possibly write to the Stock Exchange in good faith without actually asking Mr Burgess a question?

Mr Gration—Because I asked the people who were involved in the strategic review whether they were aware of a 104-page document. They assured me they were not, but we nevertheless wrote to the Stock Exchange, responding to the substance of your letter.

Senator CONROY—Do you think it is consistent with Telstra's disclosure obligations to make legalistic and tricky market disclosures to the ASX and then make facetious comments in the press about the real content of this disclosure? Do you think you are complying with the law?

Mr Gration—I do not believe we have done either of those things.

Senator CONROY—We are used to it here, but when you write to the Stock Exchange you are not actually allowed to mislead them, Mr Gration.

Mr Gration—I do not believe we did mislead them.

Senator CONROY—So how do you think Mr Burgess's comments make your disclosure look, days later?

Mr Gration—I think the disclosure remains the same. I am still not aware of the document to which Mr Sainsbury referred.

Senator CONROY—How about the one Mr Burgess is referring to? But you have not asked him.

Mr Gration—I have not asked Mr Burgess to identify the specific document, no.

Senator CONROY—That he himself was referring to? You have not picked up the phone to say, 'Phil'—I am sure you are on a first-name basis—'about this 104-page document that is now larger than 104 pages: what are you talking about, because I have to write to the Stock Exchange about this; in fact, I'm sure ASIC have been knocking on your door as well, and I've got to say something to ASIC'? And you have not bothered at any stage to have a conversation with Mr Burgess to determine which document he—Mr Burgess, not Mr Sainsbury—is referring to?

Mr Gration—I do not think the market or you—certainly as I understood it—were particularly interested in the number of pages in the document. You were interested in a number of substantive statements made about cost cuts, job cuts and investment, from memory.

Senator CONROY—I was asking about a document that Mr Sainsbury referred to originally and that Mr Burgess then confirmed had existed previously but had grown to be more than 104 pages. So, at the moment, I am trying to find out what document Mr Burgess was referring to. Mr Gration, as company secretary, you have informed the parliament and the people of Australia that you have not bothered to ask Mr Burgess that question.

Mr Gration—I am telling you that I still do not know the document to which Mr Sainsbury was referring. But, if he is still behind me, it may be simplest to ask him.

Senator CONROY—If he actually turned up and did the job that he is paid for, which is to turn up to do this, we could have asked him, but apparently he is unavailable again.

Mr Gration—Are you referring to Mr Burgess?

Senator CONROY—We would like him to be sitting here to answer these questions. Mr Gration, you would be aware as company secretary that listing rule 19.2 provides:

19.2 An entity must comply with the listing rules as interpreted:

- in accordance with their spirit, intention and purpose
- by looking beyond form to substance; and
- in a way that best promotes the principles on which the listing rules are based

You would be familiar with that section?

Mr Gration—I am familiar with that.

Senator CONROY—And you do not think that Mr Burgess's subsequent disclosure in any way makes your disclosure a couple of days earlier inaccurate at all?

Mr Gration—I am not privy to the conversations Mr Burgess has with Mr Sainsbury, and I do not think that there was any inaccuracy in the announcement we made.

Senator CONROY—Do you think that your disclosure review was complying with the spirit of the listing rules if Telstra was bragging just days later about how it got around them through a technicality?

Mr Gration—I do not believe that we did get around them through a technicality.

Senator CONROY—But you would not know because you have not phoned Mr Burgess and asked him whether he was referring to that.

Mr Gration—I have said it before: I am not sure—

Senator CONROY—Do you know his phone number?

Mr Gration—whether we are quite connected on this. We responded to the substance. The response was not that we did not know about the 104-page document. We said, 'We don't know the 104-page document,' but the substantive claims that you made and that Mr Sainsbury made we responded to.

Senator CONROY—If you can live with yourself in accordance with the spirit, intent and purpose of that statement to this committee, good luck to you, Mr Gration.

Mr Gration—Thank you, Senator Conroy.

Senator CONROY—Hopefully, ASIC will see it differently. While we can do nothing to you, hopefully ASIC can explain to you about spirit, intent and purpose, and maybe to some other executives at your company. In terms of your defence here today—I know this is probably the last time that you will have to come, so you will not have to worry about us anymore—hopefully, ASIC will get to the bottom of it. So you think that the number of pages

that the document has is relevant to Telstra's disclosure obligations in terms of the spirit, intent and purpose?

Mr Gration—I think I just said to you that I did not think it was relevant.

Senator CONROY—You did not think that it was relevant?

Mr Gration—No.

Senator CONROY—That is why you felt the need to state in your letter, given that you have said it is not relevant, that Telstra did not have a 104-page document outlining job cuts.

Mr Gration—As I recall, in your letter to the Stock Exchange you made reference to a 104-page document. We said that we were not aware of the document you were referring to.

Senator CONROY—No, you said you were not aware of a 104-page document.

Mr Gration—I think you referred to a 104-page document, which is why we said that we were not aware of the document you were referring to. However, we did respond to the substance of the claims that you made.

Senator CONROY—No, you took a tricky and legalistic interpretation of the listing rules to get around actually telling the truth, Mr Gration.

