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SENATE
ENVIRONMENT AND COMMUNICATIONS LEGISLATION COMMITTEE

Tuesday, 9 April 2019

Members in attendance: Senators Bilyk, Brockman, Chisholm, Duniam, Martin, Moore, Spender, Urquhart.
COMMUNICATIONS AND THE ARTS PORTFOLIO

In Attendance

Senator Fifield, Minister for Communications and the Arts

Department of Communications and the Arts

Program 1.1

Mr Mike Mrdak, Secretary
Mr Richard Windeyer, Deputy Secretary
Mr Richard Eccles, Deputy Secretary
Ms Vicki Middleton, First Assistant Secretary, Strategy and Research
Ms Pauline Sullivan, First Assistant Secretary, Market Reforms
Dr Carolyn Patteson, First Assistant Secretary, Content
Mrs Jennifer McNeill, First Assistant Secretary, Infrastructure and Consumer
Ms Jo Talbot, Chief Operating Officer, Corporate
Ms Maria Loyman, Acting Chief Financial Officer, Financial Services
Ms Leonie Holloway, Chief Economist, Bureau of Communications and Arts Research
Ms Sarah Godden, General Counsel, Office of the General Counsel
Mr Richard Bullock, Assistant Secretary, Strategy
Mr Andrew Madsen, Assistant Secretary, Broadband Implementation
Ms Kathleen Silleri, Assistant Secretary, Consumer Safeguards
Mr Mike Makin, Assistant Secretary, Media Policy
Mr Aaron O'Neill, Assistant Secretary, Classification
Mr James Penprase, Assistant Secretary, Digital Media and Copyright
Mr Tristan Kathage, Assistant Secretary, Competition
Mr Philip Mason, Assistant Secretary, Future Connectivity
Mr Lachlann Paterson, Assistant Secretary, Regional Deployment
Dr Jason Ashurst, Assistant Secretary, Consumer Broadband Services
Ms Cathy Rainsford, Assistant Secretary, Spectrum
Mr Ben Galdys, Assistant Secretary, Communications

Program 2.1

Dr Stephen Arnott, First Assistant Secretary, Arts
Ms Caroline Fulton, Assistant Secretary, Creative Industries
Ms Justine Curnow, Assistant Secretary, Access and Participation
Ms Ann Campton, Assistant Secretary, Collections and Cultural Heritage
Mr Simon Kelly, Acting Assistant Secretary, Collections and Cultural Heritage
Ms Jacqui Uhlmann, Acting Assistant Secretary, Arts Development and Investment

Australian Communications and Media Authority
Ms Nerida O'Loughlin, Chair
Ms Linda Caruso, General Manager, Communications Infrastructure
Mr Christopher Hose, Executive Manager, Spectrum Engineering and Planning
Mr Vince Humphries, Executive Manager, Communications Safeguards and Networks
Mr Jeremy Fenton, Acting General Manager, Content, Consumer and Citizen Division
Ms Rochelle Zurnamer, Acting Executive Manager, Content Safeguards
Mr Matthew Geysen, Executive Manager, Procurement and Finance
Mr Paul Howe, Manager, Finance and Budgets

Office of the eSafety Commissioner
Ms Julie Inman Grant, Commissioner
Ms Maria Vassiliadis, Executive Manager
Ms Tarina Mather, Executive Manager
Mr Toby Dagg, Manager

Australian Broadcasting Corporation
Mr David Anderson, Acting Managing Director
Mr Alan Sunderland, Editorial Director
Mr Craig McMurtie, Editorial Director

Special Broadcasting Service
Mr James Taylor, Managing Director
Ms Clare O'Neil, Director, Corporate Affairs
Mr Nitsa Niarchos, Acting Chief Financial Officer
Mr Jim Carroll, Director, News and Current Affairs

Australian Postal Corporation
Ms Christine Holgate, Group Chief Executive Officer and Managing Director
Mr Rod Barnes, General Manager, Deliveries
Mr David McNamara, General Manager, Post Office Network
Mr Nick Macdonald, General Counsel and Acting Corporate Secretary
Ms Janelle Hopkins, Group Chief Financial Officer

NBN Co Limited
Mr Steven Rue, Chief Executive Officer
Mr Peter Ryan, Chief Network Engineering Officer

Screen Australia
Mr Graeme Mason, Chief Executive Officer
Mr Michael Brealey, Chief Operating Officer

Australia Council
Mr Adrian Collette, Chief Executive Officer
CHAIR (Senator Duniam): I declare open this meeting of the Senate Environment and Communications Legislation Committee. The Senate has referred to the committee the particulars of proposed expenditure for the 2019-20 financial year for the Environment and Energy portfolio and the Communications and the Arts portfolio and certain other documents. The committee may also examine the annual reports of the departments and agencies appearing before it. The committee is due to report to the Senate on Tuesday, 14 May 2019, and it has fixed Friday, 24 May 2019, as the date for the return of answers to questions taken on notice.

Under standing order 26, the committee must take all evidence in public session, and this includes answers to questions taken on notice. Officers and senators are familiar with the rules of the Senate governing estimates hearings. If you need assistance please see the secretariat, who have copies of the rules.

The Senate has resolved that an officer of a department of the Commonwealth shall not be asked to give opinions on matters of policy and shall be given all reasonable opportunity to refer questions asked of the officer to superior officers or to a minister. This resolution prohibits only questions asking for opinions on matters of policy and does not preclude questions asking for explanations of policies or factual questions about how and when policies were adopted.

I particularly draw to the attention of witnesses an order of the Senate dated 13 May 2009 specifying the process by which a claim of public interest immunity should be raised:

The extract read as follows—

Public interest immunity claims
That the Senate—

(a) notes that ministers and officers have continued to refuse to provide information to Senate committees without properly raising claims of public interest immunity as required by past resolutions of the Senate;
(b) reaffirms the principles of past resolutions of the Senate by this order, to provide ministers and officers with guidance as to the proper process for raising public interest immunity claims and to consolidate those past resolutions of the Senate;

(c) orders that the following operate as an order of continuing effect:

(1) If:

(a) a Senate committee, or a senator in the course of proceedings of a committee, requests information or a document from a Commonwealth department or agency; and

(b) an officer of the department or agency to whom the request is directed believes that it may not be in the public interest to disclose the information or document to the committee, the officer shall state to the committee the ground on which the officer believes that it may not be in the public interest to disclose the information or document to the committee, and specify the harm to the public interest that could result from the disclosure of the information or document.

(2) If, after receiving the officer’s statement under paragraph (1), the committee or the senator requests the officer to refer the question of the disclosure of the information or document to a responsible minister, the officer shall refer that question to the minister.

(3) If a minister, on a reference by an officer under paragraph (2), concludes that it would not be in the public interest to disclose the information or document to the committee, the minister shall provide to the committee a statement of the ground for that conclusion, specifying the harm to the public interest that could result from the disclosure of the information or document.

(4) A minister, in a statement under paragraph (3), shall indicate whether the harm to the public interest that could result from the disclosure of the information or document to the committee could result only from the publication of the information or document by the committee, or could result, equally or in part, from the disclosure of the information or document to the committee as in camera evidence.

(5) If, after considering a statement by a minister provided under paragraph (3), the committee concludes that the statement does not sufficiently justify the withholding of the information or document from the committee, the committee shall report the matter to the Senate.

(6) A decision by a committee not to report a matter to the Senate under paragraph (5) does not prevent a senator from raising the matter in the Senate in accordance with other procedures of the Senate.

(7) A statement that information or a document is not published, or is confidential, or consists of advice to, or internal deliberations of, government, in the absence of specification of the harm to the public interest that could result from the disclosure of the information or document, is not a statement that meets the requirements of paragraph (1) or (4).

(8) If a minister concludes that a statement under paragraph (3) should more appropriately be made by the head of an agency, by reason of the independence of that agency from ministerial direction or control, the minister shall inform the committee of that conclusion and the reason for that conclusion, and shall refer the matter to the head of the agency, who shall then be required to provide a statement in accordance with paragraph (3).

(d) requires the Procedure Committee to review the operation of this order and report to the Senate by 20 August 2009.

(13 May 2009 J.1941)
(Extract, Senate Standing Orders)

CHAIR: Witnesses are specifically reminded that a statement that information or a document is confidential or consists of advice to government is not a statement that meets the requirements of the 2009 order. Instead, witnesses are required to provide some specific
indication of the harm to the public interest that could result from the disclosure of the information or of the document.

**Department of Communications and the Arts**

[09:01]

**CHAIR:** Welcome back, Minister, and, of course, officers from the department. We will start with program 1.1, Digital technologies and communications. Senator Urquhart.

**Senator URQUHART:** Good morning. I just want to go to some media reports over the weekend about a mobile base station in Kingstown that was funded under the Mobile Black Spot Program. Are you aware of those, Mr Mrdak?

**Mr Mrdak:** Yes, I am aware of those media reports.

**Senator URQUHART:** Were any changes made to the proposed location for this specific base station, between when it was first announced for funding and when the location was finalised?

**Mr Mrdak:** Yes, there were changes. I'll ask my officers to explain the background to the development of that location. I'll ask Mr Paterson to take you through that.

**Senator URQUHART:** Thank you. Good morning.

**Mr Paterson:** Good morning, Senator. Yes, I also saw the articles around that. I might just spend a couple of minutes taking you through the normal process, because that will put my other comments in context, if it's okay. When an applicant applies for funding under a round of the program for a base station, we are given the latitude and longitude of where that base station would be located, and then we assess that—basically, think of it as a point on a map: we have a latitude and a longitude—and we run our assessment on the amount of coverage that we would get in that location, and then we run a whole lot of things around costs and so forth, and value for money.

We had two applicants for the Kingstown base station. Telstra was successful. We ran that assessment process. We are not aware of who owns the property at any point in time; that's not part of our assessment process.

The lease payments are not something the Commonwealth pays for. We pay for the up-front capital cost of the base station; the carriers pay for the operation and maintenance, and the lease payments in this case are covered by Telstra and they're required to operate that base station for 10 years. So we're not even conscious of how much they would pay.

Given the articles that came across over the weekend, we did inquire with Telstra as to whose land it was on, and it was confirmed that it was on Ms Rinehart's property. The base station was moved 300 metres during the process—which is getting to the nub of your question. This is not an unusual occurrence, in that there is a desktop analysis done, and then, when they actually get out there and do the really detailed site planning, they will quite often move it. In this instance, Telstra advised us that they moved it 300 metres for reasons such as cost, ease of access, and being closer to supporting infrastructure such as backhaul and power and so forth. We were also advised that it was the same property owner in both instances. So it had moved 300 metres, but it was still with the same property owner.

**Senator URQUHART:** What round of the program was the Kingstown base station funded under?
Mr Paterson: The priority locations round.

Senator URQUHART: It was that one?

Mr Paterson: The third round.

Senator URQUHART: Did the department liaise with the New South Wales police and emergency service authorities at all regarding co-locating with their services?

Mr Paterson: No, we didn't. We have co-location provisions within the program that largely relate to the carriers sharing infrastructure between themselves, and we encourage them to go onto NBN towers. We did not directly liaise in regard to that emergency tower on the hill. That's a matter for the carrier. But we did ask Telstra over the weekend, and yesterday, why they did not locate on that particular hill.

Under the priority locations round, we went through a process of identifying what the coverage issues were in a particular area. In Kingstown, it was identified as largely being a matter of very poor handheld coverage.

Senator URQUHART: It was what, sorry?

Mr Paterson: Poor handheld coverage. So when we went out to tender on that round, we said, 'You have to provide better handheld coverage—improve it—and you should really take into account the actual township, the school and the post office.' The advice from Telstra is that the hill itself is about six kilometres away, so that would affect the quality of the coverage you would get within the township itself. Kingstown has some quite high hills and quite a deep valley. We were advised that the angle of the transmission from the top of the hill would increase the number of localised black spots you would have as well. I'd note that the other applicant's proposal was to put a base station further out but at the base of the hill, not on the top of the hill itself, for similar reasons, I assume.

Senator URQUHART: Did I hear correctly when you said at the start that the final decision about the location is with the carrier? Does the department have any input, or is it just left to the carrier?

Mr Paterson: It's left to the carrier. We decide on latitudes and longitudes. They propose the site, and then there is often a little bit of movement at the end.

Senator URQUHART: But they determine where that movement is?

Mr Paterson: Yes. But subject to, if it's a very small distance—to put it another way, we're focused on the coverage outcome to the community. If the carrier moves a base station within the community but it still gets that coverage outcome, we're not particularly concerned. If the coverage outcomes we've contracted for start to get degraded then there is another process. In this case, they actually doubled the coverage from the base station.

Senator URQUHART: Minister, from our calculations, the electorate of New England has had around 42 new base stations funded under rounds 1 to 4 of the Mobile Black Spot Program. It's one of the highest levels of funding under this program. Is it just a coincidence that the former Nationals leader has had so much funding for his electorate?

Senator Fifield: Yes.

Senator URQUHART: It is a coincidence?
Senator Fifield: Perhaps a comparable case study might be the electorate of Indi, which is not, as you know, a seat held by a government member. I think there's a similar number of base stations going into the electorate of Indi. Base stations go to address black spots in areas of need.

Senator URQUHART: At Senate estimates last Thursday the committee was provided with an update on the progress of rounds 1 to 3 of the Mobile Black Spot Program. For round 3, which was the round announced during the 2016 federal election campaign, only 31 of the 102 base stations are currently operational. So that's just 30 per cent after three years. Why has there been such slow progress, given it is three years after the announcement? Why has it taken so long?

Mr Paterson: The tender process for the priority locations round was run towards the end of last year—I don't have the exact date for the signing of contracts. It usually takes 12 to 18 months to get a base station operational, so those numbers are not surprising. We would expect those numbers to increase over the next few months. The priority round took longer to implement because we went through a much more detailed process, where we went to the market and said to the carriers, 'Give us your applications for where black spots are.' To some extent, you're picking the easy ones; you're picking the obvious ones.

In the priority round, there were a lot of hidden coverage issues, and it took a lot of work to work out what was going on. For some of them, it was a quality of coverage issue, where, if you looked at the maps, it looked okay, but, when there was a lot of usage, the network fell over and you couldn't make a phone call. There's one down at Tathra, which came through as part of the bushfire-type stuff. The town itself seemed to have reasonable coverage, but the local terrain meant you had little dips and valleys. A reasonable number of people live there, but they had reception issues. That process took us a long time.

Senator URQUHART: The final locations for round 4 were announced recently, around 20 March, I think. Is that right?

Mr Paterson: Yes, I think that's right.

Senator URQUHART: Have all of the funding agreements for these base stations been executed?

Mr Paterson: I would have to check. I know we've agreed terms and I know they're with Minister McKenzie for execution. She's travelling at the moment. I would have to check on that.

Senator URQUHART: Can you check and can you then tell me how many are yet to be signed off?

Mr Paterson: Yes, I can check that for you.

Senator URQUHART: Can you tell me what the time frame is for these new base stations to be delivered? Will these ones take up to three years?

Mr Paterson: The rollout schedules are 18 months on those, so that's through to the middle of next year—June 2020. That is a very ambitious time frame.

Mr Paterson: Are you expecting that they will be done within that time frame?
Mr Paterson: I'm telling the carriers that I expect them to be done within the time frame. One thing we do with this program is set very ambitious time frames. It does put us under a bit of pressure, but I would rather push hard than add a year to it.

Senator URQUHART: It appears that, of the 180 base stations that are funded in round 4, more than half—around 95, I think—are small cells. Is there a reason why there's a changed approach in the program towards small cells?

Mr Paterson: Yes. I think there's probably—

Senator URQUHART: What is that?

Mr Paterson: I was going to tell you. It's all right.

Senator URQUHART: Good. I just thought I'd prompt you, in case you weren't going to!

Mr Paterson: Under round 4, we had a slight design change, in that we put in a category relating to public interest premises. We were trying to target particular areas of demand, if you like. We're talking about things like health facilities, bushfire brigade headquarters, tourist facilities and so forth. We tried to target these areas, and we had a nominal allocation of half the money going to them. In the end, out of 180, we got 73 of these PIP locations that were targeted.

There were two rationales behind that. Part of it was the fact that, as the program expands out, the markets are getting smaller and smaller and the carriers are making less money. It's quite expensive to roll out the Mobile Black Spot Program in Australia. You have large power expenses and large expenses related to backhaul. The returns are getting smaller, so we wanted solutions targeted more to where the problems actually are. We were also a little bit concerned that some of these things might have been bypassed, if you like, with the bigger solutions. They can be quite an efficient and effective way to get a solution into these areas, and we wanted to draw that out in the process—and that was quite successful.

Senator URQUHART: How does the deployment of small cells affect the coverage to be gained?

Mr Paterson: A small cell has less coverage.

Senator URQUHART: Yes.

Mr Paterson: A lot depends on the power, the spectrum band, the local typography and so forth. A small cell might get you two to five square kilometres of coverage. A macro might get you 15 to 20 square kilometres plus. To give you a good example, if you've got a road stop in WA, a truck stop, you might never get a large macro base station at that truck stop, because nobody is going to make enough money from it—that's the sad truth—even with Commonwealth assistance. What people really want is the connectivity when they stop there, and you can do that quite effectively through a small cell. Another good example might be a national park. The typography is very challenging, so you're never going to get blanket coverage across the park. But you can get it at the accommodation; you can get it at the major tourist attractions in the park.

Senator URQUHART: So it's specific locations rather than a broader coverage?

Mr Paterson: Yes. The coverage is less, but they have other advantages. They're a lot quicker to deploy because they're smaller. They can use satellite backhaul, so you don't have to run the cable through the ground or use microwave; you can run them by satellite. Some of
them are solar powered, so you don't need power. The costs vary, but the costs can be up to a third of what a macro base station will cost you.

Senator URQUHART: Minister McKenzie recently said that under the first three rounds of the program co-location is occurring at 181 funded sites, including on NBN infrastructure. Can you tell me how many of these 181 co-locations are on NBN infrastructure and how many are on non-NBN infrastructure?

Mr Paterson: So, 72 of those are on NBN infrastructure and 109 are on—sorry, there are 13 'other'. So, 72 on NBN, 13 on other—'other' might be water towers, council facilities, emergency facilities—and then between the carriers themselves we have 96.

Senator URQUHART: Thank you. Minister Fifield, on Friday, Minister McKenzie announced that round 5 of this program was open for applications. Why is there such a rush to open round 5 when round 4 is barely underway?

Senator Fifield: There's no rush, Senator. When we came into government there were 10,000 community nominated mobile black spots. Through the programs announced so far, and the successful telcos which have been entered into with contracts, a majority of which are already in place, these have addressed I think about 5,000 of those community nominated mobile black spots. It's important for the community to know that there is an ongoing program to address mobile black spots, and there's no reason why we shouldn't be looking at the next black spot areas to be addressed while work is still underway in implementing earlier successful contracts.

Senator URQUHART: Will round 5 be a priority locations round, so co-location and election commitments?

Senator Fifield: I'll have Mr Paterson talk to the design of that.

Mr Paterson: The round 5 design is the same as the round 4 design. The guidelines are broadly the same, so we're looking for the carriers to put forward proposals for base stations and to partner with the states.

Senator URQUHART: The minister's media release asks the community to contact mobile network operators to make their coverage issues known. Can you step me through how this process will work? Are you expecting the operators to keep a register of community nominations? Will they report these community nominations to the department? And does the department have a list of priority sites?

Mr Paterson: The department has the public database of nominated black spot locations. That was updated very recently, as part of the round 4 process. That document is still there; it's a public document. Our expectation is that the carriers and so forth would look at that database to get a bit of an idea as to what people actually think the coverage issues are. The normal process is for the carriers to talk to the states, and some of the states have done some quite substantive work in this regard around where they think their needs are and where they think the coverage issues are, so it's that partnership coming through from the two of those. Also, often the local councils would feed into that process.

Whether the carriers run their own database—look, I don't know. I know one of the carriers has multiple lists, and one is 'the list we're going to fund now', one is 'the list we're going to do a bit of work on because we think there are coverage issues there' and the other list is for
issues that have been identified that they need to look at down the track. I'd assume there's some information within the carriers, but I don't know the specifics.

Senator URQUHART: Okay. Does the department have a list of priority sites?

Mr Paterson: We have the public database. We don't have a list of specific sites that we would prioritise funding over.

Senator URQUHART: Thanks. I just want to talk about the communications road map. Minister, at Senate estimates on 19 February you said that your communication policy road map was very close to release, and that it would be released within a month. However, it wasn't released in March. We're now into April. At estimates on Thursday, 4 April, you said it would be released 'within days'. Will you release the road map whether or not the government is in caretaker mode?

Senator Fifield: I said it will be released within days, and that's the case.

Senator URQUHART: That's not what I asked you. I asked you: will you release the road map whether or not the government is in caretaker mode?

Senator Fifield: Well, Senator, I don't know when the election will be called. But, as I said, it will be released within days.

Senator URQUHART: Will you release it when you're in caretaker mode? It's a simple yes or no. I'm not asking you when the election is.

Senator Fifield: No, but I've answered your question, Senator.

Senator URQUHART: Well, you actually haven't.

CHAIR: The minister has provided the answer that he's willing to provide.

Senator URQUHART: Well, he actually hasn't, Chair.

CHAIR: No, the minister has answered your question.

Senator URQUHART: No he hasn't.

CHAIR: It may not be to your satisfaction—

Senator URQUHART: I asked him whether or not it would be released when the government is in caretaker mode. It's a very easy question, Minister.

Senator Fifield: I can't answer that question because I don't know when the election will be called. And what I've said—

Senator URQUHART: Has industry been consulted on the road map?

Senator Fifield: I'm in constant consultation with the sector, as is the department.

Senator URQUHART: Who have you consulted?

Senator Fifield: I'm in constant consultation with the sector, as is the department.

Senator URQUHART: Who within the sector?

Senator Fifield: My working life, and that of the department, is every day talking to, listening to and exchanging with the stakeholders in my portfolio.

Senator URQUHART: What's the point of releasing a road map at the end of the 45th Parliament?
Senator Fifield: Well, Senator, there's a misconception that I think some in the opposition have had in relation to the purpose of the road map. I have, from day one in this portfolio, been focused on delivering and focused on ensuring that the NBN is rolled out by 2020. We now have 99 per cent of the NBN in design or construction, or with people able to order a service; 75 per cent of Australians can order a service; 92 per cent of regional Australians can now order a service. It is on track to be completed by 2020, which is the time frame first articulated in 2014. It is on track to be delivered within the funding envelope of $51 billion, which was first articulated in 2015.

I've been focusing on delivering the NBN. I've been focusing on reforming copyright law, which we have done. We've put in place a regime to tackle piracy, and recently amended that to further address the issue of privacy and make it easier for creatives to protect their work and to ensure that they can get the return on their hard work and effort that they're entitled to. We have been introducing world-first online safety arrangements, the world's first—

Senator URQUHART: Minister, I was asking you about the road map, not everything else.

Senator Fifield: Senator, what I'm saying is—

Senator URQUHART: I'm interested in the road map.

Senator Fifield: Well, Senator, this is a document which will look at where we've been and what has been achieved, which is significant, over the last almost six years. It will talk about the current context and evolution in this area of government and this area of industry, and it will talk about some of the things that governments and the sector will need to focus on in the period ahead.

Senator URQUHART: Mr Mrdak, what work has the department done to inform the development of the road map? Has the department done research or modelling for it—for example, around things like population trends, technology trends and the future of terrestrial broadcast platforms in Australia?

Mr Mrdak: Yes. All those matters are the subject of work that's been done in our strategy group by our Bureau of Communications and Arts Research and also by other parts of the department, which have informed policy advice to the minister and the government on those matters leading to drafts of the road map.
Senator URQUHART: So, you've done research and modelling. It's picked up those things I've raised. What other areas are covered?

Mr Mrdak: Our bureau has a very extensive research program, which I'm happy to provide to you. In the past we've published a lot of work, but we've also got a forward research program, which covers those issues you've raised.

Senator URQUHART: Is it a future-focused road map?

Mr Mrdak: As I think the minister's outlined, yes, it's a presentation of the key issues that have been dealt with thus far and also the key issues that the department sees as being critical for the future agenda of the portfolio.

Senator URQUHART: How far into the future?

Mr Mrdak: It looks into the medium term—well into the next decade.

Senator URQUHART: At estimates last week we discussed the impending sunsetting of the Alston determination in October 2019, and the department said it would result in bringing internet services within the current parameters of the Broadcasting Services Act 1992. Exactly what steps are being undertaken, and by whom, to address this?

Mr Mrdak: Just to clarify that, what we indicated was that, were that determination to sunset, it is uncertain what the implications would be for digital platforms vis-a-vis the broadcasting act. That remains somewhat unclear. In relation to those matters, we have been looking at future regulatory regimes that would apply and over what time frame they should apply. As the minister outlined on Thursday, the government's been doing a lot of work in relation to a variety of areas of regulation of digital platforms. Our advice in relation to the Alston determination has been to look at future regulatory requirements on the digital sector, and we are providing advice to government on those matters.

Senator URQUHART: Has the industry been consulted?

Mr Mrdak: Parts of industry are certainly aware of the status of the determination.

Senator URQUHART: Which parts?

Mr Mrdak: Certainly the digital platforms, and also the existing media companies are aware of the determination.

Senator URQUHART: Does the government expect that this determination will need to be extended or remade in some ways?

Mr Mrdak: Well, that's a decision yet to be taken.

Senator URQUHART: Minister?

Senator Fifield: As Mr Mrdak said, that's something that is being examined as to the appropriateness of remaking the determination. Obviously, feeding into that decision will be what the implications would be of not remaking it, and what those implications may be will help to inform whether it's appropriate for that determination to be remade for a short period or a medium period of time.

Senator URQUHART: What are the options for extending it?

Senator Fifield: Well, the determination could be remade for a short period of time. It could be remade for a medium period of time.

Senator URQUHART: Is that it? Are they the only options?
**Senator Fifield:** Or it could be not remade. But before taking any decision in relation to that, we would want to be very clear about what the implications were of not remaking that, and part of what would go to that would be legal advice and advice from the relevant regulator.

**Senator URQUHART:** So, Minister, what does that say about your reform agenda, if a ministerial direction that's almost 20 years old needs to be extended because you failed to update the regulatory framework?

**Senator Fifield:** Well, I don't accept that characterisation.

**Senator URQUHART:** I've just got one to go back to on the black spots. Sorry, Mr Paterson, but I'm going to direct it to the minister. Just looking at the figures for co-location for the Mobile Black Spot Program, if 109 base stations out of 867 for rounds 1 to 3 have co-location, the objectives of the program to increase competition have failed, haven't they?

**Senator Fifield:** Co-location isn't something that can be compelled on the relevant parties for a number of reasons, and I know Mr Paterson will talk further to this. There can be structural reasons why it's not possible to co-locate—for instance, on an existing piece of infrastructure. There can be structural and technical reasons why that's not the case in relation to existing pieces of infrastructure. In terms of new pieces of infrastructure, there need to be arrangements which are mutually acceptable to interested parties in order for that to be facilitated. Also, sometimes, there is no interest in co-location amongst interested parties. There are a range of different scenarios, but it would be fair to say that the instances of co-location have increased as a result of this program.

**Mr Paterson:** I missed your precise question, but I think I've got the gist of it. The co-location on the program has been facilitated through another mechanism, as we've spoken about in previous estimates, around pre-agreed technical standards, a dispute resolution process, some subsidised back-haul arrangements et cetera. I don't think you want to hear me go through them all right now. But, at the end of the day, these are commercial operators and it has to be in their commercial interest to co-locate. We've made it easier and we've made it cheaper. In some instances, co-location won't work. It could be a brownfield site—an existing tower on a Telstra exchange that they're using to upgrade. It could be facilities on a water tank. There can often be council approval issues as well, because if you put three carriers on the one tower you're getting a very, very tall tower. Also, the costs of the towers can increase. Often you can put two carriers on the same tower, either using the same transmitter or using different ones. Once you go to three, you're getting a bigger structure; it's a lot more expensive to build and so forth as well.

**Senator URQUHART:** Are the outcomes of the co-location more the fault of the carriers, not that of the program design?

**Mr Paterson:** I think the program design facilitates co-location. We're doing about 20 per cent of the total—

**Senator URQUHART:** So it is the fault of the carriers.

**Mr Paterson:** so I think we are helping to push that, but there are existing agreements in the industry right now around co-location which are quite broad. The carriers all have arrangements between themselves around co-location. What we're trying to do is give it a bit of a push to facilitate it.
CHAIR: Senator Urquhart, do you still have questions?

Senator URQUHART: We have some more, but Senator Chisholm—

CHAIR: I'll go around the table and then I'll come to you, Senator Chisholm. Senator Brockman?

Senator BROCKMAN: Thank you, Chair. I will be very brief, and I suspect you're going to tell me that there's not a lot you can do in this area. There has been the recent spate of radical animal activism. In particular, in the case of the closure of the Gippy Goat Cafe, part of what was happening there, as has been reported, is that there were pretty violent and threatening phone calls. When attempts were made to trace them down, the phones were found to be under fictitious names. In terms of your responsibilities over carriage services, how does that system work? What would that mean? Are those phones being run off phone cards? Presumably, if it were coming from a landline, you would need to have a billing chain, so you would have names and addresses. Is there anything you can tell me in this space—I understand it's not on the legal enforcement side of things—in terms of the operation of the carriage service?

Mr Mrdak: Let me just see if we can assist. I'm not sure. I'll ask my officer Mr Kathage to give you a response on that matter.

Mr Kathage: It is the case that carriage service providers do keep records of their subscribers and, in circumstances like that, law enforcement agencies can contact carriage service providers to seek additional details about calls and also subscribers on their networks.

Senator BROCKMAN: In what circumstances could a phone service be registered in a fictitious name?

Mr Kathage: When a phone service is registered, there are ID requirements that come along with that registration. I would have to take on notice exactly what the arrangements are.

