

Department of Communications, Information Technology and the Arts

Foreign Affairs, Defence and Trade Committee Submission Inquiry into Australia's Relations with China

On 8 December 2005, the Senate referred the matter of Australia's relations with China to the Committee for inquiry and report by 15 September 2005. The following is submitted by the Department of Communications, Information Technology and the Arts, providing an overview of bilateral relations with China in the Department's areas of portfolio interest.

COMMUNICATIONS

The Department of Communications, Information Technology and the Arts provides strategic advice and support in the communications industries through the divisions of: Telecommunications; Broadcasting; Information and Communications Technologies (ICT) and Information Economy.

Though these divisions, the Department administers legislation, regulations, grants, and incentives to industry and the wider community. The Department maintains an interest in international affairs in the communications sector and has an active role in the APEC Telecommunications and Information Working Group (APEC TEL), the International Telecommunications Union (ITU), the World Trade Organisation General Agreement on Trade in Services (WTO GATS), the Asia Pacific Telecommunity (APT) and the Organisation for Economic Cooperation and Development (OECD). The Department also has responsibility for communications services in the range of Free Trade Agreements on the Government's trade agenda.

Activities

The Department keeps a watching brief on China's administration, governance and regulatory arrangements for its portfolio interests. China represents a significant market for Australia's communications services industries, particularly in telecommunications. For example, by 2008 China's fixed line telecommunications market is forecast to grow by 54%, its mobile market by 73% and its internet users by 285%.¹ China is also beginning to lead global thinking and standards setting in information and communications technology and its ICT manufacturers are becoming leaders in their field. For example, Huawei Technologies, a Chinese company specializing in R&D telecom products, doubled its sales from its international operations to US1.05bn in 2003. Huawei's target is for international sales to account for 35% of the Group's sales.² Huawei Technologies has an office in Melbourne.

¹ Business Monitor International, *China Telecommunications Report Q4 2004*. Figures based on growth of telephone lines in service, mobile phone subscribers and internet users, 2003 – 2008.

² Business Monitor International, *China Telecommunications Report Q4 2004*.

In the communications sector, the Department manages its relationship with China primarily via APEC, the WTO, the ITU, the APT and other regionally based inter-governmental meetings. Highlights of activities are outlined below.

Telecommunications

The Department is working closely with China at APEC TEL in the areas of standards recognition, network security and the regulatory issues relating to emerging information and communications technologies. China was also host to the 5th APEC Telecommunications Ministers meeting (TELMIN 5) held in Shanghai in May 2002.

In March 2005, the Department coordinated a visit from a senior Chinese delegation representing China's telecommunications policy and regulatory body, the Ministry of Information Industries (MII). Delegates exchanged information on good practice in telecommunications policy and regulation with the Australian Communications Authority (ACA), the Australian Competition and Consumer Commission (ACCC) and representatives from the Department.

With China representing such a significant market for Australia's telecommunications carriers and service providers, the Department is working with China as part of the wider WTO process to help facilitate implementation of its WTO commitments in telecommunications. China has made significant commitments as part of its WTO accession to open up its telecommunications market to foreign carriers and service providers as outlined below.

- **Domestic & International Fixed Line telecommunications:** For the first three years after accession (December 2004), foreign investors may hold up to 25% equity in joint ventures to provide services in and between the cities of Beijing, Guangzhou and Shanghai. Five years after accession (December 2006) the foreign equity limit will increase to 35% with the ability to offer services in and between another 14 cities. Six years after accession (December 2007) foreign investors will be allowed 49% equity in joint ventures with no geographic restrictions. The commitment also allows for resale and flexibility in choice of technology.
- **Mobile:** As per fixed line communications.
- **Internet, satellite services and other services:** China permits these services to be opened on the same schedule as domestic and international fixed-line services. Internet contact services will be opened according to the schedule for value-added and paging services. China will also allow cross border mail order services.
- **Value added and paging services:** Foreign investors may initially hold up to 30% equity in joint ventures in the cities of Beijing, Guangzhou, and Shanghai. After one year foreign investors can hold up to 49% in those 3 cities, plus 14 others. After two years, foreign investors can hold up to 50% equity with no geographic restrictions.