Mr Gration—I do not accept that.

Senator CONROY—Has Telstra received further correspondence from the Stock Exchange or ASIC considering the accuracy of this disclosure?

Mr Gration—Not for that particular disclosure.

Senator CONROY—Are you running any workshops on continuous disclosure obligations at Telstra?

Mr Gration—We have an ongoing training program for our senior leadership team.

Senator CONROY—Has anyone attended recently?

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

Senator CONROY—Recently I saw media reports of a staff retreat to Lindeman Island, provided by Telstra for selected sales staff.

Ms McKenzie—Yes.

Senator CONROY—Can Telstra confirm that it booked out the entire Lindeman Island resort for its staff for one weekend this year?

Ms McKenzie—I cannot confirm whether the whole resort was booked out.

Senator CONROY—What was the purpose of this retreat?

Ms McKenzie—It was a reward for good performance by senior staff.

Senator CONROY—What was the total cost of the retreat?

Ms McKenzie—If you can just bear with me, I will see whether I have those details on hand. No, I do not have a total cost figure for that trip to Lindeman Island. I will have to take that on notice.

Senator CONROY—You did not think you were going to get asked that question? It has been on Channel 7 twice.

Ms McKenzie—I do not have a total cost figure. I can take that on notice.

Senator CONROY—You did not do any preparation for estimates, Ms McKenzie?

Ms McKenzie—We prepared as we thought best.

Senator CONROY—Which was to not bring the answers to questions like that.

Ms McKenzie—It is very difficult in a company the size of Telstra to be prepared for every possible question that might be asked.

Senator CONROY—What? You did not notice *Today Tonight* filming the executives and the sales staff! You did not notice *Today Tonight* twice having stories on this? I even appeared in one of them; I am sure you must have noticed. My name comes up automatically in your media monitoring, so you must have seen that there was media coverage about this.

Ms McKenzie—It is not for me to speculate about what might be of interest to senators in questions in the Senate's estimates committees.

Senator CONROY—That is the purpose.

Senator JOYCE—No, it is in your interest, Ms McKenzie. This is a representation to the Australian people about how you go. You might think it is a joke, but the Australian people do not. You cannot just waltz in here saying, 'It is not in my interest to be able to answer questions to the Australian people.' Sorry, it is.

Ms McKenzie—We also have an obligation to answer questions accurately. I can tell you some information about the trip to Lindeman Island. I do not have a figure for the total cost of that trip and I volunteered to take that on notice in order to ensure that the answers that we give to the Senate estimates committee are accurate.

Senator RONALDSON—There is probably an hour left in this hearing. Let us move on.

Senator CONROY—What was the total cost of the retreat? You will take that on notice?

Ms McKenzie—I will take that on notice.

Senator CONROY—How many Telstra staff and other guests were invited to Lindeman Island at Telstra's request?

Ms McKenzie—Again, I will have to take those details on notice.

Senator CONROY—What criteria did Telstra apply in selecting staff to attend this retreat?

Ms McKenzie—The criterion was that the staff had to have performed to a fully satisfactory level in their performance rating.

Senator RONALDSON—Ms McKenzie, are you reading from a brief in relation to this Lindeman Island trip?

Ms McKenzie—I have some briefing material in relation to that.

Senator LUNDY—I think we should get you back tomorrow morning just for the fun of it.

Senator RONALDSON—It is getting late and I am not going to make a big issue about it, but honestly I think someone has left you hanging out to dry on this issue. It is, quite frankly, extremely unfair on you, I have got to say.

Senator JOYCE—He left her to hang out to dry the last time, too, Senator Ronaldson, and his name is Mr Trujillo.

Senator CONROY—Has Telstra operated similar retreats for staff in the past year and, if so, could you provide details?

Ms McKenzie—Telstra regularly runs reward programs for well-performing staff. Again, if you want further details of that, I can provide them.

Senator CONROY—Yes: how many you have run over, say, the last two years, and what the costs were.

Ms McKenzie—Again, I would have to take that on notice.

Senator CONROY—Okay. How much did Telstra spend on retreats of this nature in the 2004-05 financial year and then this year?

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

Senator CONROY—I appreciate that. That one I would not expect you to be able to answer. How much did Telstra spend on retreats of this nature in 2003-04, and do you intend to undertake similar retreats in the future?

Ms McKenzie—Certainly the intention is that similar retreats will be held in the future, because the company sees it as an important component of recognising the extra efforts that staff go to.

Senator CONROY—Could you give us a figure for the budgeted projection for 2005-06? You must have budgeted for something.

Ms McKenzie—We will take that on notice.

Senator CONROY—Thank you.

Senator JOYCE—It obviously is frustrating, Ms McKenzie, for you to say initially that you have no knowledge of something and then to start referring to a briefing note which is in the folder in front of you.

Ms McKenzie—I do not think I said I had no knowledge; I said I was not able to provide the cost estimate that the senator had asked for. I do not have it in front of me. That is why I could not provide it.

Senator JOYCE—But in the first instance you had to turn around to see whether you had been to Lindeman Island or not. It was right in front of you—it was in the briefing note.

Ms McKenzie—I am answering the questions to the best of my ability, Senator Joyce.