Senator BROCKMAN: Is a breach of the law, in those circumstances—if you used fraudulent documents to sign up to a carriage service—a breach of a carriage service act or a Telecommunications Act, or is it a breach of the criminal law?

Mr Kathage: That's a legal question I would have to take on notice. I believe that as part of the arrangements customers need to present photographic ID, in certain circumstances, but we'd need to take on notice the exact—

Senator BROCKMAN: Are there any circumstances where you can get access to the phone system without producing photographic ID?

Mrs McNeill: These are questions that might usefully be directed to the Australian Communications and Media Authority. They administer some instruments around the identification mechanisms that customers need to go through, for example, when they're signing up to pre-paid services and so on.

Senator BROCKMAN: Okay. I will not take up any more of the committee's time—at this point. I may be back!

CHAIR: I must hold you to that! Thanks for that. We'll see you later on.

Senator SPENDER: We're still on outcome 1, 'Promote an innovative and competitive communications sector, through policy development, advice and program delivery.' Is that where we're at?
CHAIR: That's correct.

Senator SPENDER: Okay. What contribution does live streaming make to democracy, commerce, collaboration and innovation?

Senator Fifield: That is a variable one.

Senator SPENDER: You don't think it serves democracy to have live streaming, to have people access their politicians and hit them with questions, directly, unfiltered by a journalist?

Senator Fifield: It certainly does, but you asked me what contribution it makes and I said 'a variable one'—because it can be used for good purposes and it can be used for bad purposes.

Senator SPENDER: Do you think the broadcasting of abhorrent, violent material in the Vietnam War helped galvanise public support for the end of the Vietnam War?

Senator Fifield: It's important to look at—I assume this is the context for your question—the legislation that has passed through the parliament, in relation to abhorrent, violent material. It very specifically relates to abhorrent, violent material that is filmed by and published by the perpetrator of murder, rape, kidnapping and torture. It does not relate to third parties or news organisations and the material that they film.

Senator SPENDER: It doesn't apply to public interest news reporting by a professional journalist. Do you think that's the only form of reporting?

Senator Fifield: It also doesn't apply to a third party who may be in the street filming something. It relates specifically to the perpetrator and their recording and publishing of it.

Senator SPENDER: Moving to the harms of live streaming, if we can talk specifically about the Christchurch attack, can you elaborate on the nature of the harms of the streaming, which is separate from the actual act?

Senator Fifield: The harms of the streaming? The harm is that it constitutes the weaponisation of a platform by a terrorist. I think that's a harm.

Senator SPENDER: What do you mean by weaponise? The online streaming itself didn't kill anyone. It wasn't a weapon, in that regard.

Senator Fifield: I'm not referring to live streaming in that context, the weaponisation of it being used as a weapon of terror. When you have a terrorist who kills people, their objective is not just to kill people but to terrorise the wider community. In that case it was used as a mechanism, which you could rightly describe as the weaponisation of that particular facility on that particular platform. That's one harm. Another harm is the distress that it would have caused to members of the community who saw it, because some of these things you can't unsee—that's the community in general—not to mention the distress of the family and friends of those who were murdered.

Senator SPENDER: We have crazy conspiracy theories about Port Arthur, saying there were multiple perpetrators and the like. Does the live streaming of the Christchurch attack, at least, prevent crazy conspiracy theories arising with regard to that attack?

Senator Fifield: I don't think that that constitutes a justifiable defence of the misuse and abuse of that platform by the individual in question.
Senator SPENDER: Turning specifically to the bill, firstly, was your department involved in the preparation of that bill, which I understand is an Attorney-General's bill—that is, the Criminal Code Amendment (Sharing of Abhorrent Violent Material) Bill 2019?

Senator Fifield: Yes, it was led by the Attorney-General's Department but my department was involved.

Senator SPENDER: Was there any advice provided that, as drafted, the bill effectively bans websites that show sadomasochism?

Senator Fifield: We'd have to take on notice as to whether the Attorney-General's Department received any advice to that effect.

Senator SPENDER: Do you believe that the bill bans sadomasochist websites?

Senator Fifield: I'm not going to give a blanket declaration on that, because all of these things relate to the particular facts and the particular circumstances.

Senator SPENDER: They relate to the bill. I'll ask a broader question: should sadomasochist websites be banned?

Senator Fifield: I think that websites should comply with Australian classification law and also that when looking at the application of the legislation that we have passed through the parliament, while we can talk in general, it is always dependent on the specific circumstances and facts in order to determine whether the legislation would apply in particular circumstances.

Senator SPENDER: On another matter: the bill essentially focuses on ISP and content providers; it doesn't apply, from what I can tell, to broadcasters. What was your advice on that matter? Why not amend elements of broadcasting legislation, for instance, so that none of our broadcasting platforms could be used in this way and there would be no difference in our regulation of ISPs vis-a-vis broadcasters on this material, because eyeballs are eyeballs and a screen that depicts things is still a screen?

Senator Fifield: This legislation does apply to the broadcasters' online activities. In terms of their strictly traditional broadcast activities, there are already comprehensive regulatory arrangements in place that apply to those platforms.

Senator SPENDER: But not with the same defences and not with the same definitions of material that can't be shown?

Senator Fifield: The clear gap in the law was in relation to online, and we've moved to address that.

Senator SPENDER: I suggest that the bans in broadcasting legislation are a lighter touch. Do you agree at least that the penalties involved in breaching broadcast legislation are lesser than the penalties in this new legislation?

Senator Fifield: You are right that it is a very tough regime which has been legislated in relation to online.

Senator SPENDER: Do you propose, therefore, to increase penalties in broadcasting legislation so that if Kochie did this on morning television he would be just as subject to penalty as someone in an ISP?
Senator Fifield: Senator, we have not seen examples of Australian broadcast media doing what happened online, and I think the reason for that is that we already have appropriate regulatory arrangements in place.

Senator SPENDER: Do you consider Facebook to be a publisher or more akin to a telephone and postal service?

Senator Fifield: It has been evolving. Twenty years ago, the view that governments and the community would have had of platforms such as that would have been that they were benign and passive mediums for people to share family photos and to keep up with family and friends. There has been an evolution in the platforms themselves. There has also been an evolution in the way that the platforms are used. So, I think these platforms have migrated towards being publishers.

Senator SPENDER: Do you have any concern, given their role in democracy and their wide use, about the closure of various political party websites by Facebook, including that of the Liberal Democrats?

Senator Fifield: Senator, I'm not aware of specific instances where that has occurred. Obviously, I'm aware that the platforms have their conditions and terms of use, but I can't speak to those conditions and terms of use and how they may relate to actions that the platforms have taken.

Senator SPENDER: With the regulation of bodies like Facebook, which seems to be increasing, is there a prospect of regulation imposing duties to fairly broadcast democratic material, such as to maintain the pages of a political party? We're putting duties on them in other regards. Is that form of democratic duty within contemplation?

Senator Fifield: Senator, we don't presently have any legislation in train in relation to platforms, in relation to those matters.

Senator SPENDER: Which regulation of the internet is not just something being considered in Australia? Which foreign countries have you taken any guidance from within the department?

Senator Fifield: I'm happy for the department to speak to that. The department does closely monitor legislative and regulatory activity in this area around the world.

Mr Mrdak: Yes, Senator, we look closely at developments globally, particularly in Europe. We're also quite closely working with Canada and regimes like that. We're looking closely, obviously, at North America—the US and Canada—and Europe, as I mentioned, and we are talking to some of the other key players in our region. We've recently been monitoring what's happening in Singapore, for instance, in terms of where that's going but also through our engagement through the International Telecommunication Union. We have looked quite closely at developments across the globe.

Senator SPENDER: Who else in our region have you had engagement with or looked at what they're doing?

Mr Mrdak: Through the ITU process, we have been working quite closely with the Asia-Pacific group, and that ranges through the ASEAN countries and the north Asian countries.

Senator SPENDER: So that includes communist China?

Mr Mrdak: They are part of the Asia-Pacific group, yes.
Senator SPENDER: So we are potentially learning lessons about internet regulation from communist China?

Mr Mrdak: I wouldn't put it that way, Senator; no.

Senator SPENDER: I think I might leave it at that.

Senator CHISHOLM: Minister, in Senate estimates 19 February this year, you stated that in relation to the Australian and Children's Screen Content Review you would be making a statement on the screening industry within a month. I don't think that has happened yet?

Senator Fifield: We canvassed this a couple of days ago. I indicated that in coming days that would be released.

Senator CHISHOLM: You've got a busy few days coming up, haven't you?

Senator Fifield: It is always busy in government.

Senator CHISHOLM: It hasn't been busy for the last month, though.

Senator Fifield: It's always busy in government.

Senator CHISHOLM: Will you release the statement, whether or not the government is in caretaker mode?

Senator Fifield: I don't know when the election will be called, but, as I said, it is the intention to release the statement in coming days.

Senator CHISHOLM: I understand. If the election is called before you've released it, do you rule out releasing the statement in caretaker mode?

Senator Fifield: I don't know when the election will be called. So—

Senator CHISHOLM: I understand.

Senator Fifield: I can't add to what I've said.

Senator CHISHOLM: Has the industry been consulted on the statement?

Senator Fifield: There has been extensive consultation with the industry over screen issues.

Senator CHISHOLM: What types of groups or individuals have you met with?

Senator Fifield: There has been ongoing consultation between myself, my office, the department, and the relevant parties in the screen sector—producers, broadcasters and others.

Senator CHISHOLM: International companies?

Senator Fifield: International companies do come and talk to the government from time to time.
**Senator CHISHOLM:** But specifically about the Australian and Children's Screen Content Review?

**Senator Fifield:** I'm not aware, off the top of my head. We'll happily take on notice as to whether they have.

**Senator CHISHOLM:** Netflix?

**Senator Fifield:** We talked to Netflix about a range of issues, but whether they have spoken specifically in the context of this we can take on notice. Unless Mr Eccles has anything to add.

**Mr Eccles:** We speak to Netflix on a very regular basis.

**Senator CHISHOLM:** Sure, but have you spoken to them about the Australian and Children's Screen Content Review?

**Mr Eccles:** In the discussions we had with Netflix we would have gone over similar ground, and that's in the review.

**Senator CHISHOLM:** Minister, I refer to your media release dated 5 April 2019 entitled 'Major Marvel feature set to film in Sydney'. Clearly, the government's focus in screen support has been to attract international production to Australia. Would you please outline what the government is doing to support Australian content?

**Senator Fifield:** Having international productions in Australia is not something that should be seen as only benefitting those who invest in Australia from overseas. That investment employs directors, producers, carpenters, electricians, set designers, clothes designers and Australian actors. That is an important part of the screen ecosystem. It ensures that there's a pipeline of work for these Australians and it also better places the industry as a whole to produce Australian content.

Specifically in terms of what we've done to support content, we have legislated an anti-piracy regime to protect Australian creatives and their work. We do, obviously, continue with the Australian Screen Production Incentive program—I think ASPI is the acronym—which has put literally billions of dollars towards Australian productions. That continues. The government's ongoing support for the Australian Film, Television and Radio School is significant support for the Australian screen sector and for skilling people to tell Australian stories. The government's ongoing funding for Screen Australia is an important underpinning of the Australian screen sector, as well. We'll have more to say in the screen statement.

**Senator CHISHOLM:** Minister, what prompted you to top up the location offset, which is used to attract international production, but to do nothing about other offsets under review as part of the Australian and children's screen content review?

**Senator Fifield:** There was a cross-party call for the location offset to be increased from 16.5 per cent to 30 per cent, which is what the location incentive does.

**Senator CHISHOLM:** Did the former foreign affairs minister, Ms Bishop, or the Department of Foreign Affairs and Trade drive the government's change to the location offset or was it driven out of the Communications and Arts portfolio?

**Senator Fifield:** It was absolutely driven out of the Communications and the Arts portfolio.
Senator CHISHOLM: So it was considered a priority area compared to other options that the government would have had?

Senator Fifield: It was something that the government had the capacity to do and so it did it.

Senator CHISHOLM: Are you aware that there have been calls in Australia to extend an Australian content quota to Netflix—that is, to acquire subscription video on-demand services in Australia to offer a certain amount of Australian content?

Senator Fifield: Yes.

Senator CHISHOLM: I don't know if this might be better for the department than yourself, Minister, but has the minister or the department identified what services in Australia would be captured by such a requirement?

Senator Fifield: I'll ask Mr Eccles to speak a little more to this. Obviously, I'm aware of the proposition but there would be multiple and varied ways of seeking to achieve that particular objective. There would be a range of different mechanisms which could be pursued to do that. I'm happy for Mr Eccles to speak further to that.

Mr Eccles: What I can add is that we're absolutely aware that there have been calls for some form of quota system to be provided or applied to the online streaming services. We've obviously been looking at it more generally, but no decisions have been made.

Senator CHISHOLM: Would it capture Nine's Stan service?

Mr Eccles: We're talking hypothetical, so it's always a bit difficult to go into detail. Stan is a streaming service. So it depends on whether or not you'd apply such thresholds or other such limits to it. But we're talking hypothetical about policies that haven't been resolved or developed.

Senator CHISHOLM: So 10 All Access would be in a similar path?

Mr Eccles: I'm very reluctant to go into details on a policy that hasn't been developed. So I can't really add anything more.

Senator CHISHOLM: What type of service does the department regard Telstra TV and Fetch TV to be?

Mr Eccles: I'd need to have a chat to one of the experts in the team. I might come back to you on that, Senator.

Senator CHISHOLM: Sure.

Mr Eccles: I understand the arts are going to be appearing later, and that is certainly where the expertise on these subject matters is.

CHAIR: Senator Urquhart?

Senator URQUHART: The Prime Minister had an announcement of $17.1 million of for commercial media in the Pacific. The department, I understand, is responsible for the contract with Free TV and stated that it hadn't been signed at the time of the last estimates. Minister, are you aware of the current status of that contract?

Senator Fifield: Senator, the draft contract, I understand, is with Free TV. It is still being finalised.

Senator URQUHART: It's being finalised or with Free TV?
Senator Fifield: No, it's being finalised. Obviously—

Mr Eccles: I can give a little bit of an update.

Senator URQUHART: Thank you.

Mr Eccles: We have been having discussions with Free TV on a very regular basis about what the absolute final inclusions in that contract will be. I think it's fair to say that they do have a copy of the bulk of the contract but without some of the details about the specific deliverables and time frames, which are still subject to negotiation. That's a fair summary.

Senator URQUHART: Is there an expected time frame for the completion of that contract?

Mr Eccles: I might get Mr Makin to give you a little bit of an update. He's been very involved.

Senator URQUHART: Thank you.

Mr Makin: We don't have an explicit time frame as to when we'd sign that agreement. The budget obviously makes the funds available from 1 July, so our work program has been just planning to get the agreement signed between now and 1 July, but we haven't got a specific date in mind.

Senator URQUHART: Why 1 July? What's the importance of that?

Mr Makin: That's simply when the funds become available through the budget.

Senator URQUHART: What involvement and input does the department have in the rollout of the commercial broadcasting content to Pacific nations?

Mr Makin: In working through with Free TV how the arrangement will work, we haven't established exactly our role. The grant is for them to provide the content to broadcasters in those nations, so the work largely sits with them. But there may be some decision elements where they come back to us on an annual cycle or something around content that we may have some role in. But the exact details haven't been worked through on that.

Mr Eccles: I think we've covered at earlier hearings the process that we're undertaking with Free TV. I think I described the very first part of it as a bit of a discovery exercise to find out what sort of Australian content the Pacific broadcasters believe would be of value to their viewers and people in the Pacific. Obviously, that would guide very much the nature of programming that will ultimately be provided.

Senator URQUHART: Does the department agree that broadcasting—TV, radio and online services—is an important component of a nation's soft power?

Mr Eccles: I think it's part and parcel of that, yes. I think that's well established.

Senator URQUHART: Is it your observation that other countries have been stepping up support for their national broadcasters' international presence? Can you talk to me about what are the global trends in this regard? What are we seeing?

Mr Eccles: I'd need to take it on notice. Are you talking specifically about the Pacific?

Senator URQUHART: The Pacific, yes, definitely.

Mr Eccles: I'd need to take that on notice to ensure that my answer is fully informed and complete.
Senator URQUHART: You can't tell me what the global trends are?
Mr Eccles: No.
Senator URQUHART: Okay. Is it your understanding that other countries have been stepping up support for their national broadcasters at the same time that the current government has cut funding to Australia's national broadcasters, including the termination of the Australia Network?
Mr Eccles: I don't know, in short.
Senator URQUHART: Surely the department would have a bit of a watching brief on what's happening in the Pacific.
Mr Eccles: Could you ask the question again. I'm not sure I captured it all.
Senator URQUHART: Sorry?
Mr Eccles: Could you ask the question again. I didn't quite get where you were going with the question.
Senator URQUHART: Is it your understanding that other countries have been stepping up their support—
Mr Eccles: In the Pacific?
Senator URQUHART: for their national broadcasters while the current government in Australia is actually cutting funding to our national broadcasters?.
Mr Eccles: There are two parts of that. For the first one, the answer is: no, I'm not aware.
Senator URQUHART: Okay, I think that answers the question. Is the department satisfied that Australian content provided under the $17.1 million contract with Free TV will be in line with Australia's broader foreign policy and soft power objectives?
Mr Eccles: Yes.
Mr Mrdak: The program has been designed to assist the needs of those communities in accessing quality material but also does assist Australia's presentation of its values into the region, yes.
Senator URQUHART: How is it the case that the department is satisfied when the DFAT inquiry into soft power has not yet been concluded?
Mr Mrdak: We work closely with those agencies—DFAT and other agencies—that work in the Pacific. The government's decision in relation to this program has been taken in the context of extending Australia's values and also providing quality broadcast material.
Senator URQUHART: Minister, as part of the budget, you announced $2 million for a feasibility study to assess ways to improve digital connectivity using existing infrastructure in the grainbelt region of Western Australia. Can you explain this measure in more detail? Where exactly is the grainbelt region of Western Australia that you're referring to?
Senator Fifield: I'll ask relevant officers to speak to the measure.
Mr Windeyer: I'll just wait for officers to find their brief. It's fair to say that, at this point, we have, in light of the very recent announcement of this, only just started very, very preliminary thinking about what this might entail. I'm not sure that we can give you a great deal of detail at this juncture. I'll hand over to Mr Paterson to offer a couple of observations.
Mr Paterson: We've had an initial conversation with the Western Australian government at a very high level, which was basically a undertaking that we would talk to them in more detail shortly. They've done a fair bit of analysis themselves around the grainbelt and the opportunities that could be presented there. We want to feed into that. We're currently pulling together a bit of a consultation plan. I would expect we'll be talking to NBN and infrastructure providers in that area. There is Vocus, for example, through Next Gen. I know there are some cable assets as well. We'll be talking to the telco carriers, local councils and so forth. But it's at a very early stage.

Senator URQUHART: In terms of the grainbelt region that's referred to, what coverage is that?

Mr Paterson: It's a large area.

Senator URQUHART: I know where the grainbelt region of Western Australia is, but I want you to tell me what this is referring to. All the media release says is: 'The grainbelt region of Western Australia.' I'm asking for a bit more definition around what's included.

Mr Paterson: With regard to the specific location and the coverage, I would have to take that on notice. I don't have that information directly in front of me.

Senator URQUHART: Minister, you can't shed light on that?

Senator Fifield: Those parts of Western Australia which are the prime agricultural areas for grain. It was put to government—

Senator URQUHART: That's why it's called the grainbelt.

Senator Fifield: Correct. But I don't want to mention areas because I'll miss mentioning an area and then those people will say, 'What about us?'

Senator URQUHART: So you don't know, Minister? You're not sure where this is applying to? Is that what you're saying?

Mr Mrdak: Perhaps I can add to what Mr Paterson has indicated. Earlier this year, the WA government issued terms of reference or a request for proposals for a defined area. We're looking to build on that definition. I'd be happy to provide that to you on notice.

Senator URQUHART: When will the detail be released?

Mr Mrdak: As Mr Paterson has indicated, we'll undertake further discussions with the WA government and also with some of the private sector proponents of various options that have been identified publicly. We'll talk to those parties and then provide advice to government on the scope of the assessment. It will be a matter for government as to when they release the public details of that.

Senator URQUHART: I'm somewhat familiar with the grainbelt region of WA. It's very vast. In fact, it's quite a large area. Will it be the whole grainbelt, because it's just $2 million?

Senator Fifield: This is a feasibilities study.

Senator URQUHART: Yes, I understand that, but is it across the whole grainbelt?

Mr Mrdak: It is envisaged that it will cover the whole of the grainbelt region that currently forms part of the Sky Muster NBN network.

Mr Paterson: Out of our consultations, we may end up being a little bit more focused, but at this point in time we want to take a broad view.
**Senator URQUHART:** So it might be narrower? It might be specific areas within the grain belt?

**Mr Paterson:** Exactly. We could end up there once we've done some more of that detailed in-depth analysis and talked to the relevant stakeholders. We are keeping it broad up front on purpose so we don't restrict ourselves.

**Senator URQUHART:** It's a very specific project. Can you tell me why it was selected, how it was identified or recommended, and what process has come out of that?

**Mr Mrdak:** As Mr Paterson has indicated, there has been previous work under way by the Western Australian government. My understanding is there have been previously publicly discussed proposals from some private sector organisations as to how they might utilise existing infrastructure this they own to improve digital connectivity. The proposal came out of those processes, and the government has taken the decision to work with those parties and also with NBN in relation to how we can improve the whole digital infrastructure. As you'll be aware, the government has also announced in the budget a regional connectivity program, which is also designed to improve, specifically on certain locations, digital infrastructure for communities which add to both productivity and connectivity. All of these processes have come together at this point. This is a specific, targeted approach which builds on other public requests for further analysis of options.

**Senator URQUHART:** Can you tell me what will the feasibility study examine and achieve? And then how will that project relate to the NBN?

**Mr Mrdak:** We'll be starting from the basis of what is the coverage available under the Sky Muster satellite, what is the level of quality of service and reliability and price available and also what is the coverage available for certain specific uses in that region. Then we'll be looking to build on that to see what additional available investment might be warranted and available. As I say, we are very much trying to partner with the Western Australian government.

**Senator URQUHART:** And the relation to the NBN?

**Mr Mrdak:** We'll be starting from what is a very good service with Sky Muster already available in that region and to see whether that does meet all of the business needs both now and into the future. That would be the baseline starting point.

**Senator URQUHART:** Will there be a tender process to select the contract for the feasibility study, and will it be open or closed?

**Mr Mrdak:** We haven't reached that decision as yet. As I said, Mr Paterson has now started conversations with the Western Australian government. They've got a public process out that's been out for about a month or so, I think, for a tender for that process. We will be looking to talk to them about how they've done their process then we'll make some decisions.

**Mr Paterson:** It's how we link the two to some extent. We're not going to reinvent the wheel. We will complement what we do with what the WA government is doing.

**Senator URQUHART:** Can you tell me, where did the funding for the feasibility study come from? And how is it phased over the forward estimates?

**Mr Mrdak:** It's provided in the budget. It's new money to the portfolio.

**Mr Paterson:** I believe the money is in the next financial year.
Senator URQUHART: Sorry?

Mr Paterson: The $2 million is in the next financial year, so 2019-20.

Senator URQUHART: Minister, in your speech to the CommsDay Unwired Revolution last year, you said the government was in the final stages of rewriting the Radio Communications Act, which you described as 'one of the key steps the government is taking to help Australia realise the benefits of 5G'. Can you provide an update on the status of the second exposure draft for the bill? And why has there been the delay to having it released for comment?

Mr Mrdak: It's probably better if I just explain that. The drafting remains with the department. We had hoped by now to be in a position to issue the second exposure draft of the legislation. That's not been possible because of both drafting resources and some of the complexity of redrafting the bill to meet—

Senator URQUHART: Sorry, drafting resources—?

Mr Mrdak: Drafting resources available from the Office of Parliamentary Counsel. Obviously, there have been other competing priorities for drafting resources over the course last few months, and also our capacity to settle some of the policy issues arising from comments on the first draft. The draft bill remains with the department.

Senator URQUHART: Right. So you just don't have enough resources to be able to get it done more quickly?

Mr Mrdak: Neither we nor the parliamentary counsel have been able to complete the drafting to this point.

Senator URQUHART: Mr Mrdak, are there any key policy decisions still yet to be made with respect to the second exposure draft? Or is it merely the drafting?

Mr Mrdak: It's predominantly the drafting. I'll ask my officers whether any policy issues remain, but I think what remains is largely us completing the drafting process. I'll just check with my officers at the table.

Ms Rainsford: Yes, that is correct. The policy issues have been settled, and what remains is finalising the drafting and the associated material to support the release of a second exposure draft.

Senator URQUHART: So is the minister needed to make any particular decisions in relation to the content of the second exposure draft before it's released, or has that been done?

Ms Rainsford: No, the minister's made the policy decisions relevant to this. What remains is for the department to finalise the package of material that would be put to the minister for a decision.

Senator URQUHART: So, once that's done, it goes back to the minister, but he's already commented on—

Ms Rainsford: Yes, that's correct.

Senator URQUHART: Okay.

Senator CHISHOLM: I just had some questions around the self-exclusion register. Minister, the National Consumer Protection Framework for Online Wagering formally commenced on 26 November 2018, and measures are being implemented progressively over
for the ACMA. But, as I understand it, they're well underway in their work—and working with the relevant gambling organisations—to make sure that the self-exclusion register can come into effect as scheduled.

**Senator CHISHOLM:** So it will be the responsibility of ACMA to implement and regulate the register?

**Dr Patteson:** That is correct.

**Senator CHISHOLM:** Will it require legislation?

**Dr Patteson:** That legislation has been passed.

**Mr Makin:** Yes.

**Senator CHISHOLM:** So the only legislation that was needed has been passed?

**Dr Patteson:** Yes.

**Senator CHISHOLM:** Will it be possible to meet the 18-month implementation time frame?

**Mr Eccles:** I suggest you might want to raise that with the ACMA, but I believe the answer is yes.

**Dr Patteson:** Yes.

**Senator CHISHOLM:** I'm pretty much done.

**Senator URQUHART:** I think we're done, apart from Senator Moore, who has some.

**Senator MOORE:** I've got two under general, if that's okay.

**CHAIR:** Go for gold.

**Senator MOORE:** Mr Mrdak, we've talked before. I've got two areas. One's on gender-based budgeting and the other is on the SDG agenda. This is just to follow up on both of those areas. How are you? In questions to the Office for Women last week about gender based
budgeting, what they were saying—and this is an ongoing discussion—is that their role around this issue is to encourage departments to do their own work around gender based budgeting when they're developing budget statements and proposals, as well as in general policy work. They've taken on notice what that means. What I've been trying to do is ask as many secretaries and departments as possible about what your processes are within your own department around the issue of gender based impact in terms of budget processes and policy; how it's done; who does it; and whether there has been a sense of coordination with the Office for Women.

**Mr Mrdak:** Certainly in any assessment we do of budget proposals we do look at issues, including gender, in terms of impact.

**Senator MOORE:** Mr Mrdak, do you see that as something you have to do or something you do because you think it's important? Is there a sense across the departments that this is an essential element of the development of the budget?

**Mr Mrdak:** It's something we do as a matter of course to ensure we understand the impacts of any measures on all of the community, including gender impacts. It's not something that we're required to do, but it is just something we do in policy development. Coming back to your question, 'Is it something we do with the Office for Women?' yes, we engage with them on a whole range of things, from appointments right through to policy measures. Looking at the impacts of budget measures is something that is ingrained in the work we do.

**Senator MOORE:** Who makes the decision? Which area determines whether a budget proposal or a policy has an impact on gender?

**Mr Mrdak:** It would be done in the line area that's developing the policy measure. We centrally coordinate budget measures through our finance area and through the executive of the department, but examination of impacts is done in the line area in the development of the policy. New policy proposal documents would take into account impacts.

**Senator MOORE:** Has any particular training been done for officers about gender based assessment?

**Mr Mrdak:** I'm not aware of specific training like that, but I'll take that on notice if you like.

**Senator MOORE:** Fine.

**Mr Mrdak:** We have a very strong diversity network and gender training package, which I'm happy to provide to you on notice. We do provide staff development in those areas.

**Senator MOORE:** That would be useful. Because of the complexity of your department—there are a number of agencies and statutory authorities that come under the department—do you have a role in working with those other agencies on things like gender based awareness and how that should be done? Is that coordinated across the whole area?

**Mr Mrdak:** We're developing a new workforce strategy, including a learning and development strategy. Our intention is to make that available and start to bring in our agencies into our training, so we do that across the portfolio. As you're aware, we have a number of portfolio agencies that are relatively small and don't have a lot of corporate capacity.

**Senator MOORE:** That's right.
Mr Mrdak: We're working through the heads of agencies to integrate our learning and development and training strategies and also to enable staff secondments to take place more much across the portfolio. This will assist some of the smaller national collecting institutions and others that have very limited corporate resources.

Senator MOORE: And when you're putting forward the proposals, is there a box or something that you have to tick to say that the issues around gender impact have been taken into account?

Mr Mrdak: Not specifically, no. I'll just see if there's anything my officers can add. You also asked about the Sustainable Development Goals. I'll ask Ms Middleton to give you further information on that one.

Ms Middleton: Is there something in particular you were after in terms of how we're tracking?

Senator MOORE: Two things. One is how the various committees are operating now with the dep secs and the other officers meetings. We recently had a Senate inquiry into the SDG process. It would be fair to say that there was a mixed response in terms of the process. Your department has wide and complex coverage and there are a number of goals involved in your domestic and international agenda. I haven't got my glasses on, so I can't read what your name tag says. Does it say 'deputy secretary'?

Ms Middleton: No. I am First Assistant Secretary, Strategy and Research Division.

Senator MOORE: So your division is the place where this responsibility lies for the department?

Ms Middleton: We're the point of coordination across our department and portfolio looking at the work for the Sustainable Development Goals. We are assisting across the portfolio in terms of our work. We support specifically on two Sustainable Development Goals, which are sustainable development goal No. 9 and No. 11. I can give you a bit of an update on how we're tracking on those.