These commitments provide increased opportunities for Australian telecommunications carriers and service providers in China. The possibility of a Free Trade Agreement with China has the opportunity to provide Australian business with

increased access to the growing Chinese market. The Department will be actively engaged in any such process.

Information Economy

In recognising the potential of eCommerce, the Australian Government and the Government of the Peoples Republic of China negotiated the *Joint Statement on the Online Economy and Electronic Commerce* in September 1999. A subsequent *Memorandum of Understanding on Cooperation in the Information Industries* between the Department and the Ministry of Information Industries was signed on 1 November 1999 for the duration of 5 years. With the MOU now lapsed, the Department is looking into further bilateral opportunities with China.

Non-Government Initiatives

The Department also keeps a watching brief on developments in Sino-Australia bilateral relations in the communications sector. Relationships of interest include:

- **Telstra's consultancy services to the Beijing Olympic Games Organising Committee (BOGOC)**
In preparation for the 2008 Olympic Games, Telstra operates a Wholly Foreign-Owned Enterprise under PRC investment rules to provide consultancy services to BOGOC in preparation for the 2008 Olympic Games.
- **Australian Internet Industry Association (IAA) and the Internet Society of China's (ISC) Memorandum of Understanding (MOU)**
In order to work collaboratively in lessening spam traffic the IAA and the ISC signed an MOU on 28 February 2005 to share technical and policy measures to limit the amount of spam originating from or passing through the two countries.

INTELLECTUAL PROPERTY

These comments are provided based on the policy objectives of the portfolio which are assisted by an intellectual property framework which keeps pace with the developments in the content and carriage industries, promotes the arts, provides Indigenous cultural protection, facilitates innovation policy and ICT industry development, and encourages the growth of the information economy.

The creative industries of both countries which produce computer software (including electronic publishing), information and communications technology, film and sound recordings could benefit from increasing use of non-infringing intellectual property in the Chinese market.

There is considerable room for enhancing efforts to address intellectual property infringement in China, given industry estimates of piracy levels. Australia may be well placed to take a collaborative approach and assist in this process.

Activities

Both Australia and China are parties to the WTO Agreement on Trade Related Aspects of Intellectual Property Rights (TRIPs). China has been a party since 2001.

TRIPs recognizes the importance of effective intellectual property standards in fostering creativity and economic development.

DCITA met with representatives from the Chinese Government in 2003 regarding intellectual property policy and there have been other ad hoc meetings on intellectual property issues between officials from both Governments with a view to fostering a cooperative relationship between the two countries and the exchange of information.

ARTS AND SPORT

The Arts and Sports Division of the Department of Communications, Information Technology and the Arts provides strategic advice to the Australian Government on matters relating to culture and sport. It also has an overarching role of supporting cultural and sporting agencies within its portfolio to enable them to meet their diverse objectives and program outcomes.

Cultural and sporting agencies operate at “arms length” from the Government. Agencies set their own strategic direction and priorities in relation to cultural and sporting initiatives.

Cultural and sporting agencies (as statutory authorities, Commonwealth-owned companies and, in the case of the National Archives of Australia as an Executive Agency) work within legislative frameworks, directions set by their governing Councils and their own strategic planning processes to determine their international priorities. These priorities include the selection of international organisations and markets as well as support for particular strategies.

The portfolio maintains an interest in international cultural affairs, and is represented on the Australian International Cultural Council (AICC), by the Minister for the Arts and Sport, Senator the Hon Rod Kemp. The AICC is a consultative group with a common interest in more effective international promotion of Australian arts and culture. Two agencies within the portfolio, the Australia Council and the Australian Film Commission, are also members of the AICC. The Department and the agencies mentioned above are also members of the Commission for International Cultural Promotion (CICP)—an officials group which supports the work of the AICC.