Senator JOYCE—I think we have confirmed something: you have been considering the removal of the CDMA network. You have, because of your definite ability to try to avoid the question and come up with a whole heap of rot to try to get around the issue. You are aware—and I think the minister has pointed it out—that the removal of the CDMA network would be

a breach of your licensing condition? I will also run this past the minister. That would be correct, wouldn't it?

Ms McKenzie—We would clearly not be doing anything to breach our licence condition.

Senator JOYCE—You would not consider doing something to breach your licensing condition, either, would you?

Ms McKenzie—You might get to the point of considering something without realising that it was going to be a breach of your licence condition. The nature of general reviews, such as the one going on inside the company now, is that every aspect of the company is being looked at; all sorts of ideas come up and people investigate them to a certain point. In the course of that investigation, all sorts of issues might arise about what is or is not possible or what is or is not legal. It may not always be obvious until you start looking at those things.

Senator JOYCE—The CDMA network is a pretty major piece of infrastructure; it is not like the door at the back of the office. If you are going to remove it, it is obviously going to have clear ramifications, including a breach of your licensing condition. It is interesting that Telstra has been considering something that would be a breach of their licensing condition.

It was wonderful to hear to that you are committed to rural and regional Australia. That is great. I want you to explain the closure, therefore, of the Roma call centre, with 16 jobs going, and also, I think, the Goulburn one. Could you explain how that relates to your commitment to rural and regional Australia?

Ms McKenzie—Those call centres were closed as a result of ongoing diminution in the demand for the services they provided. Both call centres provided directory assistance services. The number of people requiring operator assisted directory assistance is reducing as people move more and more towards electronic means of finding phone numbers and other services. As a result of that, the business reviewed the need for those call centres and decided that they were no longer required.

Senator JOYCE—They gave you the script for that answer, didn't they! Are there call centres in other areas that are still operating?

Ms McKenzie—Yes. There are call centres in a number of other areas.

Senator JOYCE—Where are they?

Ms McKenzie—All those call centres are in regional parts of Australia.

Senator JOYCE—Such as?

Ms McKenzie—We have call centres in Kempsey, Wangaratta, Maryborough, Mackay, Toowoomba and Murray Bridge.

Senator JOYCE—Do you acknowledge that the loss of 16 jobs, 16 incomes, will have a substantial effect on a place like Roma? I want to know how many of these other places are in band 4. It looks as though the remote area of Roma, where you had a call centre, is the only one that would be in band 4. You always put up as a reason the averaging concept. But it seems funny, when you are talking about looking after regional areas such as areas in band 4, that in the same breath you have taken 16 jobs away from probably the only call centre you ever had in that band.

Ms McKenzie—Obviously nobody relishes taking 16 jobs away from anywhere, but the company has to make rational, commercial decisions about how to best organise its call centres. If demand for those call centres is diminishing, then the business needs to think about how to best provide those services.

Senator JOYCE—Do those ‘rational decisions’ mean the removal of services from the remote and regional areas of Australia, and so be it? ‘Rural and remote areas’ is the definition of band 4. It is a pretty good indicator of where we are going, isn’t it.

Ms McKenzie—As I said, the other six call centres are also in regional parts of Australia.

Senator JOYCE—Are they in band 4 areas?

Ms McKenzie—I am not sure which band those call centres would correlate with. I can check that for you and answer that question on notice.

Senator JOYCE—When I read your local presence plan, it reminded me of what Winston Churchill said about Russia—that it was a riddle wrapped in a mystery, inside an enigma. Can you tell me exactly your view of the local presence plan: how many technicians you intend to have out in regional areas to fix problems; what you envisage that your staffing requirements will be; and what you envisage a fair local presence plan will have in it. You put a 1300 phone number on the Web the first time. You said you had Country Wide out there, but what is that?

Ms McKenzie—Obviously what we think is reasonable to include in the local presence plan is what we have included in the draft local presence plan, which is out for consultation at the moment. We will look at any comments that come back from that consultation process.

Senator JOYCE—You strongly believe that that draft was a fair concept of a local presence plan?

Ms McKenzie—Yes.

Senator JOYCE—You reckon that will do the job. In respect of that local presence plan, how do you deal with the capacity of technicians to fix phones? Should towns of 2,000 have them; should towns of 10,000 have them; or should one in Brisbane be flown out every now and again? How is it going to work?

Ms McKenzie—That is not the way that that work is planned for. That work is planned for on the basis that we can meet reasonable repair time frames in various parts of the country. In order to do that efficiently, we need to have some flexibility about how that might best be done. It will vary in different parts of the country and in different circumstances.

Senator JOYCE—What does that mean?

Ms McKenzie—I guess it means we would not think it was a rational thing to commit to a particular number of technicians in a particular location, because that is probably not the most efficient way of deploying your work force.

Senator JOYCE—Would you make any statement about how many technicians you intend to have, even a ratio of technicians to household phones, a ratio of technicians to a justifiable area—for example, 200 square miles equals a technician? Is there anything envisaged there?

Ms McKenzie—We focus on delivering a good quality of service to our customers and on delivering the outcomes that are required to do that, rather than on committing to a particular level of input that might be required, because that is going to change over time.