Senator MOORE: That would be really good. Which dep secretary attends the interdepartmental committee, which I understand remains the coordinating body for the government?

Ms Middleton: I've been attending those meetings because I do the hands-on work for our department.

Senator MOORE: So no dep secretary from your department attends those?

Ms Middleton: Mr Windeyer has responsibility for that, but I tend to do all the hands-on work.

Senator MOORE: Mr Windeyer, it's my understanding—I was told by the government—that the dep secretaries committee, the IDC, was the one that had the full responsibility and there was an expectation that deputy secretaries would be representing their departments. Is that your understanding?

Mr Windeyer: Certainly the IDC is the forum which is doing the coordination across government. In the past, I have certainly attended that IDC. But we have judged that it makes more sense for the person that's got the hands-on responsibility, and is looking after the
coordination across the entire portfolio, namely Ms Middleton's division, to attend that particular IDC in recent times.

**Senator MOORE:** It's not an onerous duty. One of my issues is that it doesn't meet very often. And the other thing was that my understanding was that there were fora within the system to have people at every level involved. I'm not making an assessment about whether you're capable of attending, and please don't think that that's my intent, it's just that the official acknowledgement and the understanding was that that IDC was going to be at the top level of the department. I'm interested in the rationale you put forward. I don't understand exactly the other ways that this is supposed to be progressing. Are there not other fora that are focused very clearly on exactly what you do, which is the hands-on coordination—what are the tasks—as opposed to driving the agenda?

**Ms Middleton:** There have been multiple forums—

**Senator MOORE:** There have been, yes.

**Ms Middleton:** There have been forums to look at managing the data—

**Senator MOORE:** Absolutely. Which is critical from your area.

**Ms Middleton:** They're looking at our KPIs and how we do the data management and the monitoring through the data portal. There's been work on looking at how we do the communications and the managing of the data.gov portal. There's also the area for managing and monitoring case studies, and—

**Senator MOORE:** They're operational meetings where people are looking at making it happen?

**Ms Middleton:** There's also the operational side of it. All of that still comes together through the dep sec meeting as well. Through the last dep sec meeting we had a discussion about the government response to the inquiry as well.

**Senator MOORE:** The other area was in terms of sharing of best practice. In the overall department that's true, but you also have Aussie Post, which has been a leader in the business engagement with SDGs. I'm interested how you bring that knowledge into the process. When you go to those meetings you're representing the whole of the department. Does practice and operations of the proliferation of bodies that come underneath your coordination—do you bring that knowledge as well? The other area, most importantly, includes the national museum, the national galleries and most importantly the national library, where Australia's National Library Network is acknowledged internationally as a leader in the SDG agenda. They are miles ahead of other people. When you go to that meeting do you bring all that knowledge?

**Ms Middleton:** Yes. We provide a point of coordination into the various forums both for our portfolio and then back out to provide information back out and updates back through the rest of our portfolio as well.

**Senator MOORE:** Can you give me any indication—I won't take more time in this process—about how, within the department, you pull together knowledge and engagement with the SDGs? If I can put that on notice, that would be useful.
Ms Middleton: Our division, which is strategy and research, provides strategic coordination across a whole range of issues, and SDGs is just one of those areas that we assist in doing that.

Senator MOORE: What training have you provided to people across the department on the SDG agenda?

Ms Middleton: We don't necessarily have to provide specific training. We've got—

Senator MOORE: You don't have to or you don't—

Ms Middleton: We don't—

Senator MOORE: I missed that verb.

Ms Middleton: We don't have to provide specific training, because of the way the SDG framework is designed we're able to provide the information that comes out through the whole-of-government coordination mechanism to people, and that provides sufficient guidance for people to be able to send us information. We're able to go out and seek further information if it's necessary. Most of it is straightforward enough, based on the work that we've got in the department. Given the two goals that we're specifically looking at working with we're able to take that information and meet the requirements of the SDGs in a pretty straightforward way.

Senator MOORE: How do you assess that's sufficient?

Ms Middleton: Given the work that we do in strategy and research, much of what we're doing is looking at reporting against the framework, and we're able to make that assimilation in a pretty straightforward way.

Senator MOORE: Do you see any particular focus difference between your domestic responsibilities and your international responsibility?

Ms Middleton: Certainly not in relation to our communications responsibilities. In relation to the human settlement side of things, there isn't, as yet, a defined set of indicators through the UN that we're able to measure against. So there's still work being developed—

Senator MOORE: Are you involved in that? Is Australia involved? All the development of these indicators is a cooperative arrangement through the UN, where they bring experts together to work on it. Our major input has been on a statistical basis, where the Bureau of Stats has been very active. Are you aware of whether Australia is involved in developing those standards?

Ms Middleton: That's certainly happening through the senior officials group at the deputy secretary level. We're engaged in that. Because of our division's work through our Bureau of Communications and Arts Research, we have deep expertise through that area and are able to assist in that.

Senator MOORE: And, in planning your annual report this year, is there some indication that your annual report will mention the SDGs?

Ms Middleton: We certainly do. We have information both in our newly published corporate plan and our annual report.

Senator MOORE: So it is now in the corporate plan?

Ms Middleton: Yes.
Senator MOORE: It wasn't. So it now is. So, when this year's annual report comes out in September, that will be linked back to the SDGs?

Ms Middleton: Yes; that's correct.

Senator MOORE: Thank you very much.

CHAIR: We are scheduled to break now, but I have advice that we should be able to deal with outcome 1 pretty quickly. So we will push on to about 10:40. Senator Chisholm and Senator Urquhart will hopefully be able to ask their questions in that time.

Senator CHISHOLM: Minister, I have a couple of questions about unanswered questions on notice. I note the letter that you sent to the President of the Senate, dated 1 April 2019, which states that you have provided 99 per cent of answers to questions on notice that were due on 29 March. For the benefit of the committee, will you please advise what questions still remain outstanding?

Senator Fifield: I'll ask our officers to advise you.

Mr Mrdak: I'll get the information, Senator.

Senator CHISHOLM: I was keen to get a sense of what those questions are about as well.

Mr Eccles: Maybe while we're waiting to get the right officers, I can clarify the point that was made earlier around the self-exclusion legislation. That's the change to the ACMA legislation is yet to be introduced.

Senator CHISHOLM: Okay.

Mr Windeyer: I think all the questions on notice have now been lodged.

Senator CHISHOLM: Sorry; I missed that.

Mr Windeyer: All questions are now lodged.

Senator CHISHOLM: Okay.

Senator Fifield: That was my understanding, Senator. That letter would have been accurate at the time.

Mr Windeyer: Chair, if I may, I have an answer to a question that Senator Urquhart has asked. Minister McKenzie has signed the funding deeds with Optus and Telstra for the latest rounds of the Mobile Black Spot Program.

Senator URQUHART: Thank you. On the Insiders program on the weekend, the Treasurer was asked by Barrie Cassidy: 'How much money will you be spending on the government advertising this week?' Minister Frydenberg said, 'All of that information will be available.' Given that commitment to transparency, can the department advise the committee how much money you will be spending on government advertising this week?

Mr Mrdak: On the current program of information on digital e-safety, I'm advised that, as at the week commencing 7 April, spend would be $135,897.80. That's for the campaign which is around e-safety.

Senator URQUHART: What was the approval process for that, and when was the approval first sought?
Mr Mrdak: It went through the various elements of the process. Once the government had taken decision, it was announced as part of the MYEFO on the online children's safety package. The campaign was then procured through the normal processes and met the guidelines on information advertising campaigns and also the independent committee process.

Senator URQUHART: So it did go through the independent campaign committee?

Mr Mrdak: It did, yes.

Senator URQUHART: What is the timeline for the current campaign?

Mr Mrdak: It's due to be completed by 30 June.

Senator URQUHART: Have any timelines for any campaign changed since they were originally approved?

Mr Mrdak: No. We'll get you that advice on when the campaign was approved.

Mr Galdys: I'd need to check that, but it was originally approved through the SDCC process in December.

Senator URQUHART: Thank you. Do any of the advertising campaigns utilise mobile billboards of some sort?

Mr Galdys: The only execution that I would say falls in that category is some bus advertisements.

Senator URQUHART: Can you give me a total expenditure for government advertising for the current financial year?

Mr Mrdak: We can give you the gross spend to date on this campaign.

Mr Galdys: The campaign expenditure to date is 1.528. That is GST exclusive. That is different to what has been committed. That is actually the amount of money that has been expensed. Certainly there is more that has been committed, primarily through the media buyer component.

Senator URQUHART: Can you give me a total expenditure for government advertising by financial year for the past four years?

Mr Mrdak: We'd take that on notice.

Senator URQUHART: Can you also provide an itemised list of all campaigns for the past four financial years and the funds attributed to each?

Mr Mrdak: Certainly.

Senator URQUHART: What was the department's total expenditure on media monitoring in the financial year commencing 1 July 2018?

Mr Mrdak: We'll provide that for you. I'll try to do that through the course of morning tea.

Senator URQUHART: Can an itemised list of all AusTender contract notice numbers for all media monitoring contracts in that period be provided as well?

Mr Mrdak: I believe we had only the one contract, but we'll provide that for you.

Senator URQUHART: I can see Mr Eccles nodding his head. What was the department's total expenditure on advertising and information campaigns in the financial year commencing 1 July 2018?
Mr Mrdak: We'll get that for you, but the only campaign is the campaign that Mr Galdys has spoken about, which is the online safety campaign.

Mr Eccles: The number that Mr Galdys mentioned is the total expenditure.

Senator URQUHART: What was the department's total expenditure on promotional merchandise in the financial year commencing 1 July 2018?

Mr Eccles: Again, we can get that.

Mr Mrdak: I don't believe we had any expenditure, but I'll check that and come back. Just in relation to your earlier question, I've just been advised that the department's total expenditure on media monitoring in calendar year 2018 was $410,000, and the AusTender contract notice numbers are CN3465498 and CN3524534.

Senator URQUHART: Thank you. In terms of the promotional merchandise—you didn't believe there was any, but you were going to check—can you get me the AusTender contract notice numbers for that period as well?

Mr Mrdak: Certainly. We'll take that on notice.

Senator URQUHART: Can photographs or samples of relevant promotional merchandise be provided, if in fact there are any?

Mr Mrdak: Certainly. We'll do that.

Proceedings suspended from 10:39 to 10:54

NBN Co Limited

CHAIR: Welcome, Mr Rue. Do you have an opening statement?

Mr Rue: I do. It's very brief.

CHAIR: Delightful.

Senator URQUHART: We like brief ones.

CHAIR: Fire away.

Mr Rue: Thank you very much. I've got with me today, Peter Ryan, our chief network engineering officer. As I said, I will be brief. But it would be remiss of me not to point out that today is a day NBN reaches a significant milestone in its history. Today is NBN's 10th birthday. It was on this very day, the ninth of April in 2009 that NBN was officially established as a company. There are not many companies that have grown so quickly and achieved so much in just one decade. I know I update you on these figures each time we meet but I'm very proud of our progress.

In the coming weeks we are rapidly closing in on nine million premises ready to connect. Just last month, we passed a huge milestone, with five million active premises on the network. As is our usual practice, in early May we will publish on our website our quarterly operational and financial results. These will again show great progress during the quarter, in build, connections and revenue, and in line with corporate plan targets for 2019.

When we started a decade ago, NBN was a brand new company, brought together with a vision to connect an entire continent and bridge a digital divide that had held back parts of Australia for years. Our progress hasn't always been smooth but the people working on the job have been some of the most dedicated I have ever had the pleasure of serving alongside of. Over the years we have only increased our ability to deliver on our targets and goals. So I
want to pay tribute to everyone who has made our success possible so far: our suppliers, our delivery partners, the retailers and our internal workforce—tens of thousands of people working every day to provide better broadband for all Australians no matter where they live.

With just over one year to go until the network is built, we are on track, and Australia is already seeing the life-changing benefits of this vital piece of infrastructure. I've mentioned this paradox before, but we are so close to completing the build but we still have a long way to go. What I mean is that the work does not end in 2020. I see a great future for this company as it continues to underpin the economy and Australian communities for years to come. I have no doubt that broadband infrastructure and an uplift in digital capability will, amongst other things, lead to an improvement in health care and education, help keep regional Australia vibrant, see the creation of new jobs and drive small business.

For that to happen, of course, we need this company to be sustainable and successful and we need our company and our retail partners to keep focusing on ever-improved customer experience. In turn, this will allow Australians to be successful in the way they work, the way they learn and the way they connect with friends and loved ones. That's the reason we're all here and why so many people have spent so long working on this endeavour. To them, on our 10th birthday I say thank you. We are very happy to answer any questions you may have.

**CHAIR:** Thank you. Senator Urquhart.

**Senator URQUHART:** Thank you. Happy birthday, Mr Rue.

**Mr Rue:** Thank you very much. There's no cake, I'm afraid. But it's a happy birthday anyway.

**Senator URQUHART:** I just want to refer you to comments and questions that were made on *Insiders* this week in relation to advertising. Barrie Cassidy asked Minister Frydenberg how much money would be spent on government advertising this week. Minister Frydenberg said, 'All of that information will be available'. So, given the Treasurer's commitment to transparency, can you, your agency, advise the committee how much money you will be spending on government advertising this week?

**Mr Rue:** I can see if I can get that for you. There's always people listening. But let me give you a broad summation of how we think of it. We have requirements under public information to tell people, for example, when we are in an area. So we send letters, as you know—I think up to five letters—to homes, to tell people 'NBN is in your area' or 'this is the disconnection date', and we need to continue doing that. I'm not sure that's advertising, but it's public information. We will continue to do that through the course of the next few weeks and months. There is obviously also advertising that we do around our product set. We actually stopped most of that at the weekend, because we knew, heading into the coming caretaker period, that we needed to ensure that any advertising that could be perceived in any way to breach caretaker rules. We have been liaising with the department, with Mr Mrdak there, all the way through that. There will be some advertising which we will continue as well, where we have competitive areas, if you like. So I can tell you what we will be spending in the next week, if I can get the information in the next—

**Senator URQUHART:** Okay. So, obviously, you go through the department in relation to those advertising campaigns?
Mr Rue: Absolutely. So, again, the department wrote to me several months ago, I think. We have set up a caretaker committee. We've done this before. We have decisions that need to be taken to that committee in the event that there's any question around caretaker rules.

Senator URQUHART: Okay.

Mr Rue: If there's any interpretation needed, we immediately go to the department and seek their advice and then follow their advice.

Senator URQUHART: Okay. So, Mr Mrdak, I assume that the approval process is as you've outlined before, in terms of that advertising going through the independent campaign committee?

Mr Mrdak: I don't believe that any of the NBN material has been through such a committee. This is business-as-usual advertising that Mr Rue referred to. The only government campaign that's been through the process most recently is the eSafety campaign.

Senator URQUHART: Yes, okay.

Mr Rue: Just to add to that, even though it's business as usual, as I said in my answer, if we perceive it could be thought of as being in any shape or form political, we cease that advertising. As I said, we ceased some of that—

Senator URQUHART: You ceased that last week?

Mr Rue: We did. Not all of it. As I said, the public information will continue, and there is some advertising—

Senator URQUHART: But that's information you're sending out to people in relation to connections et cetera. Is that correct?

Mr Rue: Absolutely. It's a normal letter that we send to say: 'We're in this area. You can connect', or 'Your disconnection date is this period.' It's that sort of information to people. And, as I said, if there's any advertising which we don't perceive to be political, that we perceive we need to do from a competition point of view, where we are competing with people, we may continue to do that. But, if in any way, shape or form, we thought it could be alleged or even perceived to be political, we ceased much of that at the weekend. But, again, I'll see if the team can tell you what we intend to spend next week. I think your question is about this week; is that right?

Senator URQUHART: Yes. Can you tell me what NBN's total expenditure was on promotional material, or promotional merchandise, in the financial year commencing 1 July 2018?

Mr Rue: What we have spent to date? I don't have that with me. Again, I'll ask my team, who will be listening, to see if they can dig that out. The March results won't quite have been finished, but I may be able to tell you to the end of February what that is.

Senator URQUHART: Does NBN undertake media monitoring?

Mr Rue: Yes, we do.

Senator URQUHART: Can you provide the total expenditure on that item in the financial year commencing 1 July 2018?

Mr Rue: I won't have details for the end of March—they're closing the books at the moment, I'm sure—but I can certainly see if they can get you details to the end of February.
This is not quite your question, but I can tell you that in the calendar year 2018 we spent $279,000, and I would expect a similar spend—

Senator URQUHART: What was that spent on? Can you break that down a bit for me?

Mr Rue: It's things like transcription, audio, video files and email alerts—those types of things. It's clearly any information on NBN that we will track. We often use that—

Senator URQUHART: That's the monitoring you're talking about?

Mr Rue: That's the monitoring, yes.

Senator URQUHART: And you'll get me the other information?

Mr Rue: I'm sure the team are working on it as we speak.

Senator URQUHART: Thank you. I might kick off with the minister. I want to go to the HFC and your role in preserving it. Can you step me through that?

Senator Fifield: HFC has been a part of the NBN's Multi Technology Mix rollout since shortly after the change of government in 2013.

Senator URQUHART: On how many occasions have you been presented with a proposal to scrap the entire HFC footprint?

Senator Fifield: NBN are always assessing the mix of technologies that will see the NBN rolled out fastest and at lowest cost, and the appropriate technology for a particular area changes over time, but there has never been a formal proposition from NBN to cease HFC as part of the network.

Senator URQUHART: So you have not been presented with a proposal to scrap the HFC footprint?

Senator Fifield: It has been and remains part of NBN's planning.

Senator URQUHART: Is that a no?

Senator Fifield: As I say, NBN scenario-plans, and NBN is always looking at variations between technology deployments. That's something that you would expect the NBN to do.

Senator URQUHART: I understand that, but my question was quite specific: on how many occasions have you been presented, if you have been, a proposal to scrap the HFC network? It's a yes or no—it's quite simple.

Senator Fifield: NBN have never recommended as an organisation that that should occur.

Senator URQUHART: Anyone else?

Senator Fifield: Well, NBN is an organisation, but I'm happy for Mr Rue to contribute.

Senator URQUHART: No, I'm asking you, Minister. It is a very straightforward question. Have you been presented with a proposal, either from NBN Co or from anyone else, to scrap the HFC footprint?

Senator Fifield: As I said, NBN, over time, does scenario planning as to what should be the appropriate rollout of technology in particular areas within the funding envelope that NBN has. NBN has not put forward to me a proposition that HFC should not be continued within the funding envelope that NBN is provided with.

Senator URQUHART: So NBN have never approached you and the Prime Minister, asking you to dump the HFC rollout?
Senator Fifield: As I say, NBN have presented scenarios and they have presented options for government, but NBN has never put to government that the HFC should be discontinued and that other forms of technology completely replace it within the time frame and the funding envelope that NBN have.

Senator URQUHART: Can you just outline the scenario planning that you're referring to? What are those scenarios?

Senator Fifield: NBN are forever looking at different scenarios, which is why we have fibre to the curb as part of the NBN's rollout. That is a technology that was not available at the inception of NBN. It is now available to NBN. NBN are always assessing, area by area, what is and remains the right technology to deploy. NBN have certainly done what might be described as blue sky scenario planning. Within the mandate that they have of completing the NBN within the funding envelope and the government's objective of the NBN being completed by 2020, NBN have never put to me that the HFC should be discontinued with other technologies taking its place. The government have always been very clear to NBN that we want the organisation to continue to work to conclude the rollout by 2020 and that we want NBN to deliver the project within the funding envelope, within the peak funding range, which was first articulated in August 2015. That's the basis upon which we've been progressing; that's the basis upon which NBN have been progressing.

Senator URQUHART: So you're quite sure, Minister, that the NBN board has never approached you or the Prime Minister asking to dump the entire HFC rollout?

Senator Fifield: NBN does examine a range of different scenarios. NBN, as you would expect, presents a range of different options from time to time to government. But let me be absolutely clear: we have always indicated to NBN that we expect the build to be finished by 2020 and we expect it to be done within the funding envelope. NBN has not put forward, within those parameters, the scenario that the HFC should be discontinued and replaced with something else.

Senator URQUHART: So one of the scenarios that you talked about was to replace the HFC rollout with FTTC? You talked about a number of scenarios. Was that one of them?

Senator Fifield: NBN doesn't approach things on the basis of swapping out one particular technology with another type of technology.

Senator URQUHART: But you talked about a number of scenarios—

Senator Fifield: It's always on the basis that, in certain circumstances, it might make sense to have another technology where it's appropriate, where it's cost-effective, where it assists the organisation to complete the build as quickly as possible. That's something that NBN has done on an ongoing basis.

Senator URQUHART: Did you insist on keeping HFC because you didn't want to compromise that date? You keep referring to the 2020 date.

Senator Fifield: I keep referring to that date because the government have been very clear that we want the NBN to be completed as soon as possible and within the funding envelope. 2020 is the time frame to which, together, we've been working, and the funding envelope has been that what the organisation has been working to.

Senator URQUHART: Is HFC cost-effective?
Senator Fifield: NBN uses the technologies that are most cost-effective in a given area to see the rollout conclude as soon as possible and at lowest cost.

Senator URQUHART: So that's a yes, Minister?

Senator Fifield: NBN deploys those technologies which make sense in a given area.

Senator URQUHART: Can you tell me what representations the board made to you or to the Prime Minister on the HFC network?

Senator Fifield: I'm not aware of any representations from the board.

Senator URQUHART: What about from people within NBN—either informal or formal?

Senator Fifield: The contact which the government has is primarily with the management. But I don't recall any representations from the board.

Senator URQUHART: So you've had no representations from either the board or NBN Co about the HFC network?

Senator Fifield: I've already said that NBN does a range of scenario planning. They do blue-sky options from time to time because they're a technology company; that's what they do.

Senator URQUHART: Do you consider the HFC network to be fit for purpose?

Senator Fifield: It is fit for purpose. Obviously, there was the pause on NBN HFC to ensure that, rather than remediating after someone had connected, that work occurred before they were connected, and there've been great advancements in the consumer experience on HFC.

Senator URQUHART: Can you tell me what representations NBN Co management made to you or to the Prime Minister on the HFC network?

Senator Fifield: I've answered that question several times.

Senator URQUHART: Do you still consider the multi-technology mix to be the envy of the world?

Senator Fifield: Multi-technology mix is what is done in the US. In Europe, they use a range of different technologies. It's essentially only in vertical city states where there are the population densities that really make fibre-to-the-premises cost-effective in all circumstances, or in most circumstances. Just as an example, the US is a big user of the HFC pay TV cable in delivering broadband.

Senator URQUHART: Did the Turnbull government also reject a proposal from the NBN Co board to dump large parts of the copper network?

Senator Fifield: Again, NBN does a lot of scenario planning. NBN comes forward with a range of ideas all the time, so I can't really add to that, other than to say that our clear starting premise with NBN has been to operate within the funding envelope and to achieve the rollout by 2020. What NBN does within that funding envelope we are completely agnostic on. If NBN can deliver the network by 2020 and within the funding envelope, the government is really quite agnostic about what NBN does in a technology sense, and that's been the message that has been conveyed to NBN. There hasn't been a case where NBN has been constrained within those parameters.

Senator URQUHART: You talked about blue-sky scenario planning. What is that?
Senator Fifield: It's exactly what I said.

Senator URQUHART: What is it? Explain it to me. I'm not sure that I understand.

Senator Fifield: I can't add to the words that I've used.

Senator URQUHART: You've used 'blue-sky scenario planning', but you can't tell me what that is.

Senator Fifield: I answer questions. I use words which are commonly understood.

Senator URQUHART: Except they're not.

Senator Fifield: I can't go beyond that.

CHAIR: I know blue sky.

Senator URQUHART: Is there also grey-sky scenario planning?

Senator Fifield: For the sake of simplicity, we can just talk about scenario planning.

Senator URQUHART: I'm just interested because you've used the words 'blue-sky scenario planning' a couple of times now. I'm just trying to understand what your understanding of that is. What does that actually mean?

Senator Fifield: It means that NBN, as a technology company, is always looking at options and alternatives and what the future might hold.

Senator URQUHART: Mr Rue, is that what you understand? Do you have anything to add? Do you consider the HFC network to be fit for purpose?

Mr Rue: HFC networks are used all around the world. The advantage of the network is that there are groups like CableLabs who continue to invest, with their partners, in advancement in the network. The network operates well in multiple countries all around the world. And you have the advantage of continuing to put capacity into the network as and when it is needed. Certainly, the HFC network, for us, is operating well and will operate even better in the future.

Senator URQUHART: So, it's fit for purpose in Australia?

Mr Rue: It is fit for purpose, yes.

Senator URQUHART: Recent questions on notice indicated the take-up rate of FTTN was 72 per cent after the switchover period. Is that correct?

Mr Rue: It may even be slightly higher than that.

Senator URQUHART: Can you tell me what the current FTTN take-up rate is?

Mr Rue: Let me see if I can either find that or get that for you.

Senator URQUHART: Certainly have a look for it, if you need to.

Mr Rue: It might be quicker if I ask the team. It will be between 73 and 75, I believe. But let me just confirm that, rather than—

Senator URQUHART: That's a current take-up rate—

Mr Rue: I believe so, but I need to go to areas that are past the disconnection date to be—

Senator URQUHART: You said around 73 to 75?

Mr Rue: I believe so. But let me double-check.

Senator URQUHART: Here comes someone!
Mr Rue: It's currently 72.03. So, 72 per cent is correct. I have, though, seen—it does depend on the area. There are many areas that are more than that.

Senator URQUHART: How do you usually measure that?

Mr Rue: We still continue to see people connect even after the 18 months. Hence my 73 might have been a projection. But, certainly, it's around the number you talked about, sorry.

Senator URQUHART: It's around the 72.

Mr Rue: Yes, it is.

Senator URQUHART: When you said some areas might be higher than that, how do you measure it? Is it an average of—

Mr Rue: We look at specific areas that are past the disconnection date—in particular, what we call a service area module, or a SAM, which is 2½ thousand homes—call it 2½ thousand homes. We measure each of those areas post the disconnection date.

Senator URQUHART: Why does it actually depend on the area? What's the difference there?

Mr Rue: There are differences sometimes between urban and regional. There are differences if there are a lot of multidwelling units, for example, which has an impact upon people's take-up rates. Hence my comment, I think in the previous Senate estimates, around looking at how we can increase penetration into where people are transient, for example. So, it really depends upon the area. But, on average, as you can see, it's around 72. And I believe it will continue to grow slightly.

Senator URQUHART: Is NBN Co confident that it can re-finance $21.4 billion of debt at 3.96 per cent?

Mr Rue: There are two tranches of that, if you will. There's the $2 billion that we will be going to the market for in, say, the next 12 months, which is what we talked about at the last corporate plan. The intention is to actually repay that back relatively quickly out of funds. In terms of the government loan, which is the $19½ billion, that is due at June 2024. The last time we looked at this in-depth was 2017, I believe. Don't hold me to that, but it's around that time. As you would recall, we looked at some indicative credit ratings we would do and we looked at how we would refinance—sorry, it wasn't refinance at that stage; it was how we would actually raise the money at that time. Certainly, when we looked at this in 2017 we had confidence from both the rating agencies and from advice we'd had from several investment banks that that funding would be available to the company. So, we will redo that exercise in coming years as it gets closer to 2024. Certainly, as time has gone on, at the time of looking at it in 2017, the build wasn't anywhere near advanced where it is today. By the time we get to 2024, we will be clear around our revenue streams; we will have built the network. Certainly at that time there was more information to go to the market.

Senator URQUHART: Okay. So you're comfortable you can vouch for that? It's the assumption in the corporate plan.

Mr Rue: There was another part to your question, sorry, that I hadn't quite answered, and that was the 3.96 per cent. The actual interest rate will depend upon market conditions at the time. I've been asked this before and I've said I wish I could answer that with certainty, because then I could make a lot of money on the interest rate markets. I don't know what
interest rates are going to be in 2024. It depends upon multiple factors around the world economy, around global peace and other things. The interest rate could be higher and it could be lower. So I can't really comment, other than saying that the current interest rate remains in and around the range that you would certainly get today, but I don't know what it will be by 2024. In terms of the confidence, I'm confident in our business plan, I'm confident in the ability of the company to be able to complete the build and I'm confident around our revenue streams going forward. So, on that basis, we should have a strong business that we can take to the market to get that funding.

**Senator URQUHART:** What happens to the corporate plan if the interest rate is actually higher than the 3.96 per cent?

**Mr Rue:** Clearly, out in 2024, if the interest rate is higher, there would be slightly lower free cash in the company to either invest in further capital expenditure or to repay down the loan or to provide dividends to government, whatever government wished. It wouldn't have a material impact on the business plan. And I remind you the interest rate could also be lower. And, if it's lower, it also won't materially improve the business plan. It would have an impact, but it's not a material impact.

**Senator URQUHART:** Just in terms of the assumption, did you have external advice to support the 3.96?

**Mr Rue:** It's nigh on impossible to get any reliable estimates upon what would be an interest rate in 2024.

**Senator URQUHART:** So you didn't have outside—

**Mr Rue:** I didn't. So all we used was the 3.96 we pay today, which is the best indication— it's the best I have for what 2024 interest rates will be.

**Senator URQUHART:** Okay. So, that's an assumption that you've built within NBN, not from external—

**Mr Rue:** It was an assumption, actually, in my old role that I took, and in future Philip Knox, who's the CFO, will take that assumption going forward.

**Senator URQUHART:** I asked you a question earlier about the current take-up rate of FTTN, which is 72.03. What's the current take-up rate on FTTP?

**Mr Rue:** Let me get that for you again, Senator. I could tell you the total take-up rate post disconnection, but I don't have it by technology in the document that I was going to look at. The team will have that, I'm sure. We can get that for you.

**Senator URQUHART:** The team is working away behind?

**Mr Rue:** No, the secret team up there.

**Senator URQUHART:** The other team, not that team, right.

**Mr Rue:** The team will have the answers; they're working on that.

**Senator URQUHART:** Okay, you'll come back to me on that one. So you had it for FTTN. Why can't you give it to me for FTTP?