As part of a series of rolling three-year strategies the AICC selects priority regions known as “target markets”. One of the agreed target markets in 2009 is the People’s Republic of China (China).

Activities

Cultural and sporting exchange between Australia and the China has grown significantly over the past 24 years since the signing of the *Agreement on Cultural Co-operation between the Government of Australia and the Government of the People’s Republic of China (1981)*. Highlights of these activities are detailed below, and an overview of some of the major public diplomacy activities organised by the Department and other portfolio agencies (not mentioned in the submission) from 2000-04, is at **Attachment A**.

Arts

In 2002, the prestigious China Shanghai International Arts Festival invited Australia to present a weeklong cultural program at its fourth Festival from 10-17 November 2002. This was the highlight of cultural liaison activities between Australia and China. Australia was the first country to be invited as a guest nation at the Festival. Australia's involvement also marked the 30th anniversary of diplomatic relations with China.

The weeklong program, under the banner of *Celebrate Australia 2002*, brought together over 200 Australian artists to focus on Australian culture, and provided Shanghai audiences with a detailed and multi-layer look at Australian arts.

Australia's image as an innovative and sophisticated country was highlighted through a showcase of contemporary arts which introduced Chinese audiences to a wide range of arts genres from street theatre, contemporary dance, orchestral music, circus, physical theatre, new media arts, visual arts and documentary film. These activities were organized through portfolio agencies, such as the Australia Council and the Australian Film Commission.

The Department has been advised that the Australia Council is currently reviewing its involvement in international performing arts markets, and evaluating its own Australian Performing Arts Market program in order to determine the most strategic and financial activities they can pursue over the next 3-5 years. It is possible that Shanghai will be considered as one of our target markets in the future.

Film

The Australian film industry, particularly the post production sector, has received high acclaim for its collaborative work on Chinese film productions such as *Hero* and *House of Flying Daggers*. Some Australian filmmakers are also involved in producing content for Chinese television, especially infotainment or tourism type programming.

Australia's film post production sector encompasses a range of digital and traditional services and products relating to visual effects, animation, editing and sound mixing. Post production, also known as digital production, is developing as an economically significant sector of the Australian film industry.

Collaborations with China on landmark films such as *Hero* and *House of Flying Daggers* provides Australian post production practitioners and businesses with opportunities to produce new creative content, to develop innovative technologies and build business relationships with an important market in the global environment. Australia has also used Chinese animation studios in the production of a number of children's animated series including *Blinky Bill*, *Flipper and Lopaka* and *Seaside Hotel*.

The Australian Government, through the Australian Film Commission (AFC) commenced negotiations with China for a film and television co-production treaty in November 2004. Negotiations are continuing at this time.

Treaties of this nature give Australian filmmakers access to foreign markets and incentives when making AFC approved co-productions. This can provide filmmakers with creative cultural material and financial backing not otherwise available in the Australian market alone.

A co-production treaty with China would include reciprocal national treatment. That is, official Chinese/Australian co-productions would be treated as Chinese films in China, giving them preferential access to China's heavily regulated distribution and exhibition markets, and as Australian films in Australia, giving them access to qualifying Australian film incentives.

The AFC believes that a co-production agreement with China could bring considerable benefits to the Australian film industry, providing greater opportunities for Australian film-makers to collaborate with their Chinese counterparts and to further access the Chinese market. The AFC's Industry Advisory Panel, which considers proposed co-production agreements against the AFC's guidelines, supports a co-production agreement with China.

Though the proposed treaty is generally supported by the local industry, the policing of copyright infringements in China remains a concern for many producers.