Senator JOYCE—This is my final question. I was on side with you with averaging of both retail and wholesale, but during this committee process you have gone backwards a bit because you have not been straight up and down with us. In looking at the differentiation between the CBD, metropolitan, regional, rural and remote and your current retail access pricing—which on this thing is \$28—and quickly working it out, it looks like they must still allow you to make a fair profit. Even the ACCC would have to allow you some sort of profit in there. In the differentiation between your current retail access pricing and the prices that would be prescribed by the ACCC, it looks like there is a cost of about \$80 million for rural and remote, but you are picking up about \$112 million, and you look like being about \$30 million or \$40 million ahead on it. In the current situation, if these are right, you have been making a quite substantial amount of money from your pricing mechanism, way beyond what it has cost you to maintain a rural and remote service.

Ms McKenzie—I would like to give you a straight answer to your question but I am not sure I have quite followed the logic of your argument there.

Senator JOYCE—The cost of the 682,496 services to rural and remote, in the differentiation between \$28 and \$144, is \$79 million. The actual cost-benefit that you would be currently incurring in metropolitan areas, in the differentiation between \$13 and \$28, just for one, is \$107,694,865. And that is just one. With all the others, both CBD and regional, you are getting a big cost advantage. It way outstrips the cost of rural and remote. Have you been investing the difference back into regional and remote? You are obviously on a pretty good wicket at the moment if the differentiation between the de-averaging price, as suggested by the ACCC, and your current retail access pricing is correct.

Ms McKenzie—I think there is a problem there in that you cannot make a direct correlation. The numbers of SIOs that you are talking about are total services in that area. We would not have all of those services. Competitors would have a proportion of those services. I am not denying that we make money out of the provision of those services—and so do our competitors—but I do not think you can make a direct correlation like that.

Senator RONALDSON—Mr Gration and Ms McKenzie, I have got some fantastic news for all of us: about half an hour ago, I got an email from a widow in Haiti who has got \$16 million and, if we send her our bank details, it is all ours! Having been here since 9 o'clock, it is time for a bit of good news. I think we should all be very, very grateful!

Mr Gration, Dr Burgess has talked about a comprehensive Telstra web site in relation to the cost of regulations. Do you know how many people, including Telstra employees or external consultants, are involved in the development and planning of the web site? Do you know how much money Telstra has spent—

Mr Gration—My colleague Ms McKenzie is directly involved in that area, so she is probably better placed than I am—

Senator RONALDSON—I thought that if I asked Ms McKenzie another question she would take me outside and wring my neck, so that is why I asked you a question.

Mr Gration—I do not know—

Ms McKenzie—We have an internal project group working on the development of the web site. It has approximately eight people involved in it. As far as I am aware, we have had no external involvement in the development of that web site.

Senator RONALDSON—Do you know what the estimate—

Ms McKenzie—No, can I correct that? We may have engaged an external web designer for a very small piece of design work associated with the web site.

Senator RONALDSON—What do you think are the estimated costs of that web site to date?

Ms McKenzie—The estimated costs of establishing the web site?

Senator RONALDSON—Yes.

Ms McKenzie—They are relatively low. It would certainly be the opportunity cost of the people's time involved in developing the web site and some quite small amounts of money. To be accurate I would have to go and check exactly how much we have spent, but it would be no more than about \$5,000 or \$10,000.

Senator RONALDSON—I will get through this very quickly because we have still got ACMA to go and I have got some questions for them. I want to ask you about local call zones. You would be aware of the issues in outer suburban Melbourne and other places like Cranbourne who cannot call the CBD at the cost of a local call. What are you going to do about it? Will you consider changing local call zone boundaries to include outer metropolitan areas that cannot call the CBD for the cost of a local call? Would you consider expanding your wide area call program to extend beyond 50 kilometres from the CBD to areas that are still classified as metropolitan but are beyond the 50-kilometre zone? Would you consider reducing the 25c offer to 22c so that it is in line with the local call cap? Are there any other initiatives you would be prepared to support to assist those people in outer metropolitan areas? I suppose I should ask the final question: do you appreciate the problems that they have got: that metropolitan growth has overtaken the call zones and even the wide area call zones as well?

Ms McKenzie—Certainly we are aware of those issues, and I think the minister has written to the CEO on this topic. I think we have responded to the minister, saying we are considering our strategy for the pricing and packaging of a range of those services. That work is ongoing and we are not in a position this evening to say anything more than that.

Senator CONROY—How many Telstra officials, and who, were interviewed by ASIC in relation to these continuous disclosure matters? I presume that you were, as company secretary. I understand Mr Trujillo was, but could you give us the list?

Mr Gration—Those are both correct. I was interviewed as company secretary, as was Mr Trujillo, Mr Burgess, Mr Stanhope and Mr Anderson, who is the head of our Investor Relations Unit.

Senator CONROY—And where is the investigation at?

Mr Gration—ASIC is probably better placed to tell you that than we are. We said most recently at the AGM that we are very confident we have fully complied with our obligations.