**Mr Rue:** Because I think it was a question on notice, and Chris was able to get me the answer to the question on notice. If it wasn't a question on notice, we'll have to go back to the team to seek it. That's the only reason.
Senator URQUHART: But you can get that?

Mr Rue: I can. I hope to get it in the time frame, when we're here.

Senator URQUHART: Right. How hard is it to get?

Mr Rue: It depends on the people in the room, if they know where the information is. It's on a piece of paper somewhere—

Senator URQUHART: Do you want to tell them now, and they'll be able to look?

CHAIR: I think they're listening now.

Senator URQUHART: If Mr Rue knows where to look—

Mr Rue: I wouldn't know. They'll know where to look better than I, I assure you.

Senator URQUHART: I just want to talk about the fixed wireless congestion. I note that the February NBN monthly dashboard report includes the following text:

Note: The calculation of busy hour cell performance accounts for throughput at the radio interface, which is one segment of the Fixed Wireless access network, and does not account for impacts on throughput in other parts of the nbn Fixed Wireless network. nbn is working on introducing reporting on an additional network design measure to provide greater insight into factors affecting nbn Fixed Wireless network performance.

The text was not contained in previous reports. What does it mean?

Mr Rue: Let me give you a simple explanation. And I'd like Mr Ryan, if he wouldn't mind, to fill in some technical details. In effect, congestion on a fixed wireless network can occur in several places. It can occur, as we have been reporting, on the cells, so if the cells require more capacity essentially to be put into them, or more cells. It can also occur in what's called a transmission network, which is where you effectively connect those cells back into the core of the fixed wireless network, and then it can occur in the transit network. We report on the transit network in those metrics—we call them transparency metrics—and we've been reporting on the cells the air interface, as you described there. But we hadn't been reporting on any congestion in the transmission links. As a result of that, we realised that we needed to enhance our reporting. Actually determining the impact is complicated, which is why I'm going to ask Mr Ryan to comment on it. But we think that we need to do two things. The first thing we need to do, most importantly, is to eliminate that congestion for end users or for customers. As Mr Ryan will explain, we have a program on steroids to get that done very quickly.

Senator URQUHART: Fast-tracking?

Mr Rue: That's the word. We've got a program to fast-track that, and Mr Ryan can tell you the progress we've made. Secondly, we realise that we need to enhance our reporting, but reporting it to make it understandable and accurate is complicated, and that's why we've put that note in. In terms of where we're up to on the program, maybe Peter could talk on that.

Mr Ryan: Sure. As Steven mentioned, we do monitor the congestion on the network at various points, and the back-haul transmission is what Steven is referring to. Specifically we measure a thing called packet loss. Information is transmitted across the network in small packets of data. As it moves through the transmission network, if it gets congested it reacts to that by dropping packets or losing packets. Therefore we measure a metric, which is the ratio of the total number of packets attempted to get through versus the number that don't get
through. We watch that. As it triggers through certain thresholds we trigger work to deploy more capacity to uplift the performance to make sure we don't get that congestion. It's something that we do on a regular basis. It's normal for any fixed wireless network. We have got a program running to doing that, as Steven just mentioned. We are moving more quickly at the moment to accelerate the completion of that work in order to remove the congestion on the fixed wireless links.

Senator URQUHART: Thank you. In that note it talks about other parts of the NBN. What are the other parts of the fixed wireless network, and are they under the control of NBN Co?

Mr Ryan: As Steven mentioned, we are monitoring congestion across all the parts. The bits that are specifically referred to in that note were around the microwave and the fibre back-haul. The only other real part is where the traffic hits the transit and then back into the core network. That would be the only other part.

Senator URQUHART: So microwave and back-haul are what you're referring to as 'other parts' in that? Yes, no?

Mr Ryan: I'm just trying to recall precisely what the note on the internet says.

Senator URQUHART: I'll read it again:

The calculation of busy hour cell performance accounts for throughput at the radio interface, which is one segment of the Fixed Wireless access network, and does not account for impacts on throughput in other parts of the nbn™ Fixed Wireless network.

Mr Rue: We're talking about the transmission link I mentioned.

Senator URQUHART: You're talking about microwave backhaul?

Mr Ryan: That's correct. There is some fibre backhaul as well.

Mr Rue: It is primarily microwave, isn't it?

Mr Ryan: Yes.

Senator URQUHART: Are any of those parts under NBN's control?

Mr Ryan: They're all under NBN control.

Senator URQUHART: Microwave, backhaul—all those parts you're referring to are under NBN control?

Mr Rue: Yes.

Senator URQUHART: If the backhaul link is congested but not the wireless radio interface, that would still cause congestion for the end user, would it not?

Mr Ryan: As I mentioned before, the congestion on a microwave or fibre backhaul transmission link creates packet drops, which affect the end user, the customer, at an application level. Therefore the impact of congestion is very much dependent on what application the end user is using. For example, user applications that are in need of very low latency, like gaming, or very high data throughput would be affected by packet drops, which they would see as a slowing-down of their speed.

Senator URQUHART: Why are some applications affected more than others?

Mr Ryan: Some applications—take Netflix, for example—are quite sophisticated in the codec they have, which makes their applications able to cope with degrees of packet drop.
other words they have built-in capability to overcome any small variations in the quality of
the transport network.

Senator URQUHART: Is this type of congestion reflected in NBN reporting?

Mr Ryan: Not in the transparency metrics we see at the moment. The transparency
metrics we publish at the moment focus on congestion at the cell interface. As we've noted,
the comment we have put on there means we are now working to improve our reporting to
better reflect other parts of the congestion. We are working at the moment to clarify how
we're going to report that in the future.

Senator URQUHART: You don't report it at all? You said that it's not reported on your
transparency metrics, but it's not reported anywhere else either.

Mr Rue: No, that's what I was saying. Of the two things we are working on, first and
foremost is to clear the cell congestion. Peter has made good progress on that and will
continue to. The other is to determine how best to report on the metrics to the Senate or
whoever to make sure that is clear to everybody.

Senator URQUHART: Given that congestion may have an impact on end users in some
instances depending on the application they're using—there is no reporting at present but
you're looking at that, correct?

Mr Rue: That is correct.

Senator URQUHART: Does that mean the current reporting may not in fact reflect the
lived experience of congestion by regional fixed wireless consumers?

Mr Rue: That may be the fact.

Senator URQUHART: But you don't know, because you're not actually reporting it.

Mr Rue: We're not reporting it. As I said, the reason it is taking a while is that to
determine that is quite a difficult engineering exercise. The most important thing is to resolve
the current congestion. Yes, we need to report it—there is no doubt; please don't get me
wrong—but to ease your mind maybe we can tell you some progress we've made on those
links.

Senator URQUHART: I'll get you to do that but I'm also interested in how bad it could
be relative to the reported figures. Do you know that?

Mr Rue: We haven't determined that.

Senator URQUHART: Do you want to go through that?

Mr Ryan: We know that the end of March the number of congested links in the network
was around 10 per cent or 250 links. As Stephen said, we're working extremely hard at the
moment to accelerate the activity to alleviate that congestion by deploying more capacity. We
expect to have halved that number by the end of this week and to have been able to fix those
250 links by around the end of April or early May.

Senator URQUHART: How are you fixing them?

Mr Ryan: In a range of ways. A lot of them are being fixed by some remote
configurations changes we can make, which change the modulation used across that
microwave link. Alternatively there are other ways to increase capacity by visiting the site,
putting additional electronics cards into the cabin onsite, then we integrate and commission that card, which produces the additional capacity. There are a few ways we're doing that.

**Senator URQUHART:** Do you know where the areas are? When you talk about visiting the sites, where are the areas where you're experiencing the biggest problems?

**Mr Ryan:** Again, when we talk about biggest problems, it is important to understand that it is a piece of work we're currently doing at the moment.

**Senator URQUHART:** I probably should have said the most congestion rather than the biggest problems.

**Mr Ryan:** We're doing a piece of work, as Stephen mentioned before. It is quite a complex piece of engineering work to determine the end-user experience impact of the packet loss that I referred to earlier. That work is ongoing. To be honest right now we're focusing all our engineering and deployment resources on these 250 sites to eliminate that packet loss and that congestion as quickly as possible.

**Senator URQUHART:** Do you know how long the congestion has gone unreported?

**Mr Ryan:** At the moment that's a piece of work we're also looking at.

**Mr Rue:** We started reporting in December, so it has been underreported since December. Underreported is not the right word. We've been reporting the cell interface accurately. That's reported correctly. We haven't been reporting this particular congestion since we started reporting this, which was in December.

**Senator URQUHART:** Mr Ryan, in relation to the question about where they are, are you able to give me how many there are in each state and territory? Do you have that detail?

**Mr Ryan:** We have the detail of the 250 links we're working on at the moment, yes.

**Senator URQUHART:** Where are they?

**Mr Ryan:** I don't have them directly to hand, but we can get that list of 250 that we're working on.

**Senator URQUHART:** Mr Rue, you haven't been reporting the backhaul congestion for, say, the last 12 months?

**Mr Rue:** There are a few things. We do report any congestion, if you will, on the transit network. We report that on minutes per week.

**Senator URQUHART:** I'm talking specifically about the backhaul congestion.

**Mr Rue:** We've been specifically reporting fixed wireless cell congestion since December, so we haven't been reporting that since December. On a broader basis we've been reporting on the transit network for a long time.

**Senator URQUHART:** But not the backhaul congestion.

**Mr Rue:** Not the fixed wireless transmission, just to be clear, if that's what you mean by backhaul.

**Senator URQUHART:** You'll provide that information on the states and territories to us today?

**Mr Rue:** I'm conscious we don't want to take questions on notice, so we'll do our best to get that for you today.
Senator URQUHART: Minister, I want to turn to an opinion piece you had today in The Australian:

The unthinkable has happened. What was a failed Labor project, flawed in conception and design, has been salvaged under this government — and people are noticing.

Those are your words?

Senator Fifield: Yes.

Senator URQUHART: Okay. I think that's out of touch. And I'll ask you some questions, for you to tell me why you think that's not out of touch. There are 183,000 Australians on fibre to the node who are noticing that they can't get 25 megabits per second.

Senator Fifield: I'll ask—

Senator URQUHART: You can't answer it? It's your op-ed.

Senator Fifield: There are many different ways of slicing and dicing this. I think, as colleagues would appreciate, there are people on the network who are not currently receiving the minimum mandated speeds, because of coexistence, because of in-home wiring. But I'll ask Mr Rue to speak to the best data that the NBN has.

Mr Rue: I'm sorry, Senator, I was trying to chase up some of your questions to see—

Senator URQUHART: Okay. Have you seen the op-ed in today's—you probably wrote it, Mr Rue, did you?

Senator Fifield: No, Mr Rue didn't. It was my two thumbs on my iPhone.

Senator URQUHART: Have you seen The Australian op-ed today, Mr Rue?

Mr Rue: The answer is yes, but—I'm sorry, Minister—I very briefly read it.

Senator Fifield: That's okay. Senator Urquhart is referring to something that wasn't in the opinion piece.

Mr Rue: I'm sorry, what was your question? I have briefly scanned The Australian.

Senator URQUHART: My question is, really, for the minister to answer, but if he wants to flick it off to you that's his call. It's a question for the minister on how out of touch he is.

Senator Fifield: We're not asking Mr Rue to address—

Senator URQUHART: I'm happy for Mr Rue to—

Mr Rue: What was the factual question you asked me about home wiring, so I can help you?

Senator URQUHART: Are there 183,000 Australians on fibre to the node noticing that they can't get 25 megabits per second?

Mr Rue: I think we answered that in a question on notice to you, and I assume that number was correct. I know it's 180-something thousand. There will be three reasons, primarily, for that. There will be some home-wiring issues that people have. I think I reported to the Senate or the joint standing committee—it was one of them—that we are looking at a trial whereby, by putting central splitters in, we can improve the experience for people in both speed and reliability at home. That has proven to be quite promising and we will be talking to retailers, going forward, around how to potentially work with homeowners to help resolve some issues where there's a big issue there.
Secondly, there will be remediation work that needs to be done. These are done, really, in several ways. We sometimes do proactive remediation. In other words, where we can see there may be a problem in the future we go out and improve the copper or joints or other things. Then there is reactive work we do. Again, they broadly fit in two parts. They are where we can see clusters—in other words, several homes together that may have an issue. That requires a different type of work than a single home. And that's where we can resolve issues for multiple homes, again, through some copper mediation work. Then there may be some single homes where we also do reactive remediation work. That could be simply an issue related just to that home.

Finally, there will be homes whereby there's a coexistence. If you recall, in order to not cause interference with other services, we will power down some of the VDSL. That doesn't cause interference, but until that coexistence is dealt with there may be some speed degradation for people. As we get through the disconnection date, there's a program of work we do in conjunction with our partner—Telstra, in this case—to resolve those coexistent issues.

They're the three broad reasons, unless I'm missing something. We have programs for two of those and, in terms of the in-home wiring, we're considering the best ways to work with our retailers on that.

**Senator URQUHART:** So, Minister, are 160,000 Australians a year noticing that their technician hasn't turned up?

**Senator Fifield:** There are occasions where that does occur. I think NBN's latest advice was five per cent—

**Mr Rue:** Yes.

**Senator Fifield:** of appointments aren't achieved that should be. I'll ask Mr Rue to—

**Mr Rue:** I believe it's 91 per cent—is that correct, Peter? But can I update that 160,000: the latest numbers we have are between July and February, so this is not a full year, but it's eight months.

**Senator URQUHART:** July 2018?

**Mr Rue:** Apologies—July 2018 to the end of February 2019. We had 114,000 of what we call missed appointments. If it helps you, I can give you a breakdown. Of those, 59,000 were where the technician turned up on the correct day but they may have been either early or late. We count that as a missed appointment, because we acknowledge that, if I tell you that I'm going to be there between nine and 12 and I turn up at one o'clock, that could still disturb your day, because you may have had the morning away from work.

**Senator URQUHART:** You probably had the day off work, or half the day.

**Mr Rue:** You may have taken the half-day off work, and then we turn up an hour late. That can happen for a range of reasons—for example, a previous job took longer—but it doesn't matter; it's still a missed appointment. On the other hand, if we asked you to stay at home between two and five and we turn up at one o'clock, equally we count that as a missed appointment. Of those 59,000, with 35½ thousand we still completed on the job on the day. So with 59,000 we were on the correct day but not in the window, but, of those 59,000, with 35½ thousand we still did the job on that day. This is both connections and faults together.
Forty-four thousand appointments we rescheduled. We still counted that as a missed appointment, though, and the reason is that we rescheduled with less than 26 hours notice, and we count that as a missed appointment. Again, if we tell you on Tuesday we won't be there on Wednesday, we count that as a missed appointment. In 9,000 cases, no tech turned up at all. Then there are just over 1,000 which are a range of things from weather to the customer not being at home or not wanting the job done even though they were at home, but that's a small number. That's the breakdown of the 114,000.

Senator URQUHART: So if there are 114,000 missed appointments—and you've given us the breakdown—how many appointments are there overall?

Mr Rue: Do you mean how many appointments every single day?

Senator URQUHART: If there are 114,000 missed appointments, out of how many appointments is that?

Mr Rue: That represents five per cent, so, if you multiply that by 20, you get approximately the number of appointments. I'm sorry. I don't have that exact figure.

Senator URQUHART: I think the minister said it was five per cent.

Mr Rue: I think it's five per cent. Mr Ryan would be the best person to answer.

Mr Ryan: I thought it was closer to four, but it's in that four to five per cent range.

Mr Rue: So with four to five per cent we would have missed appointments. Again, if you want the total number, you multiply by approximately 20 to get the total number.

Senator URQUHART: If there are 114,000 across that eight-month period from July 2018 to February 2019, and you then annualise that, that's 172,000 missed appointments. So it's getting worse?

Mr Rue: No, because it depends upon the number of appointments. As the network builds, unfortunately, the total number of service faults required grows as well, and we've had a very high connection year. Yes, if 172,000 is correct, 172,000 is greater than 160,000. That's true, but as a percentage it's not getting worse. We don't like any missed appointments, to be very clear, but the percentage of missed appointments is better, not worse. Would that be correct?

Mr Ryan: Yes, the percentage is quite stable.

Mr Rue: Maybe I shouldn't say it's better, but it's stable.

Senator URQUHART: Are households on FTTN noticing more dropouts and faults?

Mr Ryan: Are they?

Senator URQUHART: Yes, are they?

Mr Ryan: I'm just trying to think through how we would see that. We would see that through our service fault rates on FTTN. If you just give me a minute, I'll just have a look at those fault rates on FTTN.

Mr Rue: Can I just clarify: what I said previously was correct—it's 91 per cent of appointments that we were there for. So it is the nine per cent that I talked about that were missed. I apologise for misleading. Can I answer some questions while Mr Ryan is looking for that?

Senator URQUHART: Sure.
Mr Rue: You asked the total media monitoring spent from July to the end of February; it was $184,686. Promotional merchandise—this looks like fiscal year 2018, so we're struggling to get the number for the eight months, but again it wouldn't be materially different. But last year it was $62,865. Although I'm not sure I can get you the answer for the eight months this year, you can assume it is a similar number for this year. There wouldn't be a material difference, I don't think.

Senator URQUHART: You just said 91 per cent. You were referring to?

Mr Rue: The appointments that were not missed.

Senator URQUHART: That means nine per cent are missed?

Mr Rue: Yes, I'm sorry. That's what I was trying to correct. I'm sorry.

Senator URQUHART: You said five and the minister said five.

Mr Rue: Because sometimes we exclude things. I'm sorry. The raw data—

Senator URQUHART: So what did you exclude, Minister?

Senator Fifield: I was just recounting to you one of the data points provided to me previously by NBN. So if you want to interrogate the background of that then best to talk to Mr Ryan and Mr Rue.

Mr Rue: The raw data is 91 per cent of the 114,000 that I'm talking about; I think when we complete the appointment on the day is where Mr Ryan's number is coming from, which is another number we use.

Senator URQUHART: So you have different numbers?

Mr Rue: No, it just depends how you measure a metric. I'm giving you a raw detail which includes where if we said we would be there between 9 and 12 and we turned up at 1 and we still completed the job, I'm still counting that as a missed appointment. If you exclude that on the basis that actually we did it that day, you will get a lower missed point.

Senator URQUHART: So it depends on how you measure it?

Mr Rue: But the raw detail of what I told you is 91 per cent. When I said multiply by 20 that is not accurate either—by 0.9 will get you the total number of appointments.

Senator URQUHART: Are households on HFC noticing a less reliable service?

Mr Ryan: Compared to?

Senator URQUHART: Other. Can I just clarify: I'm asking these questions in the context of the minister's op-ed. I directed these at the minister but he's then handballed them on to you guys. It is in the context of the op-ed.

Mr Ryan: We would measure the stability or reliability of the HFC service through the number of service faults we receive from customers, as an escalation back into NBN of them being dissatisfied with the stability of that service. We then use a ratio of the number of those service escalations we get, as a ratio of the total number of HFC customers that's we have, and then we track that to see if it is trending up or down and how it compares et cetera.

Since we've paused HFC and put a program in place to remediate that network, the as-is network, before we start connecting customers, we've seen that improve, and we see it now to be quite stable on a week-on-week basis, which suggests to me that we're not seeing a
'deterioration'—if I'm quoting the word right—of the customer's view in terms of the stability of the network.

Senator URQUHART: Are households on FTTP noticing fewer dropouts and more reliable service?

Mr Ryan: Again, we would interpret whether they are or are not through that same metric of the number of service faults we are receiving on a technology as a ratio of the total number of customers on that technology, and, again, for P—in fact, across all our technologies—we find it a very, very consistent, stable number. So I would suggest, therefore, we're not seeing any variation in that.

Senator URQUHART: Minister, has your backbench noticed the multitechnology mix is $21.4 billion over budget and four years behind schedule?

Senator Fifield: That's not correct.

Senator URQUHART: 'Not correct'—that your backbenchers haven't noticed it?

Senator Fifield: No. The data points that you put forward are not correct.

Senator URQUHART: Do you think that Tasmanians notice that no FTTC was being deployed?

Senator Fifield: The reason there is no FTTC in Tasmania is because Tasmania was at the forefront of the nationwide rollout, and it was in design or in construction by the time that FTTC became a product that was available.

Senator URQUHART: So you don't think that they noticed that none of that was being deployed, even in areas where it could've been done?

Senator Fifield: But, as I said, because Tasmania was at the forefront of the national rollout, Tasmania was essentially already able to order a service, or in construction and design, at the time that FTTC became available as a product. You can't plan the rollout for something at a time that it doesn't actually exist.

Senator URQUHART: Minister, does the Minister for Finance notice a $600 million blowout in the copper remediation bill?

Senator Fifield: NBN is operating within the funding envelope articulated in the corporate plan released in August 2015.

Senator URQUHART: So the Minister for Finance hasn't raised that with you?

Senator Fifield: Senator, NBN is operating within its funding envelope.

Senator URQUHART: Have you and the Minister for Finance noticed that NBN isn't going to meet the benchmark of 90 per cent of premises being able to achieve 50 megabytes per second speeds in the fixed-line footprint across Western Australia, Tasmania, Queensland, South Australia and the ACT?

Senator Fifield: That part of NBN's mandate is for the nationwide rollout of NBN. You can disaggregate to a state or a suburb or a town, but that particular mandate for NBN was for the nation.

Senator URQUHART: Have you walked into a pub or a cafe in a fibre-to-the-node service community and repeated your assertion that you have 'salvaged' the process and people are noticing?
Senator Fifield: I do visit pubs on occasion. I think if you stood in a pub and you expounded upon any area of public policy, people would probably say, 'Why don't you have another drink.' My reference in the opinion piece was to the fact that NBN, when the coalition came into office in 2013, was a failed project—that, despite $6 billion having been spent over four years, only 51,000 premises had ordered a service and that the contractors had downed tools in four states; it was essentially a failed project. I was contrasting, in the opinion piece, that set of circumstances with the fact that, today, 99 per cent of Australia is with the NBN, in design or construction, or able to order a service; that 92 per cent of regional Australia is able to order a service; that 75 per cent of the nation as a whole is able to order a service. That was the contrast I was making. And I did also, in the opinion piece to which you refer, say that none of this is to say that the rollout has been perfect, with the project seeking to do in 11 years what it took the PMG, Telecom and Telstra 70 years to do. There were always going to be issues, but we've learned and made improvements. That's some additional context.

Senator URQUHART: Of course, in the early days, Minister, the backhaul was a big part of the project, was it not? Without the backhaul, you've just got poles in paddocks; is that correct? Someone had to build the backhaul.

Senator Fifield: Senator, you need backhaul.

Senator URQUHART: Can you just talk to me a little bit about why the benchmark of 90 per cent premises won't achieve the 50 megabytes per second speeds in the fixed-line footprint across the states that I mentioned?

Senator Fifield: It will achieve the national benchmark. Obviously states are different and regions are different, but that was the national objective.

Senator URQUHART: Mr Rue, do you have answers to any of the questions that you've taken on notice?

Mr Rue: I do. Firstly, you asked me the total number of appointments. I said to you that the number that we classify as missed appointments was 114,093, and the number of total appointments was 1,223,183. That means that that percentage of missed appointments is 9.3 per cent. I would, though, like to stress that that is a very, very harsh metric because, of those 114,000, there were 35,546 done on the day, and, if you exclude that, 94 per cent were done, which is the 95 that Mr Ryan was talking about. Ninety-four per cent was not missed; it was just late that day, if you will. But, on the harsh measure, 1,223,183 is the total number of appointments. The take-up rate of FTTP brownfields is 77.5 per cent. For the promotional merchandise, I gave you the annualised number. The number between July and February, the team are struggling to calculate in the next half-hour. I am happy, though, for my office to go back to you directly with the answer when we—

Senator URQUHART: Through the department.

Mr Rue: If that's alright with you?

Senator URQUHART: Yes. That's fine.

Mr Rue: So we can do that through the department. You'd like us to do that?

Senator URQUHART: Yes. That would be great, thank you very much.

Mr Rue: We'll get back to you, rather than take it on notice and then we give it to you in three months time.
Senator URQUHART: If you can feed back through Mr Mrdak today, that would be great.

Mr Rue: The state breakdown of links is New South Wales, 66; Queensland, 58; South Australia, 20; Tasmania, 16; Victoria, 65; and Western Australia, 13. If you add them up, you'll get 238, not 251, and I think that's because 13 have been resolved since then. But that adds up to 238.

Senator URQUHART: Are the territories captured in that at all?

Mr Rue: They would be, but they're not on the list I was given, so—

Senator URQUHART: So that means they either haven't got any, or they've been picked up in other states?

Mr Ryan: New South Wales could include ACT.

Senator URQUHART: Yes. And Victoria could include Tasmania?

Mr Rue: No, no. Tasmania is 16. It’s possible South Australia or WA includes—

Senator URQUHART: Northern Territory might be in—

Mr Ryan: Could be in SA.

Mr Rue: I believe that was all your questions, other than the one I failed to answer in time. But, as I said, we can communicate that to you outside the hearing, if that's all right.

CHAIR: Thank you very much, Mr Rue and Mr Ryan, for your time today. Thank you, NBN Co. Good luck. Godspeed. We are obviously well ahead of schedule. The Office of the eSafety Commissioner doesn't arrive until 12.25. The committee had intended to go to ACMA, but, in order to enable officers to be present, we'll break now for lunch, proceeding with ACMA and then the program as set out.

Proceedings suspended from 12:12 to 13:12

Australian Communications and Media Authority

CHAIR: Welcome, Ms O'Loughlin.

Ms O'Loughlin: I would like to make a very brief opening statement in regard to the ACMA's response to media coverage of the Christchurch terrorist attacks. As the committee will be aware, on 15 March the terrorist attack on two mosques in Christchurch was live-streamed by the perpetrator and shared widely on social media. As information about the attack emerged, Australian media organisations started to report on it. Some television broadcasters chose to use edited segments of the perpetrator-filmed footage along with footage filmed by broadcasters and other parties at the scene.

On 18 March the ACMA commenced a formal investigation to examine whether content broadcast by commercial, national and subscription broadcasters of the terrorist attack in Christchurch breached current broadcasting rules. The ACMA's regulatory role is restricted to the broadcast of content on television and radio. Under the co-regulatory scheme established by the Broadcasting Services Act, the ACMA may investigate broadcasters' compliance with rules set out in the industry codes of practice and any applicable program standards or licensed conditions.

On 19 March the ACMA requested from broadcasters copies of all relevant footage broadcast from 15 March to 17 March, comments on compliance with the relevant provisions
and whether any of the perpetrator's footage was edited prior to broadcast, copies of internal policies relating to the broadcast of third-party live-streamed video and any other relevant information. All broadcasters have cooperated in providing the requested information. The investigation is well-progressed. We have a significant amount of footage to review and to consider against the current rules. We will work through the investigation as quickly as we can and consistent with our obligations to comply with procedural fairness requirements. We have not reached a view at this stage in regard to any noncompliance, and I will expect that it will be some weeks before our findings are concluded and are able to be made public.

If the ACMA determines a breach of the code provision, it has a fairly limited range of compliance and enforcement options that include: agreed measures with the broadcasters; imposition of an additional licence condition where an agreed measure is not met; or accepting an enforceable undertaking. If we find that the current code of practice rules do not provide appropriate community safeguards, we would expect the broadcasting industry to amend its codes accordingly. Or we may determine a program standard to address an issue insufficiently covered by the codes. If we believe that there are gaps in the regulatory framework, we will of course provide advice to the government on the matter.

The ACMA was also concerned about content that may have been available or linked to on broadcasters' websites. However, this is currently beyond its regulatory remit. That said, the ACMA is contributing its expertise to the task force established by the government to address the problem of terrorist material on social media platforms, with a focus on prevention, protection, transparency and response times. We're happy to take any questions from the committee.

CHAIR: Thanks, Ms O'Loughlin. That's excellent.

Senator URQUHART: Thanks, Ms O'Loughlin. Can I, first of all, start off with a segment on Insiders last Sunday, where Minister Frydenberg, under questioning from Barrie Cassidy, was asked how much money would be spent on government advertising this week. Minister Frydenberg said, 'All that information will be available.' Can the ACMA advise how much money it will be spending on government advertising, if any, this week?

Ms O'Loughlin: We have no government advertising in the market this week. Having said that, though, I understand the department may have answered questions around some of the e-safety advertising. But we have no government advertising.

Senator URQUHART: Okay; thank you. Can you tell me how the ACMA can ensure that commercial radio broadcasters are meeting their content obligations as part of the existing industry code?

Ms O'Loughlin: Is that generally or in any specific area?

Senator URQUHART: More generally—and, sorry, there was a story in The Guardian on 3 April in relation to that.

Ms O'Loughlin: I'll start, and then I will defer to my colleagues. In general, the co-regulatory codes which cover both television and radio are complaints-driven. If we receive valid complaints about a particular aspect of a broadcaster's performance against that code, then we will investigate that matter. That's generally the way that the co-regulatory process occurs. I'm not aware of the Guardian article—are you, Rochelle?
Ms Zurnamer: I’m not aware of the Guardian article. But, as Ms O’Loughlin said, we do monitor complaints that we receive about compliance. We haven’t had any complaints directed to us about compliance.

Ms O’Loughlin: I would add to that that, under codes of practice, we encourage complainants to go to the broadcasters in the first instance before they come to us, unless it is in circumstances, such as with the Christchurch terrorist attack, where we have decided to enter into an investigation immediately.

Senator URQUHART: Does the ACMA believe that self-categorisation works? Is it an effective way to make sure that Australian songs get airplay?

Ms O’Loughlin: This is in relation to Australian music?

Senator URQUHART: Yes.

Ms O’Loughlin: I don’t think we’d offer an opinion about whether we think it works or not. It’s currently the way that the code works, and we monitor compliance with that code.

Senator URQUHART: But, under the code, it works?