Sport

The Sport and Leisure Industry Strategic National Plan – *Game Plan 2006* was launched in February 2001. The Plan sets out a vision for Australian sport and leisure businesses to become world competitive, building on our reputation as a sporting nation. At the time *Game Plan 2006* was released, its focus was on an export target of \$1.3 billion a year by 2006.

The formation of business networks as a means to increasing exports is a key strategy in *Game Plan 2006*. The announcement of Beijing's successful Olympic bid has provided an opportunity for increased cooperation between Australia and China. The Department has participated in a number of meetings of the *Beijing 2008 Olympic Coordination Group*, which was formed by Austrade to provide for a cooperative approach to international trade activities associated with the Beijing 2008 Olympics. Members of the Coordination Group include State and Territory Departments with responsibility for trade and industry development.

Australia's success in designing and building, on schedule, world-class Olympic venues has attracted interest around the world. As a result, new and significant export opportunities for the venues and events sector have emerged. A number of Australian firms have been involved in tendering for the Beijing Olympics related contracts. Austrade has projected a value of more than \$500 million for these contracts.

For example in August 2003, two Australian firms Peddle Thorp & Walker (*PTW – Architects*) and Ove Arup & Partners Pacific Pty Ltd (Engineers) were awarded the design contract for the new Beijing Olympics swimming centre in conjunction with

the China State Construction Engineering Corporation. *PTW Architects* also won the design contract for the athletes' village, which will cost an estimated US\$200m to construct.

Other Australia companies to have had success in China include:

- T.E.A.M Sports Surfaces has been successful in winning an \$0.8m project to provide the surface for the soccer playing fields in Dalian, China.
- HOK Sport is designing the USD\$250m sports precinct for the 2005 China National Games.
- Sinclair Knight Merz, has secured a role as engineer on the HOK Sport led team to design the Nanjing main stadium and other venues for the 2005 China Games.
- The Queensland sports, venue and events office of Hellmuth, Obata + Kassabaum, Inc., (*HOK Sport + Venue + Events*) has secured a contract as sports architecture advisers to the company financing, constructing and operating the Beijing National Stadium.
- Architectural services company *Bligh Voller Nield* was appointed to plan the Beijing Olympic Green precinct and the Aquatic Park.
- *Bovis Lend Lease* was project manager in the successful tender for the Convention and Exhibition Centre.
- *GSA* won the design competition for the Shooting Venue.
- *Telstra* will provide telecommunications advice during the Games.

Memorandum of Understanding between the Australian Sports Commission and China's State General Administration of Sport

A Memorandum of Understanding (MoU) was signed on 20 January 2005 between the Australian Sports Commission and China's State General Administration of Sport. This MoU indicates the key areas of future cooperation between Australian and Chinese sporting organisations, coaches, athletes and administrators in the lead up to the 2008 Beijing Olympics and beyond. The areas of cooperation identified in the MoU include:

- Greater cooperation and communication on international sports issues;
- Facilitation by both peak bodies of greater direct links between national sporting organisations in Australia and China;
- Encouragement of more cooperation and exchange between researchers in the fields of sport education, science, research and medicine;
- A joint commitment to working against doping and violence in sport, including a closer working relationship between the respective anti-doping bodies in both countries; and
- Support for cooperation on training of sports administrators, coaches and athletes.

Cooperation Memorandum between the ASC and the Beijing Sports Bureau

The Cooperation Memorandum outlines activities of interest for Australia in partnership with China. The Memorandum proposes a number of mutual activities between the two countries, namely:

- Athlete training exchange;
- Cooperation and collaboration in applied research projects; and
- Staff (coach/scientist) exchanges.

National Gallery of Australia (NGA)

In November 2002, the the Director of the NGA, Dr Kennedy and four Members of the NGA Council - Mrs Ann Lewis AM, Mrs Roslyn Packer, Ms Lyn Williams AM and Mr Philip Bacon AM - visited China for eight days to meet arts officials and inspect potential venues in both Shanghai and Beijing, and to participate in the Celebrate Australia 2002 event in Shanghai.