Senator BOSWELL—I asked the minister a question on 13 September about price parity. Senator Coonan gave me an answer that price parity would be maintained. Therefore, when I heard Mr McGauchie saying that the prices—I am talking about online rental—could be \$13 in cities in Australia and \$144 a month in regional Australia, I thought it seemed to fly in the face of a guarantee that the minister gave me. You would be aware of the question that was asked; you would have been aware of the minister's reply. How can you then say that you would put the price up from \$13 to \$144 and de-average that price, when the minister has clearly said that that is not going to happen? Are you overriding the minister? Or don't you take any notice of what the minister says?

Ms McKenzie—The \$13 and the \$144 refer to the de-averaged price for competitors at wholesale to buy a ULL line, which is a different thing to the price that is charged at retail for access.

Senator BOSWELL—I am well aware of that.

Ms McKenzie—The argument that we are making is that, if competitors can buy ULL and use that ULL line to provide retail services—effectively, they only buy it in band 2 at \$13—our capacity to be able to continue to provide average prices at retail is diminished. In fact, in almost every other OECD country where there is a requirement to have average prices at retail, there is also a requirement to have average ULL prices at wholesale. That is the argument we are making.

Senator BOSWELL—Yes, but you are making that argument in defiance of what the minister told the parliament. The minister said that there would be parity between the city and regional and rural Australia. Two or three weeks after the minister made that statement, Telstra came out and argued that it will cost Telstra \$800 million and it will cost rural Australians \$144 for a line. You have a problem, but it is your problem and you will have to sort it out with the minister. But, after the minister has given a guarantee, you cannot come and make out that the line rental will go up in the bush. We made a commitment on parity of price and services and the minister confirmed it in answer to a question. Don't you take any notice of what the minister says?

Ms McKenzie—We always comply with our obligations to do whatever is legal and required by the regulatory framework.

Senator BOSWELL—I will read out what she said. Senator Coonan has guaranteed that there would be no differentiation in line prices between the city and the bush. I asked that question on 13 September. A month later, you claim that the bush will have to pay \$144 a month, even though the minister gave the parliament a guarantee that that would not happen. If you have a problem with the decision that the minister has taken, I suggest you sort it out with her. But do not try to pass that problem back to rural and regional Australia, because the minister has confirmed that it will not happen.

Ms McKenzie—We say that, for that to be a sustainable proposition, a change needs to be made to the way ULL pricing is structured. If there is a legitimate policy choice to be made—which we support—that there should be parity of pricing between the city and the bush, the

wholesale pricing construct needs to have regard to that, otherwise it is not a sustainable proposition.

Senator BOSWELL—If it is not a sustainable proposition, I suggest that you take it up with the minister.

Ms McKenzie—We have made representations to the minister in that regard.

Senator BOSWELL—But you cannot go back and try to foist the additional cost onto rural and regional Australia after the minister has given a guarantee that that will not happen.

Ms McKenzie—The cost exists. It is a question of who bears the cost.

Senator BOSWELL—I am not going to make any decision on who bears the cost. All I say is that the cost cannot be passed on, because the minister has said that it will not be passed on.

Ms McKenzie—The cost has to be met from somewhere. I guess we are saying that the most sensible and equitable way to ensure that you can sustain parity of price is to have an averaged ULL price.

Senator BOSWELL—Why don't you approach the minister?

Ms McKenzie—We have.

Senator Coonan—Price controls can be developed in a way that ensures that pricing parity is maintained. It is a slightly different argument as to how the prices are set under the ULL. The government has an interdepartmental committee looking at Telstra's proposal. The ACCC takes a different view. Traditionally the ACCC sets the price regime and the government simply sets the framework under which it happens. Lest there be any concern about it, what I have said will be maintained, even if it has to be maintained through the price control mechanism.

Senator BOSWELL—Thank you for giving the guarantee again, Minister.

CHAIR—Are there any further questions for Telstra? We are anxious to call ACMA. If there are no further questions, we thank Telstra for appearing. We now call ACMA.

[10.46 pm]

Australian Communications and Media Authority

CHAIR—Welcome. I know that both Senator Conroy and Senator Nash have questions for ACMA.

Senator NASH—My understanding is that one of the best things the Australian Communications Authority did was to conduct a quarterly consumer consultation. I understand that such a forum has not been held since the formation of ACMA. Is that correct?

Ms Maddock—Yes. We decided that, when we started anew, we would ask some fundamental questions like what types of interactions were most appropriate—whether for information, representation or consultation—and we would make sure that the forums through which those needs were met had the most appropriate structures. At the end of that process, which we expect will finish very shortly, we may have arrangements that are very similar to the current ones, but we wanted to make very sure that we had thought through the issues and

first principles. We anticipate that we will have meetings before the end of the year, but we wanted to know that we had the right agendas, the right issues and the right places to consider issues.

Senator NASH—I believe that you plan to continue having customer satisfaction surveys—and, in particular, regional surveys—on that same basis?

Ms Maddock—We have not decided yet.

Senator NASH—Is that still being discussed or considered?

Ms Maddock—Yes.

Senator CONROY—It is good to see you all. Ms Maddock, I do not want you to take this personally, but I must say that I am disappointed to see you. I expected to see the chair of ACMA by now, but I guess you are still the acting chair?