Ms O’Loughlin: It’s an industry code; the industry develop and agree on that code. Our job is to register that code, to ensure that it meets community safeguards, and then to monitor performance against that code.

Senator URQUHART: You answered a number of the questions that I had around the Christchurch issue—I was trying to run through quickly, to make sure I didn’t miss anything. If I am doubling up, please let me know if you’ve covered it already. Part of the government’s response to the Christchurch terror attack was to hold a meeting in Brisbane with digital platforms and other stakeholders in the communications portfolio. Did the ACMA attend that meeting?

Ms O’Loughlin: Yes, I attended that meeting.

Senator URQUHART: What involvement did the ACMA have, apart from your contribution in that meeting, in forming part of the government’s response to the Christchurch attack?

Ms O’Loughlin: I think we were there to advise, if asked, about any of the areas of our own responsibility; as I mentioned to you, though, they’re fairly much confined around broadcasting. Of course, the ISPs were in the room as well—Vodafone, Telstra, Optus and, representing smaller players, TPG. There are provisions in the Telecommunications Act where the ISPs need to give reasonable assistance to law enforcement and other agencies in the take-down of material from the internet. So we were also there in our role as the telecommunications regulator.

Senator URQUHART: Does the ACMA have a role in the task force that was set up out of that by the government—which, I understand, is due to provide advice to government later this year?

Ms O’Loughlin: Yes, we are represented on that task force as well.

Senator URQUHART: What involvement did the ACMA have, apart from your contribution in that meeting, in forming part of the government’s response to the Christchurch attack? Did the industry contact the ACMA for guidance?

Ms O’Loughlin: I’d have to take on notice whether or not we had a formal contact. There was some informal contact over that weekend, I think, from a couple of the ISPs. I think it’s
fair to say that they were working through some of the provisions in the Telecommunications Act about whether they should take some action. As you know, the ISPs chose to voluntarily take down a range of sites that had been taken down by one ISP's sister company in New Zealand—so they approached that voluntarily. That's one of the things that I think we will be talking through in the task force environment: how can that more effectively work for ISPs and for government agencies when you're not necessarily knowing everything that's going on, and, also, what's the best approach? The ISPs also made the comment, at the summit, that taking down domains is a very blunt instrument for them. An ISP doesn't just take down a URL; it will have to take down, for example, all of Facebook or all of 8chan. They see that as a very blunt instrument. I think one of the great values of the task force is thinking through all the different approaches that could be used towards this content and what is the best approach.

Senator URQUHART: You said you were informally contacted by some ISPs over that weekend?

Ms O'Loughlin: Yes.

Senator URQUHART: What guidance was the ACMA able to provide to them?

Ms O'Loughlin: I'd have to take that on notice. I'm actually working off my memory of some conversations that were not with myself.

Senator URQUHART: Can you tell me how the ACMA worked with the Office of the eSafety Commissioner in response to the Christchurch attacks?

Ms O'Loughlin: I think it's fair to say that we had slightly different roles very much from the beginning. Over that weekend, we contacted the Australian Press Council, who we're in close contact with, about some of the material that might be going on their members' websites. Then we very much focused our attention on the broadcasting elements—speaking to the broadcasters and trying to get a sense of the material that was being broadcast by national, subscription and commercial broadcasters. We had some discussions with them over that weekend. We also touched base with the eSafety Commissioner—my deputy, Creina, touched base with the office on the Friday and I touched base with them on the Monday, just to make sure we all knew what the other was doing.

Senator URQUHART: Did the classification regime provide any guidance to the ISPs or the ACMA on what constitutes terrorist material?

Ms O'Loughlin: I believe that there are provisions in the classification code around terrorism acts. I might pass over to Jeremy.

Mr Fenton: There are provisions in the National Classification Scheme that directly deal with advocacy of terrorist material—section 9A.

Ms O'Loughlin: But I'd just add to that, Senator, the way the classification regime works is people have to apply to have something classified, whereas here we are, of course, dealing with something in real time.

Senator URQUHART: Yes. Minister, were you satisfied with the performance and response of your portfolio agencies in the wake of the Christchurch terrorist attack?

Senator Fifield: Yes. But that's not to say that there can't be lessons to be learnt in any unfortunate incident such as this. I know that all relevant parts of the portfolio are looking at
that, just as a matter of good practice, but also to contribute to the work of the task force that the Prime Minister announced.

**Senator URQUHART:** Are you satisfied that industries within your portfolio received adequate guidance from your portfolio agencies in the wake of the attack?

**Senator Fifield:** I think it's fair to say that the initial response of government in this circumstance was to assist New Zealand counterparts in terms of the events that occurred and their aftermath. This is speaking in general across government. In terms of my portfolio, the effort was to understand what the various platforms had done during and in the immediate wake of the incident in New Zealand. I know that ISPs, for instance, were seeking to make quick and ethical responses to the circumstances as they unfolded. I think it's important in this area to recognise that there's the formal regulatory requirements, whether it be for broadcasting or ISPs, but separate to that there's also always a place for fast and ethical responses by businesses.

**Senator URQUHART:** Minister, you said that there are lessons that can be learned. Can I ask you what lessons we've learned so far from that attack, and how we deal with it?

**Senator Fifield:** Yes, Senator. The first is that we need to have, and have now legislated, to cover the area of individuals seeking to, in effect, weaponise platforms such as Facebook, that there should be and now is provision for the eSafety Commissioner to formally notify those platforms who have that material, which has been filmed by a perpetrator and published by a perpetrator, so that they are deemed to know. And paired with that is the prohibition on platforms from having that material in situations where they know, or should reasonably have known, that that material is there and that they are required to take appropriate action.

**Senator URQUHART:** Ms O'Loughlin, would it be fair to say that the classification scheme doesn't deal with terrorist-generated material, per se?

**Ms O'Loughlin:** As Mr Fenton mentioned, it does have a provision about the advocacy of terrorism, but we are looking at a unique set of circumstances in this case of perpetrator-filmed terrorism. And, as I mentioned earlier, the current classification rules require pre-approval for only a certain class of publications. So we are really looking at how we can update that regime effectively for the current environment rather than the traditional media or publication or even film environment.

**Senator URQUHART:** Minister, are you satisfied that it makes good sense to have the eSafety office operate outside the ACMA?

**Senator Fifield:** The eSafety office is located within the ACMA. While the eSafety Commissioner is an independent statutory officer, the Office of the eSafety Commissioner is physically housed within the ACMA and the staff of the Office of the eSafety Commissioner are technically employees of the ACMA. That is not an uncommon arrangement across the public sector, where you will have staff who work for or to an independent statutory officer who are formally on the books of a department or another agency. There is a close working relationship between the ACMA and the department.

**Senator URQUHART:** Has the government done anything to reform the classification regime?

**Senator Fifield:** The classification regime isn't something that is set in stone.
Senator URQUHART: Sorry, I should have qualified that by saying 'as a result of the event'.

Senator Fifield: Thank you, Senator. An area that I have already asked the department to take a look at is the classification of violent games. I think it is timely to check that those games remain appropriately classified. Obviously this is an area where the Commonwealth shares this responsibility with the states and territories. I have been in contact with state counterparts to say this is an area that it is timely to take a look at.

Senator URQUHART: The government has not acted on the Australian Law Reform Commission report published in 2012 which recommended clarifying elements of the scheme and modernising the regime for the convergent media era with a coherent and flexible approach to classification in Australia. Is the minister aware that this review obtained evidence that a majority of participants in both groups found terrorism material offensive?

Senator Fifield: We all find terrorism material offensive. It is important to recognise that there is a range of material which is refused classification or would be refused classification if it was submitted. And because that material hasn't been submitted for classification the law still allows that, if it were likely to be refused classification, it is not legal to have that online.

Senator URQUHART: This reform recommendation was in 2012. Why hasn't the government acted on it?

Senator Fifield: The classification regime is not set in stone. It is under constant review and is adjusted in line with community expectations.

Senator URQUHART: It is a very long time though; it is seven years.

Senator Fifield: Senator, I have addressed your question.

Senator URQUHART: Ms O'Loughlin, you spoke about the investigation, which I think you said commenced on 18 March.

Ms O'Loughlin: That's correct.

Senator URQUHART: Under what head of power was that investigation commenced?

Ms O'Loughlin: It was commenced under section 170 of the Broadcasting Services Act.

Senator URQUHART: What issues are being considered?

Ms O'Loughlin: We will be looking at predominantly the broadcasting codes of practice, particularly the provisions where no material should be broadcast on television which is MA15+ or above. Again, using those classification provisions, we are looking at whether anything above MA15+ was broadcast. That's our primary focus at this point. Rochelle, do you want to add anything?

Ms Zurnamer: We're also looking at provisions around harm and offence and distressing material, which a number of the codes cover.

Senator URQUHART: I think, if I heard you correctly, you said you were looking at the broadcast and online platforms; is that correct?

Ms O'Loughlin: No. What I mentioned was that we were concerned at the time about what might have gone onto the broadcasters' online services, but that's not within our remit.

Senator URQUHART: So what platforms are being considered?
Ms O'Loughlin: The broadcast platform—the ABC, SBS and the commercial stations as well as Foxtel.

Senator URQUHART: But not online, because that's not within your remit?

Ms O'Loughlin: Not by us.

Senator URQUHART: How's the investigation progressing?

Ms O'Loughlin: It's well progressed. We've focused our attention very much on the afternoon of the attack, although we have asked for material from the Friday, the Saturday and the Sunday. You can imagine that across all those broadcasters, as a news service evolves, there is a considerable amount of footage for us to go through. So we are carefully going through that. Our teams are carefully going through that to identify broad areas of concern and then to look at the footage itself and decide whether there is anything, as I mentioned, that breaches the code.

Senator URQUHART: I think you said that the investigation would be completed in some weeks?

Ms O'Loughlin: I think it will be some weeks, yes.

Senator URQUHART: What's your definition of 'some'?

Ms O'Loughlin: 'Some' is probably not in the next three.

Senator URQUHART: So more than three?

Ms O'Loughlin: It is very complicated. We also are very sensitive to making sure that our teams are not watching content that is harmful to them as well, so we're needing to think very carefully through how the occupational health and safety issue is dealt with. But also we've got a wide range of broadcasters and a wide range of content, and we'll be working through with the broadcasters their editorial decisions and how they came to the view of broadcasting footage. So that will take us some length of time.

Senator URQUHART: Yes, sure. I think you indicated that you thought the broadcasting industry should amend their code of practice?

Ms O'Loughlin: If we find that the codes are inadequate as a co-regulatory regime, we would think that in the first instance it would be for the broadcasters to consider.

Senator URQUHART: And you would provide that advice to government once you had done the investigation; is that correct?

Ms O'Loughlin: If we found that there were gaps in the regime, yes, of course.

Senator URQUHART: Does the ACMA think that the current broadcast codes of practice properly contemplate the events of Christchurch—that is, do they contemplate the depiction of terrorist generated material? Is that picked up in those codes?

Ms O'Loughlin: I don't want to pre-empt an investigation but I think the breadth of those codes about material that is MA15+ or above—material that causes harm and distress—allows you to investigate this material precisely, as well as other materials. I think—unless Rochelle tells me otherwise—we're probably assisted by the breadth of the code.

Senator URQUHART: The government has responded by introducing the Criminal Code Amendment (Sharing of Abhorrent Violent Material) Bill, which passed parliament last week.
Did the ACMA provide advice to the government on legislative options for response to the Christchurch terrorist attack?

Ms O'Loughlin: No. We weren't asked by the government for options.

Senator URQUHART: Did the ACMA recommend the approach of regulating the removal of terrorist material under criminal penalty?

Ms O'Loughlin: No. My understanding is that those approaches were developed within the Attorney-General's Department.

Senator URQUHART: Did the ACMA recommend any other approaches?

Ms O'Loughlin: We weren't asked to recommend or propose—

Senator URQUHART: But you didn't put them forward either?

Ms O'Loughlin: No.

Senator URQUHART: Did the ACMA recommend the option of amending the existing notice and take-down scheme as administered by the Office of the eSafety Commissioner?

Ms O'Loughlin: No, we weren't asked for advice.

Senator URQUHART: I want to move on to compliance priorities. Today the ACMA announced its 2019-20 compliance priorities.

Ms O'Loughlin: We did.

Senator URQUHART: You look happy about that.

Ms O'Loughlin: I just realised I don't have a brief in my pack on it.

Senator URQUHART: So is that more a look of surprise?

Ms O'Loughlin: No. You're very timely, Senator. It was announced only this morning.

Senator URQUHART: I was going to ask you to advise the committee of what this work is.

Ms O'Loughlin: Happy to. We, as an authority, came together last year and commenced a discussion about giving greater visibility, clarity and transparency to the industry about what our compliance priorities would be for the next 12 months. That's not an uncommon thing for a regulator to do, and many regulators, such as our colleagues at the ACCC and the tax office, do that on a regular basis. There had been priority compliance areas developed within different parts of the agency. What we wanted to do was lift that up and have a whole-of-agency view that we could to put to the industry to give them a sense of where we would be focusing our attention. I might add that, although they're called compliance priorities, we of course don't let anything slide while focusing on those. If there are other issues, we will deal with them.

Some of our priorities for 2019-20, which we announced today, will be: continuing our work on the telecommunications consumer protection and migration to NBN; looking at our responsibilities around gambling, particularly interactive gambling, but also broadcasting during live ads in sport; looking at some issues in the news area, which are in our responsibility—areas such as: are consumers able to distinguish between what is commercial product in a news broadcast and what is news? And I'll pause there.

Senator URQUHART: I've got the six areas written down. I won't pain you to—
Ms O' Loughlin: There's also unsolicited communications, which I'm sure Jeremy will be able to talk about briefly.

Senator URQUHART: This is a test. There are two to go. See how you go.

Ms O' Loughlin: Give me your copy!

Senator URQUHART: No, it's fine. I have them written down, Ms O'Loughlin, so I'm not going to grill you on them. I just wanted you to advise us of the work that's actually happening.

Ms O' Loughlin: They're very important. And we will go through a process annually of coming up with those compliance priorities. Now I'll have to ask you what the final two are.

Senator URQUHART: Okay: small cells for 4G and 5G, and solar inverters interference.

Ms O' Loughlin: That's right. So we're looking at interference management issues, both in solar inverters and in some of the spectrum allocations where we've got device problems or unlicensed operators. And in small cell—obviously, with the rollout of 5G—we're looking at whether communities are concerned about how that rollout is happening. There will be much smaller cells established for 5G rollout, but we find it continues some consumer concerns around EME emissions, which we want to have a look at as well as making sure that carriers are complying with the mobile deployment code, which requires certain community consultation before they roll out their small cells.

Senator URQUHART: I want to turn to online wagering. The national consumer protection framework formally commenced on 26 November 2018, and measures are being implemented progressively over an 18-month time frame, as set out in the national policy statement. Measure No. 10 is the national self-exclusion register, which the Commonwealth is required to legislate and regulate and which is intended to take effect 18 months from the commencement of the framework. Can you tell me: what is the status of the development of the national self-exclusion register as part of the government's work to protect vulnerable consumers from online wagering?

Ms O' Loughlin: We received departmental funding, in the MYEFO process for 2018-19, of $5.72 million over the forward estimates, so we are building up our resources to deliver on the NSER. At the moment, we are waiting for the development and passage of legislation which is the responsibility of the Department of Social Services. I'll ask Mr Fenton if there's anything he wants to add.

Mr Fenton: I think that's it at a high level. I would note that the legislation is actually an amendment to the Interactive Gambling Act, not the ACMA Act, as may have been stated earlier in the hearings.

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Senator URQUHART: Thank you. What's the role of the ACMA in supporting the implementation of that register?

Ms O' Loughlin: We are responsible for licensing an operator for the register and also assessing the technical requirements of that register as well.

Mr Fenton: Subsequent to that, there's the compliance regime, including the compliance of the register operator and the licence wagering services.

Senator URQUHART: We've got an 18-month time frame. Can you talk to me about the work that the ACMA has done to ensure that the deadline will be met?
Ms O'Loughlin: At this stage we have been really building up our resources and recruiting staff as a new function for the organisation and have been doing as much prep work as we can do, but we are somewhat reliant on the passage of legislation.

Senator URQUHART: That's the critical pathway?

Ms O'Loughlin: The drafting and the passage—yes.

Senator URQUHART: The legislation. What are the key milestones and deadlines for getting the work done? Obviously, the first thing is the legislation.

Mr Fenton: The passage of the legislation in the national policy statement. It specifies that the implementation of the NSER would be subject to the enactment of the enabling Commonwealth legislation and establishing trialling and testing of the register. It's stating the obvious to say that the register will contain highly sensitive material—personal information. The security of the information would be of paramount consideration to the ACMA in that context.

Senator URQUHART: Who was responsible for the procurement and design of the register as an IT proposition?

Ms O'Loughlin: That would be us.

Senator URQUHART: Are there any deadlines that need to be met now or do they all follow the path of legislation?

Ms O'Loughlin: I think it's fair to say they all follow the passage of legislation. We do some internal thinking weeks from passage or months from passage, but, until such time as we've seen the drafted legislation—so that we have concrete legislation to work with—it's difficult for us to estimate that.

Senator URQUHART: What is the legislation that you're actually waiting on?

Ms O'Loughlin: It's an amendment to the Interactive Gambling Act, as Mr Fenton—

Senator URQUHART: Mr Fenton said that—yes. Who's responsible for that legislation?

Ms O'Loughlin: Social Services.

Senator URQUHART: The department, as I understand it, indicated this morning that the necessary legislation had been passed. Was that incorrect?

Ms O'Loughlin: No. I think Mr Eccles corrected that at the end of the 1.1 session. In fact, it's to be drafted.

Senator URQUHART: So it's to be drafted.

Ms O'Loughlin: Yes, drafted and introduced.

Senator URQUHART: Has that drafting commenced?

Ms O'Loughlin: I think it's currently being drafted. That is my advice.

Senator URQUHART: Ms O'Loughlin, in the last six months, the ACMA has made a number of breach findings in relation to the broadcast media, including: Channel 7 breaches children's privacy, 29 March 2019, 2GB breaches decency requirements, 28 March; Channel 7 African gangs claims breaches accuracy requirements, 21 March; on 26 February 2019, WIN television in breach for 10 Eyewitness News reports on a brutal bashing; and, on 4
September, Channel 7 in breach for *Sunrise* segment on Indigenous children. Can you advise me of what these breach findings have been in relation to?

**Ms O'Loughlin:** Are you after particular programs?

**Senator URQUHART:** I've just read out those ones. They are breach findings. What have they been in relation to?

**Ms O'Loughlin:** I might work through my list. In the *Sunrise*, Seven Network, broadcast on 13 March, we found that Seven breached the accuracy and provoked contempt on the basis of the race provisions of the commercial television code in a hot-topic segment about the adoption of Indigenous children. In a *Sunday Night*, Seven Network, broadcast on 8 July 2018, the ACMA found that Seven breached the accuracy provisions of the commercial television code in a report about crimes committed by Sudanese-born Australians in Melbourne but that the report did not provoke contempt on the basis of ethnic origin. I'm not sure whether there were others. I'm sorry, Senator, I missed your list.

**Senator URQUHART:** The first one, which seems to have a different date than what I have, was Channel 7 in breach for the *Sunrise* segment on Indigenous children

**Ms O'Loughlin:** That is the 13 March broadcast.

**Senator URQUHART:** Sorry, you were talking about the broadcast date.

**Ms O'Loughlin:** You will have the dates for the finalisation of the investigation.

**Senator URQUHART:** Yes. I can give you the numbers. That one is MR27/2018. The other number is MR4/2019, which is WIN Television in breach for the *Ten Eyewitness News* report on a brutal bashing, and that was in February 2019.

**Ms Zurnamer:** That was footage that was filmed by a passer-by of a particularly brutal fight. It was broadcast during the news, I believe.

**Senator URQUHART:** Okay. Then, if we go to March 2019, you've got MR11/2019: Channel 7 breaches children's privacy.

**Ms O'Loughlin:** Yes, that was in relation to some mobile phone footage which was shown on a news service.

**Ms Zurnamer:** It was shown on two different programs.

**Ms O'Loughlin:** Yes, I think it was on two different programs. Rochelle will check that. What we found was that there was not sufficient de-identification of the child in the footage. It had been taken off the mobile phone and had been broadcast.

**Senator URQUHART:** The other one was MR9/2019: 2GB breaches decency requirements.

**Ms O'Loughlin:** Yes, that was a broadcast from 23 August 2018. The ACMA found that Harbour Radio, which is the licensee, breached the decency provision of the commercial radio code when Mr Alan Jones used a phrase which I would prefer not to read into the record. It breached the decency provision but did not incite hatred, serious contempt or severe ridicule on the basis of race.

**Senator SPENDER:** Could you please read it into the record. We're trying to work out whether or not you're doing a good job. We need to know what you've said.
Ms O'Loughlin: I think it is an old-fashioned term relating to people of African-American descent being invisible.

Senator URQUHART: Thanks, Ms O'Loughlin. MR7/2019: Channel Seven 'African gangs' claim breaches accuracy requirements.

Ms O'Loughlin: That was the one I referred to—

Senator URQUHART: That was the earlier one.

Ms O'Loughlin: which was broadcast on 8 July 2018.

Senator URQUHART: What compliance responses from the broadcasters has the ACMA received to indicate that these unfortunate breaches will not occur in the future?

Ms O'Loughlin: I might need to take that on notice because there are quite different ones for each of those. But I can highlight a couple, and Rochelle will help me. Certainly, with the Sunrise, Seven Network, breach, the Seven Network did seek judicial review of our decision. However, that has fallen away in the last couple of days.

Senator URQUHART: 'Fallen away'—what does that mean?

Ms O'Loughlin: They've withdrawn the request for a judicial review, so we are now in deep conversations with Channel 7 in regard to remedial actions and we should be in a position to announce those over the coming couple of days. In terms of the Alan Jones Harbour Radio matter, Mr Jones himself made assurances on air the following day that he would never use that term again, as has the licensee, and we think that's an appropriate action. In terms of African gangs, I can't remember. Rochelle, do you have the detail there?

Ms Zurnamer: In terms of African gangs, Channel 7 did bring the ACMA's decision to the attention of Seven News and Sunday Night and will include references to our decision in future commercial television code training.

Senator BILYK: Are there financial penalties for these stations at all?

Ms O'Loughlin: No. Under the co-regulatory code of practice, most of what we can seek for breaches of the codes will be agreed measures between ourselves and the broadcasters. We may seek court enforceable undertakings to undertake particular matters. But when you get into the area of fines and penalties they really are, in the Australian environment, issues for a court of law rather than an industry regulator. But we do try to pursue as much as we can, bringing the broadcasters back into compliance through their training, which is extensive; through their editorial practices; and through their commitments to us to further actions.

Senator URQUHART: Is the ACMA concerned about the broadcast media's adherence to community standards in relation to race reporting?

Ms O'Loughlin: I think we're always concerned about broadcasters' compliance with the codes of practice. I'm not quite sure I'm aware of when the next code of practice review is.

Ms Zurnamer: There's not a major review planned at the moment, but they generally take place every few years and so we could expect one in the next while.

Ms O'Loughlin: And that's where we can test changing consumer sensitivities to things like violence or language or other matters that come up in the broadcast mediums.

Senator BILYK: Do you need a ministerial request to review that, or is it something you would do anyway?
Ms O'Loughlin: We would do it anyway.

Senator URQUHART: I want to go back to self-exclusion. The time frame for the implementation of the register is 18 months from the commencement of the national consumer protection framework, which commenced in November 2018, so that means it's meant to be out by May 2020—that's correct, isn't it?

Ms O'Loughlin: That's the timetable.

Senator URQUHART: Was the legislation needed for the register introduced in this parliament?

Ms O'Loughlin: No. As I mentioned earlier, it's still in drafting. Like you, we are very keen for that drafting to be completed and the legislation to be introduced to allow us to meet that 2020 timetable, which becomes, of course, challenging.

Senator URQUHART: Okay. So when did the legislation need to be passed in order for the register to be up and running in 18 months?

Ms O'Loughlin: I think that would probably be a matter for Social Services.

Senator URQUHART: Will it be possible to meet the 18-month implementation time frame?

Ms O'Loughlin: I think that's what we will turn our minds to once we understand the scope of the legislation. It is difficult for us to—

Senator URQUHART: If we take into account the election timing, does that now make that almost impossible?

Ms O'Loughlin: I don't have a view on that. Drafting can continue. It's a matter of when it will be introduced and when it will be passed.

Senator URQUHART: Who's drafting it—the department?

Ms O'Loughlin: No, the Department of Social Services.

Senator URQUHART: Sorry. I just keep putting that out of my head. Can you tell me what's being done in the meantime to support those experiencing gambling harm who would otherwise use self-exclusion? Obviously, we are talking about at least 18 months but maybe longer, so what sort of support is being given to people in the meantime?

Ms O'Loughlin: There are provisions already, under the Interactive Gambling Act, around the work that we're doing around the provision of advertising of prohibited interactive gambling services. So there are already provisions in that act. The self-exclusion register, of course, is a new intervention to assist people who have problem gambling issues. We're very keen, of course, to assist the Department of Social Services with getting that up and running as quickly as possible. We're doing all we can to prep for it, but in the meantime we continue in implementing our own work, under the Interactive Gambling Act, around advertising and illegal gambling websites in Australia.

Senator URQUHART: Is the Department of Social Services consulting with ACMA on the drafting?

Ms O'Loughlin: I expect that they will be.

Mr Fenton: There have been a number of consultations on particular aspects of the drafting, and we anticipate that they will continue.
Senator URQUHART: Do you know, Mr Fenton, how far into the drafting they are?

Mr Fenton: I think that's a question for the department.

Senator URQUHART: But you've been consulting with them. Do you have any idea how far they are?

Mr Fenton: We've been consulted on particular aspects, and I wouldn't say we've had a particular view on some of those aspects either. I think that once again, as our chair has said, it's a matter for Social Services.

Senator URQUHART: Okay.

Ms O'Loughlin: But, Senator, I'm very pleased to be able to go back to your earlier question about compliance priorities. We see gambling as a compliance priority for next year, including a look at some of the IGA reforms which prohibit the offering of credit by Australian-licensed wagering operators, so we will be doing some specific compliance work about that. We'll also do specific compliance work around general compliance with the IGA. Since we commenced our role in September 2017, we've been doing an enormous amount of work both domestically and internationally to ensure that illegal gambling providers are leaving the Australian market.

Senator URQUHART: Thank you. Ms O'Loughlin, I've just got a few questions on the Regional and Small Publishers Innovation Fund, and then that will be all, Chair.

CHAIR: Excellent.

Senator URQUHART: At estimates in February this year, the ACMA advised that, of the $16 million over three years in the fund, the first round committed $3.6 million. That's correct?

Ms O'Loughlin: That's correct.

Senator URQUHART: Is it correct that the $12.4 million remains to be allocated?

Ms O'Loughlin: The $12.4 million from financial year 2018-19 plus the additional $16 million for 2019-20 and 2020-21 are yet to be allocated.

Senator URQUHART: When does that funding expire?

Ms O'Loughlin: There are various provisions through the budget process to move those funds with the agreement of the Minister for Finance and the Public Service, so that's what we would pursue with the funds from this year, for example.

Senator URQUHART: With the $12.4 million you have the ability to—

Ms O'Loughlin: With the agreement of the minister for finance.

Senator URQUHART: Have you met with the minister and—

Ms O'Loughlin: No, we would do that through the department processes. It's usually done through the budget process or MYEFO.

Senator URQUHART: Mr Mrdak, have you got anything you want to add to that? Have any meetings taken place in relation to that $12.4 million?

Ms O'Loughlin: I think the department has certainly sent a letter to the Department of Finance in regard to the matter.

Mr Mrdak: That's correct. Work is underway to have that schedule amended.
Senator URQUHART: The ACMA recently announced round 2 of the grants applications. That's the $16 million, is it?

Ms O'Loughlin: No, Senator.

Senator URQUHART: How much is available in round 2?

Ms O'Loughlin: It's an additional grant opportunity, and it's under the innovation fund. It is designed to allocate some of that residual funding from round 1.

Senator URQUHART: How much?

Ms O'Loughlin: The round has just opened. It opened on 5 April, so last Friday. We will go through our process of putting out the grant guidelines and accepting grant applications. As I think we discussed last time we met or perhaps the time before, we want to do some considerable work with the sector. The feedback we had from some of the publishers was that the criteria were very difficult for them and they needed some greater assistance from us, educative assistance from us, to help them be successful through the application process. That's the work that we will be doing, so I think it will take some months. I think we close—

Ms Zurnamer: On 14 June.

Ms O'Loughlin: On 14 June the applications close, so it's quite a significant time that those applications are open. And then we will go through the process with the advisory committee of making decisions on successful applicants.

Senator URQUHART: Is there a set amount that the ACMA will allocate, or is it only upon satisfaction of merit under the grant criteria?

Ms O'Loughlin: It would be a matter of seeing what applications we get in. Even with round 1 we were hopeful to allocate more funds than we were able to allocate, but we complied with the eligibility criteria and the selection criteria in our assessment, and the advisory committee who assisted us worked through that process as well. There has been agreement to adjust some of those eligibility criteria, and that will be what we will be pursuing over the coming months with the sector. I'd add that this round is directly focused to regional publishers.

Senator URQUHART: You indicated that the fund is for innovation. How is 'innovation' defined and understood by the fund criteria, by the ACMA and/or by the expert advisory committee?

Ms O'Loughlin: This grant opportunity is a little different to the first round. This is targeted at regional news publishers who can demonstrate a solid business case to increase the sustainability of their publishing activities, including news gathering, production and distribution. It's very much focused on lifting sustainability in that regional news publishing area. What we found through the first round was that the greatest need of those regional publishers was to improve their sustainability as well as thinking about what their future models should be.

Senator URQUHART: Under the first round, what applications were deemed to be innovative and why?