National Museum of Australia

The National Museum of Australia developed and presented its first overseas temporary exhibition *Stories from Australia: Aboriginal and Torres Strait Islander Peoples* at the Guangzhou Museum of Art in China from 7 December 2002 to 9 February 2003. Senator the Hon Rod Kemp, Minister for Arts and Sport travelled to China as an official guest to open the exhibition. The exhibition was part of the 30th anniversary celebrations of Australia/China diplomatic relations. The exhibition attracted a total of 40,385 visitors during its nine week season at the Guangzhou Museum of Art.

National Library of Australia

Ms Jan Fullerton, Director of the NLA visited the National Library of China (NLC) in Beijing in November 2002 to discuss possible cooperation between the two libraries. Ms Fullerton delivered a paper to the NLC staff on the strategic directions of the National Library of Australia, including initiatives in the area of digital collection and online delivery of services.

At the invitation of the NLC, a member of staff from the National Library of Australia (Ms Wan Wong) undertook a three month staff development placement at the National Library of China from March to May 2004. Ms Wong reviewed the digitisation program underway at the National Library of China, and contributed to discussions relating to metadata standards and management of digital collections.

The NLA is about to sign a "Letter of Intent" following an approach from the National Library of China. The NLC and the NLA have a long history of information exchange and cooperation. The Letter of Intent says that both libraries will continue to exchange publications, will cooperate on exhibitions as appropriate and will continue to visit each other's libraries and exchange information, and will organise staff exchanges as appropriate.

National Archives of Australia

In 2004, a delegation of nine government archivists met with staff in the Canberra office to discuss electronic records management, electronic records preservation and records transfer procedures. The delegates included officials from the China Archives Society of Machinery Electronics Ordnance and Shipbuilding Industry and the China Academic Institute of Machinery Science & Technology

In 2001 and 2002 year the National Archives received delegations of Chinese officials from the following institutions:

- Zhejiang Province Archives Bureau;
- Chinese Ministry of Foreign Affairs Archives Division;

- Liaoning Province Archives Bureau;
- State Archives Administration in Beijing; and
- Shanghai Pudong Area New People's Government.

Australian Film, Television and Radio School (AFTRS)

In 2001 AFTRS staff and students engaged with their Chinese counterparts as follows:

- Head of Film and Television, Annabelle Sheehan, spent a week at the Beijing Film Academy teaching a course on Australian Cinema;
- Head of Cinematography, Jan Kenny, and three cinematography students spent two weeks on attachment on Zhang Yimou's new feature film "Hero" with Australian Director of Photography Chris Doyle; and
- Beijing Broadcasting Institute staff member, Hou Wenli, spent three weeks in the AFTRS Television course.

On 23 May 2002 AFTRS signed a Memorandum of Understanding with Zhejiang radio and Television College in Hangzhou to cooperate on program development, research projects, and academic collaboration.

Flying Fruit Fly Circus (FFFC)

At the Sydney 2000 Olympics the FFFC presented **Fusion**, a joint performance with performers from the Shanghai Acrobatic Troupe.

National Institute of Circus Arts

Ms Pam Creed, Director, and Mr Guang Rong Lu, Head of Circus Studies, visited China from Monday 11 November to Thursday 21 November 2002 as part of a delegation from Arts Victoria. Ms Creed & Mr Lu also held meetings with a range of organisations such as the Shanghai Circus School to explore potential student or staff exchanges and, in the long term, the possibility of joint performances or even tours.

Centenary of Federation

An activity funded by the National Council for the Centenary of Federation: China (Beijing) Exhibition – *A Chinese Reformer at the Birth of a Nation: Liang Qichao and the Chinese Heritage of Australian Federation* was held from December 2000 to January 2001. The Exhibition was also shown in Shanghai and Guangzhou.