Ms Maddock—I am.

Senator CONROY—How long has it been since ACMA was established?

Ms Maddock—ACMA was established on 1 July.

Senator CONROY—How long is it since the ACMA Act was passed by the Senate?

Ms Maddock—I do not have the date with me.

Senator CONROY—Was it sometime in February? Does that ring a bell?

Ms Maddock—I thought it was later than that. I thought it was towards April, but I am not sure. I will take that on notice.

Senator CONROY—Minister, do you remember when the legislation passed the chamber?

Senator Coonan—I think it was April or May, roughly; it was fairly late.

Senator CONROY—There is still no chair. When will we see a new chair, Minister?

Senator Coonan—Very soon. Could I say, though, that I think Ms Maddock has been doing an excellent job as the acting chair.

Senator CONROY—In no way was I trying to reflect on Ms Maddock. As I say, this is not personal.

Senator Coonan—The long list of tasks that ACMA has successfully completed is testimony to the competence of the current appointees.

Senator CONROY—We will come to that. Just as I said to you a little earlier, I have heard ‘very soon’ a few times before, so I have done a little bit of research. On 13 September 2005, your spokesman in a media report said ‘soon’; on 28 July 2005 you, Minister, in a media report said, ‘An announcement will be made in due course’; on 12 July, ‘An announcement can be expected shortly’; on 25 June, ‘A decision will be made shortly’; on 24 June, ‘An announcement about the chair of ACMA will be made shortly’; and in a 16 June media report you, Minister, are quoted as saying ‘shortly’. What is today’s date?

Senator Coonan—It is 31 October.

Senator CONROY—Yes, 31 October, thank you. Halloween: how appropriate for us all! Today is 31 October, so from 16 June, when you said ‘shortly’ the first time, we have now had the best part of five months. Is ‘shortly’ normally five months?

Senator Coonan—‘Shortly’ is whatever shortly is.

Senator CONROY—I guess that is right: whatever you define it to be.

Senator Coonan—That is exactly right.

Senator CONROY—Is the money you are offering enough?

Senator Coonan—I think so. I am not going to offer any more.

Senator CONROY—Are you going to continue to insist on having a joint chair and CEO?

Senator Coonan—The job as currently structured is currently under consideration.

Senator CONROY—Have you been knocked back by anyone you have approached for the role?

Senator Coonan—Knocked back? What does ‘knocked back’ mean?

Senator CONROY—Have they turned the job down?

Senator Coonan—There have been a number of people considered because there was an executive search. Do you consider that they are knocked back or that they have knocked it back? I do not think ‘knocked back’ is something that I can properly answer.

Senator CONROY—Has anyone turned down the offer?

Senator Coonan—I do not know. There was an executive search.

Senator CONROY—No, you make the offer.

Senator Coonan—There was an executive search, so presumably there were quite a number of people involved in that process who were not successful.

Senator CONROY—But ultimately an executive search finds somebody and gives you either one name or a list of names.

Senator Coonan—It gives you some indication of where you might go, but no-one has emerged from the process who has made it to an appointment.

Senator CONROY—Can I indicate on behalf of the Labor Party that, if the government considered splitting the roles, we would facilitate the parliamentary process. If the government wants to reconsider that and put forward something to the parliament to split the positions, we will facilitate the process to assist that.

Senator Coonan—Thank you. I will bear that in mind.

Senator CONROY—You mentioned that you thought that, despite lacking a chair for the last four or five months, the organisation was operating effectively. *Communications Day*, a newsletter that—

Senator Coonan—You seem to feature—

Senator CONROY—I pop up every now and then.

Senator Coonan—very significantly in that.

Senator CONROY—I probably say something other than ‘soon’. It has recently undertaken some empirical research that shows that the ACA made 70 telecommunications policy and regulatory announcements in the 100 days before the formation of ACMA whilst in the 100 days since the merger ACMA has only made 25 such announcements. Do you have an explanation as to why there has been an apparent drop-off in activity?

Senator Coonan—I do not know that you could draw that conclusion, but I will ask Ms Maddock, who can deal with that question.

Senator CONROY—You did not solve every issue that needed to be solved before the merger?

Ms Maddock—Having been part of the ABA before the merger, I can say on behalf of that organisation that there was a conscious effort to wrap up loose ends. Having been on the ACA board as an associate member, I would say that that was the case in that organisation as well. I can say that for ACMA there has been no parking of issues which are fundamental to our business. It has been business as usual.

Senator CONROY—You would reject any suggestion that the organisation is paralysed because it does not have a chair?

Ms Maddock—I certainly would.

Senator CONROY—Has the internal organisation of ACMA been finalised?

Ms Maddock—We are in the midst of populating a proposed restructure.

Senator CONROY—When do you propose to complete that?

Ms Maddock—In the next few weeks, so that the new structure would begin on 1 January.

Senator CONROY—Is it usual, in your experience, to put forward a new management structure before a new CEO arrives to cast an eye over it themselves? Mr Trujillo, to give an alternative example, has put a freeze on everything: ‘Just a minute, I’m new. I want to have a look at the whole thing.’ I would have thought that was the normal process.