Ms O'Loughlin: There are a large range of them, which we can table for you. For example, the Huon Newspaper company in regional Tasmania received $109,000 for the launch of a project aimed at digitising and increasing traditional news content to reach a
broader audience. ACE Radio Broadcasters received $55,000 to develop a digital media project to create a modern online website and mobile app. McPherson Newspapers in regional Victoria received $242,000 and a little bit more to create new digital efficiencies through the installation of new technology solutions. That's a flavour of what was supported under the round.

Senator URQUHART: Is that the complete list?
Ms O'Loughlin: No, there are quite a number of those, and we can certainly table that.
Senator URQUHART: That would be great.
Ms O'Loughlin: I think it's public.
Ms Zurnamer: I think it's been published.
Senator URQUHART: Has it? Okay.
Ms O'Loughlin: It's probably published on the GrantConnect website, but we're happy to table it for you.

Senator URQUHART: Is it fair to say then that, rather than innovation, the funds are about lifting sustainability?
Ms O'Loughlin: This new grant opportunity is directed towards that. The merit criteria for the grant opportunity are that it's focused on public interest journalism, so the applicant is a publisher of public interest journalism with an Australian perspective; they have editorial policies and complaints-handling processes in place; and they have a business case which would increase the sustainability of the applicant's business.

Senator SPENDER: I didn't catch the start of your presentation, but when I did come in I think it was in the context of Christchurch, and you were talking about another look at violent games. Can you just tell me what's going on with regard to that?

Senator Fifield: Senator, that was me. I indicated—in response to a question from Senator Urquhart about classification issues and whether there was anything on the government's mind in the wake of Christchurch—that doing due diligence to check that classification of violent games was appropriate was something that was on the government's mind but that this is an area where the Commonwealth and the states and territories have a joint responsibility, so there wouldn't be any unilateral action on the part of the Commonwealth.

Senator SPENDER: What evidence do you have that the alleged perpetrator ever played a violent game?

Senator Fifield: I'm not saying that there is. It's just that those events prompted the government to think that it might be timely to have a look in this area, just to make sure that things are fit for purpose.

Senator SPENDER: So you don't know, or you're not saying? There are intelligence agencies that you should be tapping into if you are considering responding to the Christchurch attacks by changing violent games. Have you asked any intelligence agencies about the alleged perpetrator's use of violent games?

Senator Fifield: Senator, I'm just indicating that there was a violent and reprehensible act and that I think the community would expect that we do our due diligence to make sure that classification is still fit for purpose. That's the extent of my response to Senator Urquhart.
Senator SPENDER: You could similarly investigate whether the alleged perpetrator ever played rugby league and then think about reregulating rugby league. It seems a completely evidence-free approach.

Can I turn to the issue of X 18+. My understanding is that X 18+ material in various parts of the law is regulated more heavily and with greater restrictions than R 18+. I understand that the difference basically is that X 18+ material has sex, whereas R 18+ material is essentially violent. Why are we regulating sex more than violence?

Ms O’Loughlin: Senator, I think that may be a question directed towards the department, who are responsible for the Classification Scheme.

Senator SPENDER: Would you care to answer that now?

Mr Eccles: Senator, can you repeat the question?

Senator SPENDER: Why is X 18+ material subject to greater restriction than R 18+ material, when the difference is that X 18+ material has sex?

Mr Eccles: I'm not sure what the basis of that statement or question is. They're both regulated. There are elements that are refused classification when they go over certain thresholds. There are different classification levels for different material. So I'm keen to understand a little bit more what's—

Senator SPENDER: Okay. The regulation of subscription television broadcasters regulates X 18+ material more than R 18+ material. The regulation of datacasting of online content services has special provision for X 18+ material but not for R 18+ material. It's throughout your department's legislation that this X 18+ material is—

Mr Eccles: They're all subject to regulation, Senator.

Senator SPENDER: I recognise that there are differences, but the differences are all in the direction of R 18+ material being less restricted than X 18+ material. Isn't that the case?

Mr Eccles: I'm not being difficult, but I'm grappling to understand what you're asking, Senator, sorry. There are different classification levels. The Classification Board determines or regulates the content. And it's—

Senator SPENDER: Yes, we agree there's different material. There's R 18+ material—

Mr Eccles: Exactly.

Senator SPENDER: and X 18+ material.

Mr Eccles: And there's 'refused classification'; there's M 15+—

Senator SPENDER: Yes, but you restrict X 18+ material more than you restrict R 18+ material. That is just the bald-faced situation in the legislation.

Mr Eccles: In what way do we restrict one? We restrict them based on the classification that is arrived at.

Senator SPENDER: Yes, I realise you restrict them based on the classification that they arrive at, but R 18+ material, properly classified as such—

Mr Eccles: Yes, is restricted to people over the age of 18.

Senator SPENDER: Yes, but there are—

Mr Eccles: And X 18+—
Senator SPENDER: Yes, but the nature of the regulation is greater for X 18+ material. Your requirements with regard to subscription television broadcasters are greater with regard to X 18+ plus material than R 18+ material, for example.

Mr Eccles: I think I'd need to take that one away and have a look at it because the classification system is regulated as the classification system is regulated, and those that are under 18 shouldn't have access to either of those categories.

Senator SPENDER: Yes, but you do more than just restrict access to those under the age of 18. You have different rules for how subscription television broadcasters have to go about their business and how datacasting licensing—

Mr Eccles: Sorry, now I think I understand. It's the different classification framework for broadcast for different regimes, if you like.

Senator SPENDER: And in those regimes you regularly place greater restrictions on the showing of X 18+ material compared to R 18+ material.

Dr Patteson: I think what you might be referring to are the codes of conduct and the codes of practice for broadcasters which are the co-regulatory arrangement with the Australian Communications and Media Authority, and they're the ones that they have determined, and that have been registered by the authority, for the categories that they show. What I understand is that they have made a determination around the categories—

Senator SPENDER: But it's not just their determination.

Dr Patteson: but, as for the categories that they are based on, there is still the National Classification Scheme, which has G, PG, M, MA 15+, R 18+ and 'refused classification'. But the extent to which they have then made a determination is a matter of the discussions around the formation of the codes of conduct which are then registered by the authority. But it is still within the overarching classification scheme that it is regulated.

Ms O'Loughlin: If I could just add to that, one of the classification factors is that X 18+ includes actual sexual intercourse.

Senator SPENDER: I'm mentioning that. But the distinction is that sex is in one category and the remaining category ends up predominantly being violent material, and it's not just the decisions of ACMA as to how to make their determinations—

Ms O'Loughlin: That's X 18+, which is different to R 18+. X 18+ includes actual intercourse.

Senator SPENDER: Yes.

Ms O'Loughlin: That's a distinguishing factor.

Senator SPENDER: Yes, that's why I'm asking. Why do we have a greater restriction on X 18+ material compared to R 18+ material?

Ms O'Loughlin: I would expect that that's through the process of the Classification Board, where the community's views have landed.

Mr Eccles: It reflects community standards that these particular depictions should be restricted.

Senator SPENDER: Anyway, I would appreciate any data or advice you could provide on notice. And I note that X 18+ material, yes, is actual sex, but it is also non-violent, non-
demeaning sex. I think we'd find that the great majority, as you'd know, of R 18+ material is violent material, and X 18+ material has to be non-violent material. But I still haven't found a great explanation as to why we have greater restrictions on non-violent material compared to violent material.

**Mr Mrdak:** Perhaps we could take it on notice to provide you with some information from the Classification Board and the relevant area in relation to the rationale for how those classifications have been reached and why, and then perhaps provide an opportunity from there to consider the matter further.

**Senator SPENDER:** I'm happy for you to do that, thank you. Minister, I think my predecessor once had communications from you indicating that you might be personally inclined towards removing restrictions on online poker, but that wasn't the entirety of what's required to change the law, of course. Can you indicate what progress we've had on the issue of online poker?

**Senator Fifield:** Certainly. Former Senator Leyonhjelm raised with me the issue of online poker and its availability. I indicated to him a disposition, but I also made clear to him that any change would need to go through the appropriate forums of the government, those being cabinet and the party room. I can't provide an update on that for you, as those matters haven't progressed to a point where I'd be able to do so.

**Senator SPENDER:** You don't want to take the opportunity to have as part of your election platform the legalisation of online poker, Minister? It's part of the Liberal Democrats platform, of course.

**Senator Fifield:** No, I work as part of a government that makes collective decisions.

**Senator SPENDER:** Okay. This is probably more to ACMA. Obviously, I'm a bit uncomfortable with the existence of an agency that is, effectively, regulating news content, and the risks that has for democracy, which I'm sure you grapple with. I'll just refer to the example Senator Urquhart raised of the admonishment you provided to, I think, Network Ten for broadcasting a lengthy fight on the news. I would imagine that the public interest in seeing a fight, that we have 20 seconds worth of footage of, is enhanced by showing the 20 seconds rather than one, five or 10 seconds, because it may very well be the case that it is a violent world out there and we should be scared and shocked into potentially finding ourselves in those circumstances, and it is possibly a public service to be shocked and abhorred when there is shocking and abhorrent material that actually happened. This wasn't someone's depiction or a piece of art or entertainment. This actually happened. Can't you see that there's a risk that admonishing Channel Ten in this circumstance just adds to the encouragement to just not show things that are happening in the real world?

**Ms O'Loughlin:** No, I don't think that's the case. Under the co-regulatory codes, the industry itself decides what they think is acceptable and not acceptable. They have developed codes of practice which govern their news services, and the breach that we made on Channel Ten was about accuracy. We strongly support broadcasters showing material which explains social issues, important issues, in the public interest for the Australian community, but our obligation is to test that against the codes of practice that the broadcasters, themselves, have developed. We made this clear in our decision around *Sunrise*, which we breached both on accuracy and provoking contempt on the basis of race. It was important that broadcasters
could discuss sensitive issues, sensitive social issues, but that they should do that with due care and in a way that complied with the codes that they, themselves, have developed and agreed to. So our role is not to make a judgement on their news services; it is to assess as a reasonably ordinary viewer, which is the test we use, that they are complying with their codes, but that they should be able to discuss and debate those types of important social issues.

**Senator SPENDER:** Just on two of those issues you've raised—one being the idea that these are codes created by the industry themselves. But surely you're aware that they do that under overarching legislation that suggests the creation of these codes and, in the absence of them acting, they would face greater risk of black letter law. So they're responding to you and they're responding to the breach, for instance, that you've imposed on Channel Ten.

**Ms O'Loughlin:** The Broadcasting Services Act has been in existence since 1982. Those codes of practice have been in existence for a considerable length of time, and we work with those broadcasters too, to point out to them where they may need to be updated. The commercial broadcasters, the subscription broadcasters, are very responsive in developing codes where they think there might be gaps. They see that they have an important social responsibility, which they deliver on, and our job is to assess against those. Yes, we do have fallback provisions where we might add a licence condition or we might develop a standard. We've not done that in broadcasting in recent times.

**Senator SPENDER:** In the other matter you raised, you were saying that Channel Ten case involved inaccuracy. I only very briefly had a look at what I thought was the ruling, and it talked about insufficient blurring of the fight and the shared detail and the length of time that was depicted. That doesn't strike me—

**Ms O'Loughlin:** No.

**Senator SPENDER:** in those aspects as being inaccurate.

**Ms O'Loughlin:** Sorry, I will try and answer the question, but I will turn to my team if not. The accuracy provision was about a statement in the news report about the contribution of African and Sudanese gangs to crime increase. The discussion I think you're talking about is a discussion around that footage, and we decided that that footage did not amount to provoking contempt. I'll ask Rochelle to clarify that.

**Senator SPENDER:** Before you go on, I want to check that we're talking about the same event, because I'm looking at attachment A to what I think is your ruling on this, and it doesn't refer to anything about particular tribes. This is about the—

**Ms O'Loughlin:** Senator, we may be talking at cross purposes; I apologise.

**Senator SPENDER:** I'm talking about the fact there was a fight after an AFL match where the audio of the news people was basically just saying there was a fight but the footage was what I think was disturbing from the authority's perspective.

**Ms O'Loughlin:** I will ask Rochelle to go through that with you.

**Ms Zurnamer:** That's correct. That was about distressing material in the context of news. I don't have the code provision in front of me at the moment. I can get it, but that's correct. That was during the news and that was the issue—distressing material for viewers.

**Senator SPENDER:** I know you don't write the code yourself, but news is invariably distressing. How can we have a code that says it's a breach when we depict distressing
material, when the world is distressing? This person was beaten up. Someone was straddling him on the ground and continually punching him. That was reality.

Ms Zurnamer: I think you'll find—and, as I said, I don't have that provision in front of me—that there is a public interest consideration in the codes of practice. We would look at whether there's a public interest in broadcasting particular material, and, even if there is a public interest in broadcasting particular material, it can often be a proportionality thing. So it might be that there's 20 seconds of footage, of which one second is sufficient, or a reference to it is sufficient. Those are the judgements we make.

Senator SPENDER: I'm uncomfortable with the existence of anyone other than Channel 10 making that decision and the viewers of Channel 10 making the decision about whether or not to watch, but you have to do your job, so thank you very much.

Senator Fifield: Chair, through you, if I could inquire about the professional welfare of a former colleague—Senator Spender is there any update on the Legislative Council count in New South Wales?

Senator SPENDER: It's extremely slow, and I think they've delayed the point at which they press the button on the magical computer. We won't find out formally until Monday, but I think it's all going well.

Senator Fifield: Thank you, Chair.

CHAIR: We'll wait with bated breath. We'll reconvene on Monday and get an update!

Senator SPENDER: Yes, let's come back!

CHAIR: Everyone will be back for that. Good. Senator Urquhart.

Senator URQUHART: Sorry, I have to compose myself after that! I was part way through the Regional and Small Publishers Innovation Fund. Ms O'Loughlin, you went through, and were going to table, the applications that were innovative and why. I understand that some of those successful applicants received money simply to establish an online service. Can you talk me through what's innovative about establishing an online service. What are some of the more innovative applications received under round 1, and what were some of the less innovative applications?

Ms O'Loughlin: I think Rochelle wanted to clarify something in regard to the tabling of the material, so we might go there first.

Ms Zurnamer: I said earlier that all of the successful applications had been published. As of yesterday, 26 agreements out of 29 successful applications have been published on GrantConnect.

Senator URQUHART: So there are three that haven't been?

Ms Zurnamer: Two are still being finalised, and, in relation to the third one, the applicant decided not to proceed.

Senator URQUHART: So they've withdrawn?

Ms Zurnamer: They've withdrawn.

Senator URQUHART: So there are two outstanding?

Ms Zurnamer: Correct.
Ms O'Loughlin: Round 1 had quite a number of different eligibility criteria and merit criteria, and we made our judgement based on them. We were greatly assisted in our decisions by the advisory committee in making sure that the funds were not going to—let's call it business as usual—things like a new photocopier, a new computer or something like that. What we really wanted to see in round 1 was that the publishers were looking at digital as one pathway to greater sustainability in the future. Rochelle, I don't know whether you wanted to mention a number—

Ms Zurnamer: I do know there was a big focus on innovation.

Senator URQUHART: Maybe you could give me some of the more innovative applications that you received under round 2.

Ms O'Loughlin: If I may, I'd like to take that on notice. We don't have it here at the moment, but the advisory committee provided extensive information on that. If you are happy, we would be keen to take that on notice and go back over their views of what the most innovative ones were.

Senator URQUHART: And also the less innovative ones. I would think that an online service was probably not all that innovative.

Ms O'Loughlin: I think it's also in the context of those regional and small publishers. Some things that may not necessarily look innovative to us are actually things that are innovative and different ways of them doing their business. We can take that on notice for you.

Senator URQUHART: So you're able to get back to us fairly quickly?

Ms Zurnamer: We'd need to go through the notes and the recommendations of the advisory committee.

Ms O'Loughlin: Possibly not today, but we can certainly turn it around quickly for you.

Senator URQUHART: Okay. Thank you. You mentioned something about the criteria in round 1 being different. Is that what you said?

Ms O'Loughlin: That's correct. We have quite a useful fact sheet which—

Senator URQUHART: That's publicly available?

Ms Zurnamer: We have FAQs available, I believe, on the GrantConnect website, and I believe they include the table at the end. If not—

Ms O'Loughlin: The eligibility criteria in the first round were: incorporated company, turnover threshold, primary purpose, Australian residence, independence from certain political finance organisation, Australian control, non-broadcasting project, editorial guidelines and complaints process. Then there were five criteria, which were around need, quality, efficiency, effectiveness and value for money. They've been streamlined in the new grant opportunity to three criteria: applicants need to be an incorporated company; applicants need to have an ABN and be registered for GST; and they must be a regional publisher whose primary operations are located in a regional area and whose news and journalistic output is targeted to readers and audiences in one or more regional areas. The merit criteria are: they are directed towards public interest journalism—they are a publisher of public interest journalism, with an Australian perspective; they have editorial policies and complaints
handling processes in place—and the scope and quality of those policies; and the extent to which the applicant's business case would increase the sustainability of the regional business.

Senator URQUHART: Right. I guess my question is: is the point of the fund to help regional, small publishers operate efficiently—and you mentioned the word 'sustainability'—or actually innovate and do something new?

Ms O'Loughlin: I can have a go at it, and I will ask the department if they wish to comment, as the guidelines were developed by the department. I think what we found with the first round, and from the significant feedback that we had from the sector, is that many regional publishers weren't able to take up that opportunity to do more innovative work without improving their existing sustainability. The investment will now lift them up to potentially take better advantage of the innovation fund next round—and we have two additional rounds to do. I will defer to my colleagues in the department if there's anything else to add.

Mr Eccles: No, you've set it out perfectly.

Mr Mrdak: That captured it well. As Ms O'Loughlin indicated, we have a situation where a number of regional publishers have to lift their sustainability and viability through their core products and then add to that. The program is very much transitioning to one of sustainable funding support.

Senator URQUHART: Going back to the innovative applications—and I understand that you're going to provide me with those—can you just give me some examples of some that are, perhaps, more around innovation than sustainability? Have you got some examples there that you can step me through?

Ms O'Loughlin: I'll comment on one that I think goes to sustainability but which shows the thinking of the publisher in terms of where they need to go to innovate their business, and that is Stormvale Pty Ltd, a trustee for the Creighton Family Trust, trading as Boonah Newspaper Company in regional Queensland. They received $189,000 to purchase a newsroom content management system with a paywall and ad management integration for the applicants' website to complement the existing newspaper. So they have a newspaper, but what they're doing is looking at how they can, through an innovative process for them, raise the potential for a new line of revenue, a new line of sustainability. I think that's what you're having trouble with.

Ms O'Loughlin: I think it's a bit of both. From the point of view of that newspaper, that was a very innovative way of them moving. They could have chosen just to stick to their own newspaper and broaden their offline distribution. They could have chosen just to build a website or, as we had with any number of applications, build an app. We know that apps, apart from those of utility companies, don't tend to get used beyond about a month. So they had done some deep thinking about how they could, through an innovative process for them, raise the potential for a new line of revenue, a new line of sustainability. I take your point that
all of these innovative proposals have sustainability as an end goal. Really the end goal of the program itself is to make sure that regional and small publishers have a future.

Senator URQUHART: What's the definition of 'innovative' under that? How would that be defined?

Ms Zurnamer: We'd have to take that on notice because it hasn't been defined in the grant guidelines that are in front of me. I have the new grant guidelines.

Senator URQUHART: Yes, but I'm talking about for round 1. What is the definition of 'innovative' in that?

Ms O'Loughlin: I don't think we have that with us, but we may be able to get that and provide that to the committee this afternoon if that would be okay.

Senator URQUHART: Okay. Ms O'Loughlin, you've given me one example, and there are 26. Do you have any others?

Ms O'Loughlin: The others I really would like to take on notice as we discussed, because I may be doing a disservice to the innovation of some of these where I've just got a one-line project description. I would like to go back and check on the advisory committee's recommendations and insights given their experience in publishing.

Senator URQUHART: Minister, from my listening to the information, I think the fund has changed since the night that it was announced on the Senate floor as part of the government's media changes. It's been amended, but it's really moved from innovation to sustainability. Is that how you see it, or do you say, no, it's still innovation?

Senator Fifield: I think it's two sides of the one coin. Innovation is to help the sustainability of the organisations and, if they're more sustainable, they're in a better position to be innovative. The original intent was to provide assistance to these publishers to make the transition in what is a challenging environment, and that remains the objective, but obviously there is a greater flexibility because we want more organisations to be successful and it's appropriate that there is flexibility in light of the experience of the initial round.

Senator URQUHART: When it was originally released, the criteria excluded publishers like Guardian Australia and The New Daily. Since then, we've heard that the criteria have been amended. It's not now going to include those publishers anyway but rather clarifies who can apply. Is that correct, or am I misunderstanding?

Senator Fifield: It's the criteria that would relate to the success which alter, not the organisations that would be eligible to make applications.

Senator URQUHART: So, what are the amendments? Ms O'Loughlin, you spoke about the amendments to the guidelines. What are those things that have changed from round 1?

Ms O'Loughlin: It's named the Regional Grant Opportunity, to distinguish it from that broader Regional and Small Publishers Innovation Fund.

Senator URQUHART: So, it's broader than just the small publishers?

Ms O'Loughlin: It's more limited. It's regional publishers. And the focus is directly on sustainability and facilitating innovation, whereas round 1 was a direct focus on innovation and experimentation. So, that's the distinction there. In terms of tender applicants, under the new Regional Grant Opportunity it is regional news publishers only, with 'regional' defined as regional commercial radio licence areas, which is narrower than the previous regional and
small publishers throughout Australia. The maximum grant available under the current opportunity is $400,000 per applicant, which is different to round 1 of the innovation fund, which was $1 million per applicant. And the activities to be funded—obviously under the innovation fund the focus was on projects that had an innovation and experimentation component. The Regional Grant Opportunity has a broader range of activities supported and expenditure allowed compared with round 1. And, again, that is focused on business sustainability. So, as I said, the consideration was that many small businesses needed to lift their sustainability before they could take advantage of the broader innovation fund which was looking at innovation and experimentation.

Senator URQUHART: Why have the small publishers been removed?

Ms O'Loughlin: I think the decision was that the greatest need was the regional publishers.

Mr Eccles: That's right

Senator URQUHART: Ms O'Loughlin, in February you advised the committee that the ACMA has had lengthy discussions internally with the ACCC about what's happening in news and journalism across Australia. The advice was that the ACMA is 'embarking on a project to look at news and journalism through the prism by which ACMA looks at things. We're looking at things like distinguishability in news, impartiality of news and diversity in news and localism. Over the coming months we'll be kicking off some new processes and looking at those issues as well.' So, can you give me some detail around what the new processes are and the time frames around them?

Ms O'Loughlin: Certainly, and we are still settling some of that project. We are also having some additional discussions with both the department and the ACCC to make sure that we're not duplicating effort. I mentioned again that one of our compliance priorities was news, and that is about focusing on the distinguishability of commercial content in news broadcasts. So, that's one element of it. We will be doing some research around the levels of diversity produced by the current legislative structures. We also want to look at localism, going back to the previous item. In regional areas, what does localism in news these days look like, from the point of view of broadcasting, online, what's provided by local newspapers? We want to do a series of case studies about what is happening in regional Australia, given the seismic shifts in the whole news sector over the last many years. That of course picks up on material that we've previously looked at from our own remit. Things like impartiality, distinguishability, localism and diversity are things that are very much in the ACMA's bucket of responsibilities. But it also does pick up some of the insightful observations of the ACCC digital platforms inquiry around the fall in the number of journalists and how that is impacting in local areas around things like court reporting and local council reporting. We want to work together with the ACCC and the department to have a fairly comprehensive look at and understanding of what is happening in news across Australia, given its importance to democracy.

Senator URQUHART: And timeframes?

Ms O'Loughlin: I think this will probably be an eight to 12 month project for us, but, of course, it will be chunked down, so certain things will be done and released in different timeframes. Research always takes the longest. We're looking at a rolling program of work for the agency and as we complete those we will make what we find publicly available.
Senator URQUHART: In relation to the changes to the guidelines and criteria for the fund, who is making the changes to that? Is it ACMA or the department, or both?

Ms O’Loughlin: The guidelines are developed by the department to comply with the Department of Finance grant guidelines. The minister announced those broad parameters for the program last week. We have developed what's called the grant opportunity, which fleshes out that material, and now the assessment against that grant opportunity and the decisions on who receives funding are a matter for ACMA, taking advice, as we do, from the advisory committee appointed for the project. I'll just ask Ms Zurnamer to correct me if I got that wrong this time.

Ms Zurnamer: The grant opportunity policy design is developed by the Department of Communications and the Arts, in consultation with the ACMA, and the grant opportunity guidelines were drafted by ACMA staff, in consultation with the department, using a Department of Finance template, and approved by the Department of Finance.

Ms O’Loughlin: Thanks.

Senator URQUHART: What involvement has the minister or the minister's office had in relation to those changes and tweaks in the fund?

Ms O’Loughlin: As Rochelle mentioned, the policy around the grants was developed by the department and approved by the minister. And we've developed the guidelines that sit under that broad-ranging policy. Now, the job for us is to assess applications against those guidelines, and we will make the funding decisions.

Senator URQUHART: My final set is on ethnic radio. What costs are involved in obtaining a licence for community based ethnic radio stations?

Ms Zurnamer: I understand there is no cost for a community licence.

Senator URQUHART: Are some of those operated on open narrowcast licences?

Ms O’Loughlin: Some of the licences, if they are using spectrum, will be given under apparatus licensing arrangements, and they do pay for apparatus licensing. But I think it will depend on who the broadcaster is and what form of licensing they're coming in under, because there could be a range of different licensing models that they can use.
Senator URQUHART: Has there been any change in recent years in how those charges apply for apparatus licences?

Ms Caruso: In general terms, we undertake annual CPI increases for our apparatus licences. That applies across the board for all licensees. Those licences were increased in April, so it was in the last week. It's a regular annual thing that we do so that our spectrum prices are keeping pace with inflation.

Senator URQUHART: In 2017 the parliament passed the government's legislative changes to abolish licence fees and impose a spectrum charge. Did this affect fees for ethnic radio broadcasters who operate over a high-power open narrowcasting licence?

Ms Caruso: Those changes for the fees only affected commercial broadcast licences. That was a change in arrangements for the commercial broadcasters only. The other licensees would continue under their current arrangements.

Ms O’Loughlin: In regard to that, that came around at the same time that the broadcasting licence fees on broadcasters were wound back. The commercial broadcasters were rolled into the general spectrum licensing and payment arrangements, so that's where that came from.

Senator URQUHART: Do costs make it difficult for some ethnic broadcasters to continue to operate and provide much-needed community broadcasting services?

Ms O’Loughlin: I don't think I can provide an opinion on that. The apparatus costs are what they are. We raise them by CPI each year. There are a range of different ways that community broadcasters, including ethnic broadcasters, can get access to spectrum. So I think—

Senator URQUHART: Are you aware of whether the apparatus licences for open narrowcasting are increasing or decreasing? They're obviously going up by CPI.

Ms O’Loughlin: They're going up by CPI.

Senator URQUHART: So that's an increase.

Ms O’Loughlin: Yes.

Senator URQUHART: My final question to ACMA is: is either the department or ACMA considering ways to support ethnic broadcasters? Do you have anything in play to support ethnic broadcasters?

Senator Fifield: There was, as part of our media reform package, a significant separate package to support community radio, which had about half a dozen elements to it. That would be applicable for the sorts of stations to which you're referring, Senator.

Senator URQUHART: So the answer is yes?

Senator Fifield: Yes. There are a range of good and positive things, which we can certainly provide to you.

Senator URQUHART: Thank you.

CHAIR: Thank you, Ms O'Loughlin and colleagues.

Ms O’Loughlin: Chair, through you, can I just mention to Senator Urquhart that we do auction low-power open narrowcasting licences.

CHAIR: Thank you, ACMA. We'll now move to the Office of the eSafety Commissioner.
Office of the eSafety Commissioner

[14:54]

CHAIR: Welcome, Ms Inman Grant. Thank you for joining us. Do you have an opening statement?

Ms Inman Grant: I do not.

CHAIR: Okay, we'll go straight to questions. Senator Urquhart.

Senator URQUHART: I'm going to start off with some questions that I've been asking most of the agencies. The department indicated, particularly in relation to the e-safety commissioner, that there had been spend on advertising. Can you confirm how much money will be spent on government advertising this week?

Ms Inman Grant: I will turn that over to the department because the department is running the Start the Chat awareness campaign.

Senator URQUHART: Okay.

Mr Mrdak: As per our answer this morning—

Senator URQUHART: So same, same.

Mr Mrdak: That is the sum we gave you this morning. There are no other campaigns being organised by the department.

Senator URQUHART: Did I ask you about merchandise this morning, Mr Mrdak? I can't remember.

Mr Mrdak: You did, Senator, and we have undertaken to get back to you on that.

Senator URQUHART: You don't have that yet?

Mr Mrdak: No, I don't; I'm sorry.

Senator URQUHART: Minister, on 16 December 2018, you held a press conference where you announced a $17 million online safety package. Is a component of that funding to promote awareness of the eSafety Office?

Senator Fifield: You're right, Senator: we announced an online safety full-port press, as I refer to it, which included an awareness campaign. It also included the draft online safety charter, which is currently out for consultation. It also included that there would be an annual e-safety survey and that there would be additional support for research. The total of that package was $17 million.

Senator URQUHART: Sorry?

Senator Fifield: It was $17 million. They were the main elements of that package, including the grants.

Senator URQUHART: So $17 million was the package. How much of that was to promote awareness, though?

Senator Fifield: I'll see if we have the breakdown for that.

Mr Eccles: It is $9.37 million.

Senator Fifield: Just for the sake of completeness, I should also mention that that package included creating resources which could be provided to early learning centres.

Senator URQUHART: Is that part of the $9.37 million?
Senator Fifield: It's part of the $17 million.

Senator URQUHART: No; but part of the promotional.

Senator Fifield: No; that wouldn't be part of that. I was just adding to my earlier answer.

Senator URQUHART: My question was: How much of that was to promote awareness? And Mr Eccles said $9.37 million was.