Ms Maddock—On a day-to-day basis we have proceeded to do what the minister wished and what we thought was appropriate—that is, drive to create a new organisation. When a chair is appointed, we will welcome the chair making their own decisions and assessing what has been done. However, we will have given them something they can assess.

Senator CONROY—So you think it was prudent?

Ms Maddock—I think it is a sensible way to behave.

Senator CONROY—What do you say in response to industry comments that the departures of senior officials Bob Horton and Geoff Luther have left ACMA without an adequate depth of telecommunications regulatory experience?

Ms Maddock—Mr Cheah has joined us, and he brings great experience in telecommunications issues to the organisation.

Senator CONROY—That is a ringing endorsement, Mr Cheah. How long were you with the Department of Communications, Information Technology and the Arts before you took up this position?

Mr Cheah—It depends on how you count it.

Senator CONROY—Is there more than one way to count it?

Mr Cheah—On and off, I have been in the communications field for about 10 years. I also had a couple of other roles during that period.

Senator CONROY—Roughly how long were you in your previous position to this job?

Mr Cheah—I was in the head job of the telecommunications division of DCITA for six years.

Senator CONROY—That is a fairly long time. For how long were Dr Horton and Mr Luther involved in the industry?

Ms Maddock—I would not imagine it was many more years than that. The relevant things that Mr Cheah brings to the organisation is a long experience in the department and, prior to that, in the industry and being very up to date with the latest issues at the departmental level.

Senator CONROY—You would agree, though, that the organisation would be better off if it had a permanent chair.

Ms Maddock—We would welcome a permanent chair.

Senator CONROY—Are you getting tired of being referred to as the headless chook?

Senator Coonan—You are the only one who is referring to it as a headless chook. It seems to function pretty well.

Senator RONALDSON—Ms Maddock, I want to take up an issue for the Strengthening Goldfields Community Radio Inc., which I will refer to as SGCR. They applied for a TCBL—a temporary community broadcast licence. I gather the application was submitted in July 2004. Before it was submitted, guidance was sought from the then ABA, which informed SGCR that frequency spectrum in central Victoria and available channels may be difficult to find. The ABA said that SGCR would need to engage an approved ABA consultant frequency assigner, at SGCR's cost, to identify a possible frequency challenge and that SGCR should submit the consultant frequency assigner's report with their application for a TCBL. That was done. It cost the community about \$1,500. There is no community radio service in Maryborough, and there are about three in Bendigo. When SGCR submitted their application for a TCBL, they were not informed that additional news radio services were to be established in the Bendigo area, which would complicate allocation of spectrum to a TCBL aspirant. Even during the application process, when the ABA's licensing department requested additional information some two months later from SGCR in support of its application, there was still no indication that proposed news radio services would create difficulties with spectrum allocation.

Since then SGCR have had correspondence which would indicate that 99.1 MHz had been identified by the independent, ABA approved, licensing person, whom I referred to before as a consultant frequency assigner. There was no indication from them that there would be potential interference. However, SGCR were then advised that it may interfere with an existing community broadcaster, 3VYV, in the Yarra Valley. I am a Victorian. I might have said Yarra Glen this morning but it was actually Yarra Valley—but I do not think Yarra Glen is

all that far from Yarra Valley. Is it likely that there is going to be interference between Yarra Valley and Maryborough?

Ms Maddock—I am going to ask Mr Tanner to address that.

Mr Tanner—I am afraid I cannot answer that specific question. If they are on the same channel and looking at one another from two great heights—it is a great distance—perhaps there is some potential. I do not know.

Senator RONALDSON—It seems unlikely though, doesn't it?

Mr Tanner—I do not have the details. What I can talk to you about here, with the information I have as general knowledge, is the generalities of the group's situation. Spectrum in the settled areas of central Victoria is very tight. It has been since the nineties, when we completed licence area planning there. We have a policy, which the group has availed itself of, which is that subject to certain caveats we are happy if groups can identify a frequency which would work for temporary community broadcasts. We put some caveats on that. One of them is that if there are other groups that want to trial on that they can. Merely by finding the frequency they do not get any guarantee that that will be their frequency in the end. It is a process with risks built in but obviously we take it very seriously if a group expends resources to find a frequency.

In the process of that group trying to locate a frequency for itself ACMA has been asked to reserve capacity for additional NewsRadio services. Reservations top the priority process; they bump any other potential use down. ACMA has used a consultant firm of engineers, Gibson Quay, to search for high-powered channels where possible where we have been asked to reserve capacity for NewsRadio. My general understanding of the situation which faces the Goldfields group is that our engineers do not wish to allot any free low- or medium-powered frequencies which are found until they are certain that they are not needed for the NewsRadio roll-out. That is a process which will have to be ascertained over next year.

Senator RONALDSON—The group have also been told, in an answer to a question on notice to Minister McGauran:

Any frequency identified by consultants to SGCR as potentially available for a TCBL may also be suitable for a low to medium power ABC NewsRadio service in the area.

There is no talk there of interfering with Yarra Valley.

Mr Tanner—I am afraid I am going to have to take the details of the frequency on notice because I simply do not have the knowledge in my head. I am sure it will be quite simple to clear up. The reference to a low- to medium-powered frequency for NewsRadio I think refers to the way we approach planning for NewsRadio in the event we cannot find the number of the usually very high powered frequencies that the ABC would typically use for a roll-out of this kind. Because, as I have already said, the Victorian spectrum is extremely congested in the area, we have already allocated pretty well to the limits of productivity without clearance or reorganisation of existing services.

The way the roll-out of NewsRadio will proceed is that the easy runs will be scored first. The consultant will then work with ACMA on the areas where it is not easy to find frequencies. We will look at the kinds of options which involve moving existing low- or

medium-powered services to clear new high-powered frequencies or, as a worst-case scenario—where we simply cannot find the sort of the very high-powered frequency that the ABC usually uses—looking for medium- or even low-powered frequencies so as to deliver something. But we have not got to that point yet. We have to work it through and do the planning engineering work.

The upside is that at the end we will come out of it with a very good understanding of the limits of spectrum capacity in the country—in Bendigo, Ballarat and right through central Victoria. The downside is that it is going to take time as we are not scheduled to do all that engineering work before the course of 2006. I am taking the risk of answering from memory, but I would expect that because that part of Australia is so congested already with analog FM services it is unlikely we will be getting to it till deep into 2006.

Senator RONALDSON—This group has received a lot of input. There was financial support from individuals and from local government for \$5,000, as well as assets, buildings et cetera. It went through all the processes and had an ABA approved consultant, and all of a sudden it is left in the lurch. The ABC told us today that their tender process will be finalised within the next fortnight, from recollection, and I think this group would be prepared to accept that that tender process for NewsRadio probably needs to be gone through. But to take it out another 12 months! This is a city that desperately needs a community radio. They do not have a community radio service. The community wants to go with it—they are fully backing it and have gone through all the right processes. In all fairness, I do not think that this time next year is an appropriate time for them to have to wait. I appreciate this is all out of left field to a certain extent, but can you get back to me, please, as to how we can do something appropriate to support that community? Bendigo has three community radio stations.

Mr Tanner—Yes, I understand that.

Senator RONALDSON—Ballarat has however many it is—I live there; I should know—but Maryborough has none at all. These people have gone through the ABA processes and done all the right things—identified that frequency—and to a certain extent the rug has been pulled out from under their feet. In all fairness to them, I think there needs to be some speedy resolution.

Mr Tanner—I take the points that you are making and I have a lot of sympathy for the group. I am very well aware from the account you have given me that they have put out resources, taken risks and worked on certain assurances. I have to emphasise to you again that the process is never presented to community aspirant groups as risk free. It is always underlined to them that it is contestable at every stage. What the ABA staff would not have known in early 2004, or whenever it began, was that they would be dealing on top of the problems that already exist with congestion in that part of Victoria. The spectrum is pretty well fully utilised, which means that it is a very big job with a lot of marginal planning work to find extra channels. They could not have known the exact number and location of new reservations coming in on top of that. ACMA has to deal with all that.

Having said that, I am very happy to take that away and do that review. As I say, I and my staff would be very sympathetic to the plight of the group. I would certainly be very disappointed personally if, as a result of delays brought on by the NewsRadio process, the group fell over. I think that would be a most regrettable outcome. Unfortunately, at this

stage—and this is one of the parts of the process that is very hard to communicate to people—locating channels that work is an extremely time-consuming and expensive process for our electrical engineers or our consultant’s electrical engineers where the spectrum is already very heavily congested and used. So it is not simply the case that if we pull our finger out we will remember that 99.6 is free or 102.1 could be freed up; we are going to have to do an awful lot of work to find the sort of capacity that we would like to find for the ABC and, hopefully, for this group as well. I am happy to do that review for you, but I have to put those caveats in there at the front.

Senator RONALDSON—Can you also ascertain for me whether the Yarra Valley is—

Mr Tanner—Certainly. I have taken all that on notice. I simply do not know the history of the particular channel they proposed or what the problems were. Quite often we do flag possible problems and quite often when dealing with TCBLs we indicate that they are merely things that our computers predict might be an issue and we invite groups to conduct trials and those sorts of things. I would have to go back, though, and look at the history to be able to answer that part of the question. I will do that.

Senator RONALDSON—I would be grateful for any assistance because they are a community based group, there is no community radio in Maryborough and, quite frankly, I think we should move heaven and earth to see if we can accommodate them.

Mr Tanner—We are certainly sympathetic to all those points you raise.

CHAIR—If there are no further questions we will close this section of the estimates. Unfortunately, we have not been able to call the department. I know that the ALP have quite a number of questions that they plan to put on notice. I remind senators that the deadline for written questions to be placed on notice is the close of business this Thursday. I remind the department that the committee has set the deadline for the return of answers to questions placed on notice as the close of business on Wednesday, 21 December. I know the departmental people have been here all day. I apologise that we have not called you, but that is just the way things have worked out today. I thank you for your forbearance. I adjourn this set of estimates until nine o’clock tomorrow morning, when we will be dealing with the environment, heritage, sport and arts portfolios. I thank the minister for being here today.

Committee adjourned at 11.11 pm