Senator Fifield: Correct.

Mr Eccles: And that's what we referred to earlier when you asked the department about awareness raising or media activity.

Senator URQUHART: Yes; sorry. Over what time period will that promotional work that encompasses that $9.37 million take place?

Mr Eccles: I think we covered that earlier. I think it is scheduled to end mid-year, on 30 June.

Senator URQUHART: How was the need to promote awareness of the office identified? What was the point where you identified that there needed to be awareness of the office to spend $9.37 million?

Mr Eccles: There has been a significant amount of focus group testing in order to target the awareness-raising campaign to the people—primarily parents, teachers and carers. So we've undertaken considerable market testing, if you like.

Senator URQUHART: How was that done?

Mr Penprase: For all government awareness campaigns there's a requirement for research to be conducted. In this case, some survey work was conducted by ORIMA. They had some interesting results which support the proposition that you were talking about before: relatively limited awareness of the tools and resources available by the eSafety Commissioner; only 19 per cent of parents and careers were aware of the office; only 10 per cent of the general public; and less than one in five parents or carers who were aware of the office had actually visited the website, with less than one per cent reporting an issue. We had other work which had been done prior to this awareness campaign which suggested that the tools and resources available by the eSafety Commissioner were perhaps underutilised and could be strengthened. That was the driver for the awareness campaign, which was supported by the research conducted through ORIMA.

Senator URQUHART: What key programs and initiatives has the eSafety office rolled out over the past financial year?

Ms Inman Grant: On programs and initiatives?

Senator URQUHART: Yes. The key programs and initiatives.

Ms Inman Grant: I guess I'd say our key priorities are part of our investigative division, cyberbullying, image based abuse, and our cyber report team investigates illegal content, and we prioritise child sexual abuse material. That's core. In terms of the initiatives we've rolled out over the past year, we rolled out the Lost Summer, which is an online interactive video game for 14- to 17-year-olds to teach digital resiliency, respect, responsibility, those types of skills. We rolled out Women Influencing Tech Spaces because adult abuse tends to be gendered and violent, particularly for women in positions of power. There is the YeS Project,
which is a teacher-led program that's meant to help young people create stronger digital worlds. We know that only 50 per cent of young people tend to talk to a trusted adult or parent when something goes wrong online. Part of this is to encourage young people to support each other and become upstanders rather than bystanders.

We've also expanded our teacher professional learning program—again, trying to reach teachers and parents—and the Screen Smart Parent Tour. Parents are obviously at the front line of defence. We have extensive eSafety parent resources, but we have a 10-minute interactive tour so that parents can ask questions and be given tailored information based on their interests and needs.

**Senator URQUHART:** What were the costs associated with these programs?

**Ms Inman Grant:** A lot of these programs were done in house. I will take that on notice.

**Senator URQUHART:** What do you mean 'in house', I don't quite understand.

**Ms Inman Grant:** We weren't given specific funding to develop and release them.

**Senator URQUHART:** So they just come out of your budget.

**Ms Inman Grant:** They come out of our budget utilising specialised staff that, say, work on education programs.

**Senator URQUHART:** Do you attach a cost to that when you do that?

**Ms Inman Grant:** We certainly have budget items for each of those areas. We're actually very cost effective. When I think about the WITS program, for instance, I think that came at a cost of about $30,000, which is very small given the kind of impact it's had on the community and how we're using it across a broad range of vulnerable groups.

**Senator URQUHART:** I guess, given that you didn't get any funding, specifically, there wasn't any underspend associated with the programs.

**Ms Inman Grant:** No underspend associated with the programs. We try and manage the programs the best we can. Underspend, of course, is better than overspend.

**Senator URQUHART:** We heard earlier from Mr Penprase about survey work. What do you know about the level of awareness in the community about the Office of the eSafety Commissioner.

**Ms Inman Grant:** Were you addressing him or me?

**Senator URQUHART:** No, sorry, I meant further to that.

**Ms Inman Grant:** Sure. It's important to remember we're three years old and we're a very small agency. But we've improved our own awareness campaign initiatives. I don't even have the numbers available. I think we've had seven million or eight million people to our website now. We've almost doubled our social media following over the past two years. I've been in the chair. We've run some small billboard campaigns. We didn't have in-house funding for awareness; that has grown organically. Our own research had shown that only 11 per cent of the general public were aware of the eSafety office. We were very supportive of the idea of a campaign and, of course, I spend a lot of time doing what we call 'earned media'—trying to spread awareness through blogs, through our website, through interviews with broadcast, print and radio. That has helped us increase quite a bit. In fact, since the awareness campaign has been running, we've seen our cyberbullying reports double, and to us that's a good thing.
Senator URQUHART: Is that something where you track the level of awareness in the community over time—
Ms Inman Grant: Absolutely.

Senator URQUHART: or do you leave that to the department?
Ms Inman Grant: No, we have annual surveys and we've been talking to the department for some time about the need for an awareness campaign. This wasn't spontaneous; this was something that we've talked about for a long time—a need to drive more people to our resources and to our reporting services.

Senator URQUHART: How is that tracked? How do you do that, because you're not a huge organisation, are you?
Ms Inman Grant: We have an in-house research arm and we do an annual parent survey and an annual youth survey to benchmark these types of things.

Senator URQUHART: The Lost Summer, which you talked about earlier, is the role-playing video that was developed by the office. What was the cost to develop that resource?
Ms Inman Grant: That was an NPP. When Attorney-General's ran countering violent extremism, it was a grant that they provided to the office. It was something to the effect of $1.4 million for—

Senator URQUHART: One point four million dollars?
Ms Inman Grant: I believe so. I will take that on notice, though, just to make sure that I get you the right information.

Senator URQUHART: I'll put down $1.4 million and you can correct it, if that's okay.
Ms Inman Grant: Okay. Of course, we'd never been in the role of creating video games, but we do we know that experiential learning is a really important way for young people to take these principles that we're trying to teach them around respect, responsibility, critical reasoning skills and empathy, practise them in a gaming environment, which they identify with anyway, and be able to practise the skills when they encounter these situations outside. And of course they're supported through extensive educational resources so that teachers can guide their learning through this.

Senator URQUHART: How many times has that been downloaded?
Ms Inman Grant: I believe around 7,000 times.
Ms Mather: It's been downloaded now nearly 20,000 times, with nearly 60,000 sessions.

Senator URQUHART: What is your office doing to promote the use of that?
Ms Inman Grant: We talk about it to the extent we can through earned media. We promote it on our blog and on our website. Whenever we're presenting to schools, particularly educators and parents, we talk to them about this. Of course, educators are always looking for fresh, exciting content that resonates with their students, so teachers in particular have really, really liked these tools.

Senator URQUHART: What is the cost of Act eSafe, which is the animation for eight- to 11-year-olds, and how broadly is it being used?
Ms Inman Grant: That was a program that was developed under the ACMA well before my time. We may have decommissioned those resources, to be honest. We're undertaking a
major refresh of the website. We had something like 650 pages and we wanted to make sure that we rebranded it and only utilised the most compelling content. So I believe that those programs have been decommissioned.

Senator URQUHART: What about GameOn?

Ms Inman Grant: GameOn is also quite an old resource. I think it was developed in 2012 or 2013, when the e-safety office was part of the ACMA.

Senator URQUHART: And Cybersmart Challenge?

Ms Inman Grant: Cybersmart Challenge is also an older program that was developed under the ACMA which may still be used a bit in the classrooms. We do talk to teachers before we decommission products.

Senator URQUHART: Has that one been decommissioned?

Ms Inman Grant: I don't think it's actively used. I will take that on notice and see whether or not that will still be a feature on our website.

Ms Mather: We're also reviewing the resources on our website, which will include looking at which ones should remain active and which ones we should decommission.

Senator URQUHART: Okay, thank you. What evidence does the office have as to why Australian school students are accessing and using our resources and which are not? Do you have any sort of research or evidence around that?

Ms Inman Grant: I mentioned that we do engage in youth data; we engage more than 3,500 youth across Australia.

Senator URQUHART: Do you break it down into those who are using it and not using it? So do you have access to which students are accessing and using the resources and which are not. Do you have that level of detail?

Ms Inman Grant: When we're speaking to them in the research context?

Senator URQUHART: No—

Ms Inman Grant: In terms of the four million school students that exist in Australia—what the percentage of them overall is?

Senator URQUHART: Yes.

Ms Inman Grant: No. I'm not a statistician or a researcher. That would be something—

Senator URQUHART: But you don't have any evidence to show that?

Ms Inman Grant: That would be difficult to calculate but we do have numbers around—

Ms Mather: We have the numbers of those who are using the resources.

Senator URQUHART: But those who are not using? Do you know if there were schools that are not using the resource.

Ms Inman Grant: Certainly, and that's part of the reason—the awareness campaign—

Senator URQUHART: Do you know why they're not? What are the reasons they're not?

Ms Inman Grant: Part of it may be, again, a lack of awareness that the resources exist. Some states and territories have much more rigid curricular requirements. They may not include online safety education as part of their curriculum, for instance. That's why we have very much focused on education leaderships and engaging directly with the states and
territories and making sure that those department are aware of our resources and are pushing those down. Every educational resource is mapped to the curriculum. It's on the student wellbeing hub, and we make sure our teacher training also receives certification in certain states and territories. If these aren't usable and mapped to the curriculum, the teachers aren't going to utilise them.

Senator URQUHART: Yes. But I'm really interested in whether or not your office has any evidence as to which school students are accessing and using and which are not.

Ms Inman Grant: No, I can't—

Senator URQUHART: Or is it just very generic sort of—I'm trying to think of the word and I can't. Is it sort of ad hoc? Do you not have a body of evidence that says, 'These school students are using your information and these are not'?

Ms Inman Grant: We certainly have a sense from the feedback and the engagement that we get from teachers and departments of education where students and teachers are utilising our resources. Do we do a sort of gap analysis and look at the hundreds and thousands of schools that are not? No. We could certainly do that through the process of elimination but, again, I'm focused on getting these resources into as many teachers' hands, parents' hands and students' hands as we can. So things like letters from the minister and the education minister to all the school principals as part of the National Day of Action Against Bullying was a really important thing for us to do to make sure that educators were aware of our office and our resources.

Senator URQUHART: Yes. So, apart from those letters, what are the other things that the office is doing to increase the coverage or usage of the resources that you have?

Ms Mather: We're currently engaging with state and territory education departments to get a better understanding as to the kinds of guidance and support that they need to deliver and have best practice responses to online safety in schools. Part of that engagement will be to have a better understanding about the use of our resources and how we can help raise the awareness about those resources through that guidance to schools.

Senator URQUHART: Great. Commissioner, how many complaints or reports has the office received under the regime for dealing with the non-consensual sharing of intimate images in, say, the last year to date?

Ms Inman Grant: We launched in October 2017, and I believe we have had over 872 reports. We have had a number of inquiries as well and, of course, each report usually has multiple URLs, so up to 1,700 URLs have been investigated as part of that, and we still have an 80 per cent success rate in terms of getting this content taken down from overseas sites.

Senator URQUHART: According to your website—this is the online content against the national classification scheme—material such as 'child sexual abuse material, pro-terrorist
content and content that promotes, incites or instructs any crime or violence' is known as the refused classification content. Specifically, how much pro-terrorist content has been reported?

Ms Inman Grant: A very small per cent overall. I believe it is under two per cent.

Senator URQUHART: Has the office responded? How many notices have been issued et cetera?

Ms Inman Grant: Under the new abhorrent violent material scheme or pro-terrorist content under the schedules 5 and 7 of the Broadcasting Services Act.

Senator URQUHART: Maybe under both, because the new one has only just come out.

Ms Inman Grant: Okay. I believe we had one notice with the [inaudible] content; is that correct? No?

Mr Dagg: Senator, the power for us to issue notices is only where material is hosted in Australia, where an Australian connection is made out. So that's material that's hosted in Australia or streamed from Australia. We have not established that any of the reports that we have received in connection with pro-terror material available online have had an Australian connection and so they haven't been subject to a take-down notice.

Senator URQUHART: Okay. Commissioner, I have a few questions around the Christchurch attack. Part of the government's response to the Christchurch terror attack was to hold a meeting in Brisbane with digital platforms. Did you attend that meeting?

Ms Inman Grant: Yes, I did.

Senator URQUHART: What was the office of the eSafety Commissioner's contribution to that meeting?

Ms Inman Grant: The minister graciously gave me an opportunity to ask Facebook questions. My questions were around why they hadn't employed safety by design through Facebook Live? What kind of technological fixes were they looking at, including delayed broadcasting and things like velocity filters, to prevent this from happening. I pointed out that two years prior Mark Zuckerberg announced he'd hired an additional content moderators in response to the more than a dozen live-streamed murders, suicides and rapes, and why hadn't they been more effectively deployed.

Senator URQUHART: Does the office have a role in the government's task force?

Ms Inman Grant: Yes, we do.

Senator URQUHART: The government has responded by introducing the Criminal Code Amendment (Sharing of Abhorrent Violent Material) Bill 2019 and that passed parliament last week, I think. Did your office provide advice to the government on legislative options for response to the Christchurch terrorist attack?

Ms Inman Grant: We were principally asked for feedback around definitions.

Senator URQUHART: Did you recommend the approach of regulating the removal of terrorist material under the criminal penalty?

Ms Inman Grant: I didn't advocate anything. We were asked for specific definitional information around [inaudible]

Senator URQUHART: So just on the definitions?

Ms Inman Grant: Yes.
Senator URQUHART: Did your office recommend any other approaches?

Ms Inman Grant: We did make some recommendations around the scheme and whether or not some of these powers would extend to ISPs.

Senator URQUHART: Yes.

Ms Inman Grant: I don't have any sense as to whether there was merit to have those or not.

Senator URQUHART: Okay. Did your office recommend the option of amending the existing notice and take-down scheme as is administered by your office and is directed at the removal of terrorist content?

Ms Inman Grant: I don't think so, no.

Senator URQUHART: Do you know why not? Why would you not have suggested that?

Ms Inman Grant: I think we've been relying on the review. We don't see anything in the abhorrent violent material act that was inconsistent with the online content scheme that we already run. It just gives us additional ability to provide notice to content service providers to trigger removal.

Senator URQUHART: From the review from the task force?

Ms Inman Grant: The Briggs review recommended that schedules 5 and 7 of the Broadcasting Services Act be taken out and considered part of the Enhancing Online Safety Act. We didn't see anything in the abhorrent violent material act that was inconsistent with the online content scheme that we already run. It just gives us additional ability to provide notice to content service providers to trigger removal.

Senator URQUHART: Did the office recommend that government consider the option of introducing a code of conduct on countering illegal hate speech, similar to the approach adopted in the EU?

Ms Inman Grant: We did not.

Senator URQUHART: Why wouldn't you have done that?

Ms Inman Grant: Because I think once you have legislation in place, in terms of codes of conduct, that ship has sailed. We've certainly been watching the German NetzDG act with interest and the subsequent European version, what they call the NetzDG act on steroids. I think there were some provisions there that were somewhat unrealistic in terms of being able to action—for instance, take down a removal within the course of an hour.

Senator URQUHART: The EU reports that this has been a successful regime in terms of hate speech. The code's been reviewed and has been judged to have effectively helped counter illegal hate speech online. Are you aware of the success of that code of conduct on countering illegal hate speech online, or do you have a different definition?

Ms Inman Grant: I've heard pros and cons about the effectiveness of the scheme. In fact, I've heard that because the scheme is so difficult to comply with and it's not reasonable there have been many times that the scheme has been violated or hasn't been complied with, and they haven't been able to issue penalties and receive that.

Senator URQUHART: Where has that feedback come from?

Ms Inman Grant: I have an international policy team. We're always doing analysis of policy and regulatory movements around the globe to make sure that not only are we leading
but we're on par and we're seeing what other jurisdictions are doing. We often work in cooperation with other jurisdictions and want to continue learning.

**Senator SPENDER:** On similar subject matter, mostly relating to the Christchurch attack and responses to that: you just mentioned philosophy filters. What did you refer to when you met in that Brisbane meeting?

**Ms Inman Grant:** If you think of a real world analogy, when an accident happens people drive by and they rubberneck. You have the same phenomenon that happens on online services. When there's an extreme spike in interest, that issues a signal to the social media site that something may be happening. Velocity filters have been used in online services for quite a long time, and of course I spent 22 years working in the industry so I'm familiar with the kinds of tools that the social media sites and other providers use.

**Senator SPENDER:** It's a measure of activity spike.

**Ms Inman Grant:** It's a measure of activity spike.

**Senator SPENDER:** So why is it called a philosophy filter, which sounds a bit more—

**Ms Inman Grant:** Because the velocity—

**Senator SPENDER:** I thought you said philosophy filter!

**Ms Inman Grant:** Not philosophy. Velocity, in terms of speed—velocity filter.

**Senator SPENDER:** I'm less concerned about a velocity filter than a philosophy filter. You mentioned that you were consulted primarily on the question of definitions. Were you consulted on the definition of torture, because it does not limit the definition to non-consensual acts.

**Ms Inman Grant:** I believe, at least in terms of the rape definition, consent is—

**Senator SPENDER:** Consent is very clearly referred to in the rape definition. It's just the torture definition that seems problematic. It basically says that it's abhorrent violent material if it's violent and someone's under the control of someone else, but it does not say that it's non-consensual, so it essentially includes sadomasochism.

**Ms Inman Grant:** We did not make specific recommendations to those definitions. We are learning. I think we've demonstrated in the past that we will always use discretion. We're obviously looking very closely at the executive memorandum and the intent of the legislation. We evaluate every piece of content that we come across now—and that we will come across in the future—on a case-by-case basis.

**Senator SPENDER:** But you acknowledge that it's good not to have to rely on discretion if there is essentially an inaccurate definition in the legislation? If torture includes S&M material then you'd agree that is a concern?

**Ms Inman Grant:** That would be a matter for the Attorney-General's Department I would think in terms of the specific definitions.

**Senator SPENDER:** It's a matter for you, isn't it, because under the act you have to issue notices when you detect abhorrent violent material? The law is telling you that S&M material is abhorrent violent material, so it's your duty to issue notices when you come across S&M material.
Ms Inman Grant: Yes, and, as I said, we will look at everything on a case-by-case basis and use discretion. We will also look at the overall intent. Is that abhorrent violent material disseminating further instances of hate? Is it causing damage to the victim, to the family or to the community? I know we've come up against some of these very difficult issues before. I don't know if you want to comment, Toby, on the approach that your team takes.

Mr Dagg: We would assess the material against the objects of the legislation, which are clearly around preventing an online platform being used for the purposes of spreading violent and extreme propaganda.

Senator SPENDER: Many people would think that S&M material is violent and extreme.

Senator Fifield: If I could just share the relevant section of the act that refers to torture. It says:

For the purposes of this section, a person (the first person) tortures another person if:

(a) the first person inflicts severe physical or mental pain or suffering upon the other person; and
(b) the other person is in the custody, or under the control, of the first person; and
(c) the pain or suffering does not arise only from, and is not inherent in or incidental to, lawful sanctions that are not inconsistent with the Articles of the International Covenant on Civil and Political Rights …

Senator SPENDER: So that clearly captures S&M material. S&M material is where someone is under the control of someone else and it is violent, and it is not inconsistent with that particular piece of international law. You have defined 'torture' to include S&M material.

Senator Fifield: I suggest that the Attorney-General's Department are using commonly accepted legal definitions of torture.

Senator SPENDER: They had the option of not putting in a definition, but they put in a definition, which is part of the problem. So you're tasked with issuing notices with respect to abhorrent violent material. Do you think you'll be able to issue notices for all abhorrent violent material?

Ms Inman Grant: Will we be able to tackle all the ills on the internet?

Senator SPENDER: The legislation says that you're supposed to issue notices. Are you ramping up a part of your organisation to at least try to achieve what seems to be the requirement for you to issue notices whenever there is abhorrent violent material?

Ms Inman Grant: Sure, of course. The legislation was passed on Thursday. It received royal assent on Friday. We've been working furiously over the weekend through to now on standard operating procedures, led by Toby. We have thought deeply about how we will implement these new powers. We think they are important powers and we take them seriously. Obviously we're going to do the best job we can to utilise these tools and make it clear that this kind of abhorrent violent material isn't acceptable online or offline and to give companies and content service providers notice when we do come across it—absolutely.

Senator SPENDER: The law says that you, the commissioner, aren't required to observe any requirements of procedural fairness. How do you interpret that provision?

Ms Inman Grant: I will refer that to my colleague.
**Ms Vassiliadis:** The intention, as you can see from the explanatory memorandum, is that's to facilitate the eSafety Commissioner being able to move quickly in that instance to issue a notice.

**Senator SPENDER:** What would be the procedural unfairness in moving quickly?

**Ms Vassiliadis:** So, I believe the procedural fairness element would need to be something that would be argued from a prosecution perspective at the time if the matter is being prosecuted, so the defendant would have an opportunity to argue whether the notice was issued validly or not.

**Senator SPENDER:** The act says that it relates to anything in and out of Australia. Do you plan on trying to attack abhorrent, violent material outside of Australia? That seems to be part of the task, unfortunately.

**Ms Vassiliadis:** There certainly is discretion to issue notices to companies who are overseas. We obviously have discretion under this legislation and will look at each matter on a case-by-case basis.

**Senator SPENDER:** And finally on that matter, the act has various defences, but you're required to issue notices when something is abhorrent, violent material. And it's not clear to me that you're supposed to take into account any defences, even though it might be very apparent that there's a very clear defence. So you would be issuing notices to news organisations even though they've got a very clear defence?

**Ms Inman Grant:** There is an exemption, I believe, for news organisations. And I would—

**Senator SPENDER:** That doesn't mean their material isn't abhorrent, violent material. You still might need to issue a notice because it's still abhorrent, violent material.

**Ms Inman Grant:** I would talk about our overall regulatory approach which does require a great deal of discretion and looking at these thing on a case-by-case basis, so I can't make a blanket statement about that. I don't know if you have anything to add further?

**Mr Dagg:** Only that the question of whether or not a defence is valid in any particular case may become a matter for the tribunal of fact to determine during any prosecution.

**Senator SPENDER:** Definitely, people would raise their defences, but it might make your job more manageable if you just exclude anything that seems to be scientific or academic or historic or news, because otherwise your task will be mammoth.

**Ms Vassiliadis:** Again, as I said before, the eSafety Commissioner has considerable discretion as to whether it issues a notice or not, and there are certainly a number of factors that we would be able to take into account.

**Senator SPENDER:** You'll have to use your discretion, because the parliament didn't do a very good job in rushing through that legislation, unfortunately. To one of our parliamentarians who rushed through that piece of legislation.

**CHAIR:** That's very subjective, Senator Spender. Your time here has been well spent. Thank you very much, Commissioner and colleagues. Apologies for last week being called to travel to Canberra by Labor and then being sent home without a single question from Labor. At least you got some this time.

**Ms Inman Grant:** It's always a pleasure to see you.
CHAIR: Thank you very much.

Special Broadcasting Service Corporation

[15:33]

CHAIR: Welcome back, Mr Taylor. Thanks for joining us, and your colleagues. Do you have an opening statement you want to make today?

Mr Taylor: Thank you, Chair. Yes, I do. Firstly, SBS welcomes the continuation of its funding announced as part of the federal budget early last week. This is recognition of SBS's relevance and the important role we play in Australia today. As we continue to navigate the changing face of modern Australia, a disrupted media environment and the shifting needs of audiences, funding certainty enables us to continue to deliver distinctive programs and services which make a valuable contribution to Australia's success as an inclusive, multicultural society. Our activities in 2019 continue to demonstrate our unique offering. A recent series we're particularly proud of and an example of SBS's distinctive approach to storytelling has been Australia In Colour, told through a collection of iconic archival footage brought to life in colour for the first time. This groundbreaking documentary reflects on our nation's character, its attitudes, its politics and the challenges we face in reconciling our Indigenous and multicultural past. We received an overwhelmingly positive response from audiences and stakeholders, and the series is the second-highest rated SBS program this year to date. I invite you to watch it on SBS On Demand if you haven't seen it already.

Our unrivalled multilingual services are invaluable for nearly five million Australians who speak a language other than English at home. Last month our Arabic language radio channel, SBS Arabic24, celebrated its third anniversary. We're proud that it continues to be Australia's leading Arabic service, providing important news and information for the many Arabic-speaking communities across radio and digital platforms.

SBS recognises the important role that diverse Australian stories can play in deepening understanding and respect amongst our communities. We're increasingly focused on this and have this year committed to making more SBS commissioned programs available with subtitles in more languages. The Chinese Collection and the Arabic Collection, launched earlier this year, feature a range of SBS dramas, documentaries and current affairs programs subtitled in Arabic and simplified Chinese available on SBS On Demand and promoted to these communities through our language services. Our intention is to increase this offering to audiences in the coming months.

Finally, as we head towards a federal election, SBS will be providing comprehensive coverage and dedicated programs across all platforms. Audiences come to SBS for trusted, independent and quality news and current affairs reporting, and our coverage will explore the issues, concerns and voices of our diverse communities. Across TV, radio and online we'll provide news, information and explainers in multiple languages, helping all Australians, including the 20 per cent or so who speak a language other than English, to understand policies and navigate the voting process. I look forward to your questions. Thank you.

Senator URQUHART: Thank you very much. Mr Taylor, could you outline how SBS uses its terrestrial free-to-air platform and how it uses its free-on-demand platform when it comes to providing television content to Australians.
Mr Taylor: Certainly, Senator. We have a number of free-to-air channels which provide a range of services. We reach approximately 13 million Australians every month with our linear television channels. We have SBS One, which is our main channel, which provides a diverse array of CALD and LOTE content. We have SBS Viceland, which aims to serve our charter content to a slightly younger audience, the National Indigenous Television service, which is proudly by and for Indigenous Australians, and SBS Food, which celebrates culture through cuisine. SBS On Demand is a streaming service which has a great many subscribers. Some six million Australians are registered to consume our digital products, of which SBS On Demand is the principal product. It serves a large array of content; more than 5,000 hours of content. Interestingly, 75 per cent of the dramas on SBS On Demand are in a language other than English. We think it is a unique proposition in the Australian media landscape, and we're proud of our linear and our digital services.

Senator URQUHART: Thank you. Can you tell me what your ratings data tell you about how Australians are consuming screen content across those SBS platforms?

Mr Taylor: Yes, certainly. If we think about our share, which is the measure of our share of total linear consumption, it's approximately eight per cent. That has been increasing over the last few years, and we're very pleased about that. At the same time, you'd note that many Australians are engaging ever more with digital services. What we're seeing with our linear proposition, not unlike many of the propositions, is that, given Australia's aging population, the age of the linear consumers is increasing, while the slightly younger audiences, particularly the 25 to 54 demographic, are moving to digital platforms. What's gratifying for us, as a network, is that the rate of growth of our consumption on digital platforms is at a rate that is off-setting the decline on our linear platforms. So in terms of being a public broadcaster, ensuring that we remain relevant to all Australians, we're very happy with the way we're navigating that transition from linear to digital services, providing a valuable and good linear proposition to the 90 to 95 per cent of audiences who still consume us in that way, and providing a very compelling offer in the emerging digital landscape.

Senator URQUHART: Are some kinds of content better suited to different platforms? For example, does Australian drama content get a better run on the On Demand platform?

Mr Taylor: What we find with On Demand is that it gives audiences more opportunities to come back and consume content. The SBS schedule is made up of many, many wonderful things. It's a relatively fragmented schedule. You'll note that SBS is not exposed to things like reality TV, which sits in a commercial free-to-air schedule for a long period of time.

Senator URQUHART: Thank heavens, Mr Taylor. That's all I can say.

Mr Taylor: I would not make any comment on that. All I would say is that that is not part of our content mix.

Senator URQUHART: I can.

Mr Taylor: We tend to have a larger variety of smaller programs. Therefore, things like Drama allow audiences in an on-demand context to find a program and perhaps watch the additional episodes they might have missed.

Senator URQUHART: What about children's content? What platform is that better suited to, from what you've found?
Mr Taylor: I think youth content, children's content, is very, very easily and well consumed on digital platforms, if my kids are any benchmark. They are very au fait with how to use an iPad, and kids tend to like to watch episodes multiple times. The amount of children's content that SBS has tends to work well on demand. We've got some fantastic children's content—in particular, Little J and Big Cuz, which is an NITV production, which is an animation for Indigenous and non-Indigenous children. It won a Logie award last year, which we are proud of. That is a piece of content that has done well in the on-demand environment.

Senator URQUHART: So, in your view, will the on-demand platform be of increasing importance in the provision of content?

Mr Taylor: Absolutely. We are intentionally platform agnostic as an organisation and we are here to serve all Australians, in keeping with our charter and our act. We want to make sure that content is available in the place that they wish to consume it. Therefore, we imagine that the growth of digital platforms will continue at pace, and we need to be there with a strong, compelling proposition.

Senator URQUHART: Just thinking about the Australian and children's screen content review, how important is it that changes to the policy and regulatory framework consider free on-demand platforms like the SBS On Demand service?

Mr Taylor: Our position on that has been that, to the extent that we were able to do more Australian content, we would love to do so. By budget necessity, much of our content is acquired. There's nothing wrong with acquired content—all of our service exists in service of the charter—but, as an Australian public broadcaster serving Australian multicultural communities, our capacity to make those stories for Australian audiences by Australian audiences, we think, is to our betterment.

Senator URQUHART: I want to turn to some questions around hate speech, particularly in response to the Christchurch terrorist attack. Is SBS subject to the ACMA's investigation?

Mr Taylor: Yes, we are.

Senator URQUHART: Can you tell me what the programs and services are that are subject to that investigation?

Mr Taylor: News programs produced by us or broadcast in English were the subject of that inquiry.

Senator URQUHART: Does SBS have a way of moderating content posted by third parties on its online platforms? For example, if a member of the public posts potential defamatory material on an SBS platform, is it removed?

Mr Taylor: Senator, we don't accept comments on our own platforms, but we do post stories to third-party social media platforms—for example, Facebook. We do engage in moderation of those sites—principally, Facebook. Twitter does not provide moderation functionality, but Facebook does provide some limited functionality to allow moderation.

Senator URQUHART: How do you do that moderation?

Mr Taylor: We have staff that are responsible for moderation. In relation to the tragic Christchurch incident, we had to bring on an additional 13 staff to work a roster over the
weekend following the incident. The capacity provided to us by Facebook, in particular, allows us to filter on particular words.

**Senator URQUHART:** On words?

**Mr Taylor:** On individual words. That effectively creates a pre-moderated list of comments that you can then go in and manually work through. The challenge of course is that a word in one context is fine and a word in a different context is not fine. We have the capacity to pre-filter and then we have two mechanisms available to us, to hide comments posted that, in our view, represent hate speech or to delete the comment entirely. The challenge with deletion is that the person who posted the comment is notified and that often brings back an ever-more aggressive response.

**Senator URQUHART:** What policies or editorial standard apply to guide SBS in this work?

**Mr Taylor:** We have our codes and our editorial policy, and we make sure that all our moderators are trained in both, such that they can form an informed view about when comment represents free speech and when it has moved into the realm of hate speech.

**Senator URQUHART:** What material is then monitored for moderation?

**Mr Taylor:** We monitor our Facebook pages, principally; that is the place where we get most of our comments. We monitor other platforms as well, but, as I mentioned earlier, our capacity to moderate is relatively limited in that regard. But, in relation to Facebook, we monitor our SBS Australia page and our SBS news page.

**Senator URQUHART:** Is hate speech monitored?

**Mr Taylor:** Yes. When we monitor our sites we're monitoring and looking for defamatory comments and, in particular, comments that incite hatred or violence or that are derogatory about another individual, and we pay fairly close attention to that. It's important for us. Clearly, many—in fact, most—Australians receive their news through social media platforms. We want to make sure that our audiences coming to SBS and our pages hosted on third-party sites are able to consume that news in a safe environment—yes, to engage in and see the debate around individual stories, but to do whatever we can to prevent them being exposed to hate speech.

**Senator URQUHART:** Did you notice a spike in comments that needed to be moderated in the wake of the Christchurch terrorist attack?

**Mr Taylor:** Yes.

**Senator URQUHART:** To what extent?

**Mr Taylor:** To a very large extent. We would normally have had in the order of three or so people working across the weekend. We had 13 staff on over that period of time. We had to enlist people from across the organisation to support. There was a disturbing spike in commentary of that nature.

**Senator URQUHART:** Do you have a view on what the Christchurch terrorist attack says about the need for SBS in Australia?

**Mr Taylor:** As a service that is built upon the purpose of creating and contributing to a more inclusive society, I think that we feel that, in moments following an incident like Christchurch, we have a real capacity to engage with communities, to tell stories of
communities, to help the healing process, to really debate and discuss the underlying causes of these sorts of horrific incidences in our society. So I think that, whilst these incidences are utterly tragic and best avoided, what we seek to do is, in the space behind those instances, to come in and try and assist with better understanding, more respect for one another, better understanding of one another. I think it absolutely amplifies the importance of SBS.

**Senator URQUHART:** Mr Taylor, how much has SBS spent on responding to the efficiency review and competitive neutrality inquiry?

**Mr Taylor:** I think we've provided the details on the competitive neutrality response previously, and our participation cost $282,000. I don't have information on the efficiency review, but I would be happy to take that on notice.

**Senator URQUHART:** Thank you. On 5 March, 2019, there was an article in *The Sydney Morning Herald* by Jennifer Duke and Fergus Hunter about the efficiency review. It was entitled 'ABC and SBS to defend core content'. The article states:

The ABC and SBS are gearing up to defend their programming in light of a new review that has suggested some content is not "core" to the charter responsibilities of the public broadcasters.

Does the SBS charter contain or include any notion about core content?

**Mr Taylor:** No, Senator, the SBS charter does not.

**Senator URQUHART:** Did SBS provide the efficiency review with any information to suggest the SBS uses the notion of core content?

**Mr Taylor:** No.

**Senator URQUHART:** Does the efficiency review provide the SBS with any useful guidance?

**Mr Taylor:** I think we received the review in early March. It was provided to us under embargo and on a confidential basis so that I and the SBS board could review it and discuss it. We've yet to do so; we're doing so at our next available board meeting in April.

**Senator URQUHART:** Is there anything you would like to say about the efficiency of the SBS? How efficient are you?

**Mr Taylor:** At the risk of marking my own homework, I think we've long held the case——

**Senator URQUHART:** I'm happy for you to mark your homework.

**Mr Taylor:** We've long held the case that we are a very, very efficient organisation which has undergone a very aggressive modernisation program with an incredibly engaged and committed staff base, and an organisation that has pivoted to digital at a rate I think impressive for an organisation of our size and scale. We're reaching more Australians than ever before and we've done that because we've been doing everything we can to free up money from activities which we thought we could improve and putting that money into more Australian content and more digital capability.

**Senator URQUHART:** Minister, what funding is there for SBS in the budget this year?

**Senator Fifield:** There is SBS's base funding, and we've also outlined in the budget some additional funding, which I'm happy for Mr Mrdak to take you through, or I'm sure Mr Taylor would be very happy to.
Mr Taylor: I'm happy to do it. We've received an additional $29.6 million over the forward period, against two measures in addition to the base funding the minister mentioned. One was the return for the coming three years of the ad legislation money, removed as part of a process that was ultimately withdrawn, to allow SBS to secure more commercial advertising. The legislation is not being pursued anymore; therefore, the money has been returned. And there was another measure which was an amount which was related to funding adequacy, which was to be a terminating measure at the end of this financial year, which has been continued for the three years as well. Those two measures amount to $29.6 million over the coming years.

Senator URQUHART: Minister, did the government replace the funding it cut as part of the government's attempt to allow SBS to increase its advertising during prime time?

Senator Fifield: Yes.

Senator URQUHART: Can you expand on what occurred around the cut and the replacement of that funding?

Senator Fifield: Going many budgets back, there was a saving taken in anticipation of the passage of legislation which would give SBS greater advertising flexibility. That legislation was not proceeded with because it did not have prospects of passage. Given that, the government was keen to provide certainty to SBS, so on a number of occasions that funding has been replaced.

Senator URQUHART: Minister, does the government's replacement of those funds mean that you've finally accepted the Australian public does not want to see more advertising during prime time on SBS?

Senator Fifield: Not wanting to relitigate the legislation which won't be proceeded with, it wasn't seeking to increase the number of minutes of advertising on SBS overall. It was seeking to give SBS some additional flexibility as to when they might be.

Senator URQUHART: Mr Taylor, what does SBS estimate the total advertising revenue will be for this financial year?

Mr Taylor: Our total commercial revenue, which includes advertising, would be in the order of $120 million.

Senator URQUHART: Is that the total advertising revenue?

Mr Taylor: No, advertising is a subset of that. I'm happy to take on notice the breakdown.

Senator URQUHART: You haven't got that there?

Mr Taylor: I don't believe so, no.

Senator URQUHART: Do you know whether it will be an increase or a decrease on last year or about the same?

Mr Taylor: I think it will be about the same—possibly a slight increase, but about the same. I note, Senator, that this was a World Cup year, which happens once every four years, so therefore we have a little bit more advertising associated with that.

Senator URQUHART: If SBS television and radio advertising remained capped at five minutes per hour, but ads were only positioned before and after programs and not in free-to-air and on-demand services, would the total advertising revenue to SBS be reduced?
Mr Taylor: Yes, significantly.

Senator URQUHART: By how much?

Mr Taylor: Significantly. I'm happy to take it on notice.

Senator URQUHART: What would 'significantly' be—in the order of?

Mr Taylor: In the order of 30 per cent, probably. It would have a material impact.

Senator URQUHART: Does the SBS board impose a set of KPIs on the managing director in relation to advertising revenue?

Mr Taylor: We have a budget which makes assumptions about own-source revenue and government appropriation. We're a hybrid organisation, so we have an obligation to achieve our budgeted outcomes.

Senator URQUHART: Are they linked to KPIs?

Mr Taylor: We measure it, Senator.

Senator URQUHART: Are those KPIs linked to advertising revenue?

Mr Taylor: I think the KPIs are linked to total commercial revenue—the top-level KPIs.

Senator URQUHART: What are those KPIs?

Mr Taylor: We have a set of what I'd call director KPIs, which relate to me and my team. There's a great many of them. Do you want to just know about the commercial ones or—

Senator URQUHART: Tell me the ones that you measure.

Mr Taylor: We measure—

Senator URQUHART: Sorry; on the managing director in relation to advertising and commercial.

Mr Taylor: We have own-source revenue, which is the measure that I'm accountable for because that's—

Senator URQUHART: Unsourced revenue?

Mr Taylor: Own-sourced revenue. I think we call it core commercial revenue, if I'm correct. That is because it represents in any year 25 per cent to 30 per cent of our total funding. So it's important that, as we set out a year, we achieve the targets we said we would; otherwise, we'll have a gap in our finances.

Senator URQUHART: I want to go to some board appointments. Minister, are there any nonexecutive directors on the SBS board who did not come through the merit based recommendation process of the nomination panel?

Senator Fifield: Yes.

Senator URQUHART: Who's that person?

Senator Fifield: Professor Sally Walker came through the legislated process, which makes provision for the government to make appointments apart from the recommendations of the independent nomination panel.

Senator URQUHART: Does Professor Sally Walker have any current or past associations with the Liberal Party?

Senator Fifield: I'm not aware.
Senator URQUHART: On which date was Professor Walker appointed to the SBS board?

Senator Fifield: It was some time ago, so I'll need to phone a friend on that.

Senator URQUHART: Did you notify the parliament within 15 sitting days of her appointment?

Senator Fifield: Yes.

Senator URQUHART: So you can't remember the date?

Senator Fifield: There are 167 board positions in my portfolio, and I don't have total recall of the dates on which all of them were appointed.

Senator URQUHART: Before Professor Walker was appointed to the SBS board, was she a friend or acquaintance of yourself or then Prime Minister Turnbull?

Senator Fifield: I came into contact with her when she was the Vice-Chancellor of Deakin University, in my capacity as a senator for Victoria, where I, with then education minister, Minister Nelson, the then health minister, Minister Abbott and then Treasurer Costello, argued for funding for a regional medical school. That was how I came into contact with her—which, I should say, the government of the day did provide, and it's been a great success for the Geelong region.

Senator URQUHART: Can you tell me why Professor Walker was selected to be on the SBS board when she didn't even apply for the position?

Senator Fifield: As I think colleagues know, the legislation which was passed by our predecessors in government allows for the government of the day to make an appointment apart from names that come through the nomination panel process. In that circumstance, the minister is required to table a statement of reasons in the parliament within 15 sitting days, which occurred.

Senator URQUHART: How many people applied for the position that Professor Walker now holds and how many were short-listed by the nomination panel?

Senator Fifield: I'm almost certain that we would have to take that on notice, because that was a process which happened some time ago. So I think it would be unlikely that officers from the department would have that information on hand.

Senator URQUHART: What were the circumstances in which and when was Professor Walker first brought to your attention in consideration of a possible appointment to the SBS board?

Senator Fifield: I took a proposition to cabinet, and it was a decision of government that she be appointed to the board and that her name be recommended to the Governor-General in executive council.

Senator URQUHART: What was the government hoping to achieve by appointing Professor Walker to the board of directors, and what criteria have you used to assess if Professor Walker has met those expectations?

Senator Fifield: We used the criteria which were established by legislative instrument by the former Minister for Communications, which are still in effect.

Senator URQUHART: Thank you.
Senator Fifield: Chair, my colleagues in the department have just advised that Sally Walker was appointed on 23 February 2017.

Senator Urquhart: Thank you.

Chair: Thank you very much, SBS, for your time today.

Proceedings suspended from 16:00 to 16:15

Department of Communications and the Arts

Chair: We are on the department and program 2.1. Mr Mrdak and officers from the department, if you'd care to join us at the table, that'd be great. We'll get on with scrutinising how taxpayers' money is spent.

Senator Bilyk: I just want to go through some of the budget measures. I will start with the Live Music Australia initiative:

$22.5 million over four years to assist … Australian small businesses with grants of up to $10,000 each for artist costs and to invest in equipment or infrastructure to establish or upgrade live music venues and schedule more performances.

Can you tell me how this program will run?

Dr Arnott: We expect the program to be an open and competitive grant program run by the department. We will, in the usual fashion, work up guidelines and open it for applications. The money actually doesn't start to flow until 2021, so we've got a bit of time to work with that.

Senator Bilyk: Have you got a time frame for when this will start?

Dr Arnott: Obviously we're heading towards an election, and the minister of the day would have to approve the guidelines, but we would hope we would have them approved in the second half of this calendar year.

Senator Bilyk: Do you know how you might determine what to fund and what not to fund, or is it likely to be a first in, first served process?

Dr Arnott: It won't be first in, first served, because we'll develop criteria to ensure that we're getting value for money from the applications that come in, but we would need to develop more detailed criteria before we could make an assessment about how we would prioritise and who would be successful.

Senator Bilyk: Have you got any idea of what kinds of activities might be eligible and the sorts of things you might not fund?

Dr Arnott: From what material is available, it's obviously focused on helping live music venues improve their facilities so that they're able to put on more live music. We haven't got down to the detail of precisely what sorts of things to fund, but it could be a mix of upgrades to venues, new sound equipment, fees for putting on the production and fees that producers might charge for touring bands around. So there could be a range of expenditure that could be applied for through the program.

Senator Bilyk: So there is a bit of work to be undertaken. Maybe I can ask you next estimates, if I should be here.

Dr Arnott: Yes, absolutely.

Senator Bilyk: Let's move on, then, to the Women in Music Mentor Program:
… a mentoring program … including professional training in contract negotiation, marketing, and finance.

Once again, do you know how this program's going to run?

**Dr Arnott:** Yes. The minister announced, when the package was announced on 30 March, that that funding would be provided to the Australian Independent Record Labels Association to deliver that element of the program. They are determined as having the correct level of expertise and skills to be able to deliver that initiative.

**Senator BILYK:** So they'll be overseeing it as custodians of that funding. What's the time frame for this program?

**Dr Arnott:** The funding will commence in the 2019-20 financial year. We would expect to be able to work with the organisation to negotiate a funding contract in time for the start of that financial year.

**Senator BILYK:** What sort of process has taken place so far in discussions with the independent records association?

**Dr Arnott:** No discussions at this stage between the department and the independent records association. We've only just got through the budget and then to estimates. We'll get to it as soon as we can.

**Senator BILYK:** Do you know how many women might be supported with this funding?

**Dr Arnott:** I don't have that level of detail. I think that would be something that AIR would work with the industry to determine. It's a reasonable amount of money. We would expect a significant number.

**Senator BILYK:** I'm a little bit confused. We've had the announcement about the funding, but you don't even know how many women it might support or might fund?

**Dr Arnott:** Not precisely, Senator.

**Senator BILYK:** Minister?

**Senator Fifield:** We haven't established that as yet.

**Senator BILYK:** I'm not saying it's not a good program, but how do you come up with announcing that sort of program if you don't have any idea at all about how it's going to work and who it might help?

**Dr Arnott:** We do know that there's a demand in the industry. We have received approaches from the industry seeking support in this area. And we do go through a costings exercise to work out what might be a reasonable level of support, but that's not to say that we would be able to work out exactly how many individual women might be helped, because there are a number of factors. It will be programs that are rolled out that women can participate in. That might depend on the demand—how many female musicians or women working in the music industry might want to attend those particular seminars and programs. But we understand that there is significant demand and need for this program from the industry itself.

**Senator BILYK:** Presumably, you would get specialists in for the finance and marketing parts of that? Is that right?
Dr Arnott: Yes. The independent records association already has those kinds of specialist skill sets in its staff. We are aware of the work that they’re already doing and this would be enhancing that work and focusing it on obviously women in the music industry.

Senator BILYK: Right across the music industry—instrumentalists, songwriters, everything?

Dr Arnott: Yes, but focusing on women working in the contemporary music space.

Senator BILYK: Great. In the same vein, there's the Indigenous contemporary music program.

Dr Arnott: Yes.

Senator BILYK: When was that announced or when is that to start?

Dr Arnott: That was announced at the same time as the rest of the music package. Again, like the Women in Music program, the funding for that commences in the 2019-20 financial year. The minister, I think, advised at the press conference that that would be administered or delivered by the Australian Music Industry Network.

Senator BILYK: I just want to clarify. The Australian live music initiative is for the 2020-21 financial year and the other two are for 2019-20?

Dr Arnott: Yes, that's right. We have the ability to be able to work for the remainder of this calendar year to get that ready to open for applications probably some time early in 2020.

Senator BILYK: Have you got any ideas, then, on what kinds of activities will be eligible under the Indigenous community music program?

Dr Arnott: The program would be designed to support Indigenous musicians and other Indigenous people—

Senator BILYK: I actually managed to work that much out from the title!

Dr Arnott: working in the industry. Yes.

Senator BILYK: I'm just after a bit more information about them.

Dr Arnott: Sure.

Senator BILYK: Is there anything you can give me?

Dr Arnott: There are obviously particular challenges that some Indigenous musicians face in terms of being located in regional or remote areas. There's not an easy touring circuit for Indigenous bands to participate in and find. We're going to work with the Australian Music Industry Network to try and make sure that any barriers that Indigenous musicians are facing in terms of their careers can be tackled. There might be different depending on where the Indigenous musicians are located and where they want to perform.

Senator BILYK: Are you able to tell me—I'm taking from your other answers the answer's probably going to be no—how many people or groups you might be able to assist with this sort of money?

Dr Arnott: No. Again, I think we would need to work with the Music Industry Network to determine how many precisely. We might be able to support a number of different bands that might be made up of different numbers of musicians. We can't say precisely how many, but we would think a significant number.
Senator BILYK: Once again, will this program be a grant application process? How do you envisage this working?

Dr Arnott: I think we would envisage it as being basically overseen by the Australian Music Industry Network, who would work with Indigenous musicians and bands to target the support to their needs.

Senator BILYK: But not a grant process?

Dr Arnott: Not a grant process.

Senator BILYK: Presumably with the Women in Music Mentoring Program it's not grant process either?

Dr Arnott: That's right. But the main live music package is very much so a grant program.

Senator BILYK: I don't want to take anything away from the Australian music industry or the Australian independent records association, but what clarity or satisfaction can you give me that if there are not grant processes—and trust me, I think, sometimes it's good not to have grant processes, because there's a lot of work that goes into grant processes—that the money is going to be well spent?

Dr Arnott: Sure. We do have experience working with these organisations and they have delivered programs on behalf of the Australian government before. A couple of programs I could mention include the control program for music managers and the release program for record labels. They were very successfully delivered by the Australian Music Industry Network. We're confident that the organisations have the capability and the wherewithal to be able to deliver a successful program.

Senator BILYK: Hopefully by next estimates—as I said should I be back—we can get some further information on those areas. I want to turn to the Bundanon Trust arts centre funding. I'm not being critical of it, of course, because Labor actually announced this, I think it was back in March. How long have you been aware of the proposal for the government to put money in to it?

Mr Mrdak: I think the master plan was developed about two to three years ago. The organisation has been working through that master plan proposal since that time to finalise it. I think it has been finalised in the last year.

Senator BILYK: It has taken a long time, though, hasn't it—two to three years? You'd have to wonder why the funding wasn't provided earlier.

Mr Mrdak: It took some time for the trust to finalise its master plan and then its consultation and, obviously, two levels of government are investing in the project and that takes time to coordinate.

Senator BILYK: I don't think it took the Labor Party that long to work out that they needed some money and to pledge some money to them. Anyway, let's move on. Regarding the general budget update, are you able to give me a detailed year by year breakdown of funding, including details of committed and uncommitted funding for arts programs—so total and breakdown to the key areas and programs?

Mr Mrdak: Do you mean—

Senator BILYK: For forward estimates and for over the medium term.
Mr Mrdak: We can give it to you for the programs that have been announced in the budget. There's a range there. Shall we start with the Australian music industry package? I'll give you the year by year if you'd like?

Senator BILYK: Yes.

Mr Mrdak: So 2019-20 is $2.7 million, 2020-21 is $7.9 million, 2021-22 is $7.6 million and 2022-23 is $7.6 million. There is additional funding beyond the forward estimates for the Australian music industry package as well, which makes up the total of $30 million, which Dr Arnott was talking about. We have the national collecting institutions capital works measure of $8 million in 2019-20; the National Library's digitisation fund, which is $2.5 million per annum over the forward estimates; the Bundanon Trust's Masterplan, which is over three years, starting in 2019-20, with $6 million, and $8 million in 2020-21—

Senator BILYK: Sorry, what was 21?

Mr Mrdak: $8 million in 2020-21.

Senator URQUHART: I think you said 19-20.

Mr Mrdak: Sorry, 19-20 is six.

Senator BILYK: I understand.

Mr Mrdak: This is the budget season. We sort of talk in years and numbers all in one breath! In 2021-22, there is $8 million for Bundanon—a total of $22 million. Then there is the Tasmania fires reconstruction installation of $1.5 million in 2019-20. They're the key elements of the arts.

Senator BILYK: That's the Mona art installation. Is that right? Senator Urquhart and I are Tasmanians, so we're interested in that.

Mr Mrdak: Not Mona.

Dr Arnott: It's under the auspices of the dark mob festival.

Senator BILYK: Yes, Dark Mofo. Sorry, my mistake. And that was $1.5 million.

Mr Mrdak: It's $1.5 million in 2019-20. They are the major elements. Obviously, as we canvassed with Senator Urquhart earlier, we've got the Amplifying Australia's Voice in the Pacific program, which is $17.1 million over the forward estimates. It's broken up at $5.8 million, $5.7 million and $5.7 million over the next three years.

Senator BILYK: That's it?

Mr Mrdak: They're the arts components.

Senator BILYK: With regard to the Australia Council for the Arts, can you give me a year-by-year breakdown of funding, including details of committed and uncommitted funding for the same time period?

Dr Arnott: Yes, Senator, I can give you some detail on that. For 2019-20, the coming financial year, the total appropriation for the Australia Council is $212.1 million. Of that, $116.2 million is allocated to the major performing arts companies; $6.1 million is allocated to the Visual Arts and Crafts Strategy; $9.1 million is allocated to the regional touring programs, which includes Playing Australia and the Contemporary Music Touring initiative; $1.5 million is allocated to the Major Festivals Initiative; and $1.6 million remains allocated to the remaining funding agreements from the Catalyst program, which were sent over to the
Australia Council. All those that are allocated added up to $134.5 million, which leaves $77.6 million to be allocated through grant rounds and other initiatives that the Australia Council will run in 2019-20.

**Senator BILYK:** Is that the furthest out you can go for me?

**Dr Arnott:** No, I can go out another three years after that, if you would like.

**Senator BILYK:** If you could.

**Dr Arnott:** For 2020-21, there is $118.4 million allocated to the Major Performing Arts Companies; $6.2 million allocated to the Visual Arts and Crafts Strategy; $9.3 million allocated to the regional touring programs; and $1.5 million to the Major Festivals Initiative. That adds up to a total of $135.4 million, leaving $80.1 million to be allocated for a total appropriation of $215.5 million in 2020-21.

**Senator BILYK:** Sorry, can you tell me how much was remaining?

**Dr Arnott:** $80.1 million. Would you like me to do 2021-22?

**Senator BILYK:** If you could.

**Dr Arnott:** In 2021-22, the total appropriation for the Australia Council is $218.7 million. Of that, $120.6 million is allocated to the Major Performing Arts Companies; $6.3 million to Visual Arts and Crafts Strategy; $9.4 million to regional touring programs; and $1.5 million to the Major Festivals Initiative. That totals $137.8 million, leaving $80.9 million to be allocated.

**Senator BILYK:** What about looking to the medium term? Have you got anything?

**Dr Arnott:** I can do one more year, which will be broadly similar to the previous years. I can't go beyond the forward estimates.

**Senator BILYK:** You could just give me 2022-23.

**Dr Arnott:** In 2022-23, the total appropriation for the Australia Council is $222.1 million. Of that, $122.8 million is allocated to major performing arts, $6.5 million to Visual Arts and Craft Strategy, $9.6 million to regional touring programs and $1.5 million to the Major Festivals Initiative, giving a total of $140.4 million, and $81.7 million is to be allocated through grant programs and other Australia Council initiatives.

**Senator BILYK:** Are you able to tell me about the breakdown of funding for regional arts?

**Dr Arnott:** Yes, I am. I can give you some details about the Regional Arts Fund. The Regional Arts Fund budget for 2018-19 is $3.577 million. That is all allocated to the Regional Arts Fund. There's a budget for the National Collecting Institutions Touring and Outreach program, which is for touring for the national collecting institutions. The total budget for that is $1 million, and that is fully committed for 2018-19. Visions of Australia has a budget of $2.42 million. I'll just check, but I think that one's fully committed also. Yes, that's also fully committed for 2018-19. The Festivals Australia program budget is $1.21 million. It is also fully committed for 2018-19.

**Senator BILYK:** Is that the lot?

**Dr Arnott:** That's the lot for 2018-19. I have future years as well, if you would like those.

**Senator BILYK:** If I can, please.
Dr Arnott: For 2019-20, the budget for the Regional Arts Fund is $3.511 million, and that is fully committed. The budget for the National Collecting Institutions Touring and Outreach program is $1 million, and that is fully uncommitted—not yet committed to particular grants, but obviously the funding is allocated to that program. The Visions of Australia budget for 2019-20 is $2.446 million. Of that, only $246,000 is committed. The remaining $2.2 million is yet to be committed to particular projects.

Senator BILYK: So it's uncommitted.

Dr Arnott: Yes. The Festivals Australia budget for 2019-20 is $1.224 million. Of that, $243,000 is committed. Of that, $243,000 is committed, leaving uncommitted funding of $981,000. And, as the secretary just mentioned, there's the support for the Tasmanian tourism project, the Mona project—$1.5 million has been allocated for 2019-20. It is not yet committed formally through a contract but obviously is earmarked for that particular project.

Senator BILYK: So no contract signed or anything?

Dr Arnott: No.

Senator BILYK: Is that as far as you can go?

Dr Arnott: No, I can go for another few years if you like.

Senator BILYK: How far can you go?

Dr Arnott: I can go to 2022-23.

Senator BILYK: Okay.

Dr Arnott: For 2020-21 the total budget for the Regional Arts Fund is $3.577 million, and that is not committed at this stage because the Regional Arts Fund contract runs out at the end of 2019-20. So we would need to renegotiate a new contract with Regional Arts Australia for that funding.

Senator BILYK: And when would that contract be renegotiated?

Dr Arnott: We would look to renegotiate it in the second half of this calendar year. There is $1 million for the National Collecting Institutions touring budget. That is not yet committed. The Visions budget for 2020-21 is $2.491 million, of which $66,000 is committed. That leaves $2.425 million not yet committed. The Festivals Australia budget is $1.247 million. That is fully uncommitted at this stage. The 2021-22 budget for the Regional Arts Fund is $3.646 million. That is uncommitted. The National Collecting Institutions Touring and Outreach budget is $1 million and that is uncommitted. The Visions of Australia budget is $2.538 million, of which only $13,000 is committed. The remaining $2.525 million is uncommitted. And the Festivals Australia budget is $1.271 million and that is uncommitted. For the final year that I have, the Regional Arts Fund budget is $3.707 million and that is uncommitted. The National Collections Institutions Touring budget is $1 million and that is uncommitted. The Visions of Australia budget is $2.581 million and that is uncommitted. And the Festivals Australia budget is $1.293 million and that is uncommitted.

Senator BILYK: Can you give me some numbers on the national cultural institutions?

Dr Arnott: I can give you the total appropriation for each of the cultural institutions from 2018-19 to 2022-23, but that is relatively easily discoverable in the budget statements.

Senator BILYK: Humour me, and tell me now while I'm here.
Dr Arnott: So you are happy to have the total appropriation for each of the cultural institutions in the Communications and the Arts portfolio?

Senator BILYK: Yes.

Dr Arnott: Okay, I'll just run through them. I have given you the—

CHAIR: Is it possible to have the document tabled rather than running through each of them?

Dr Arnott: Absolutely.

Senator BILYK: I might come back to that when that is tabled, if I need to. Are there any known large upcoming expenses or demands on the budget for the national cultural institutions, including capital and/or maintenance and repair costs?

Dr Arnott: The way that I would answer that question is to say that the government has provided significant new money to support the capital needs of the National Collecting Institutions. That includes $31.4 million from the Modernisation Fund, which went to capital works for the National Collecting Institutions: $21.5 million was provided to the National Gallery of Australia for capital works projects; and in the most recent budget, as the secretary said, $8 million was provided to a number of cultural institutions for priority capital projects. And, of course, each of the National Collecting Institutions receives a regular capital appropriation from the government to support their capital funding needs.

Senator BILYK: Do you think that will cover off any known large upcoming expenses for capital and/or maintenance and repair costs?

Dr Arnott: I wouldn't be able to answer that question definitively. You would have to put that to the agencies themselves to know. They all have capital plans developed over the coming period of time. They're responsible for managing their budgets within what's required and they all have, obviously, comprehensive capital works programs underway.

Mr Mrdak: The additional moneys will deal with the critical building works at the institutions that have the most pressing needs.

Senator BILYK: Is that because the buildings are aging now?

Mr Mrdak: Yes, it is aging and also some of them contain asbestos and other materials that have to be removed, and a number of them no longer meet relevant OH&S and building certification requirements. They need to be dealt with. That is a combination of both the heritage nature of a number of the buildings and also the age and the previous asset management practices of the institutions.

Senator BILYK: Are we able to get a list of those that have asbestos in them?

Mr Mrdak: I will take that on notice.

Senator BILYK: In fact, could you give us on notice a list of all those that have the issues you've talked about?

Mr Mrdak: Certainly. The $8 million will be provided to the Bundanon Trust, the Museum of Australian Democracy at Old Parliament House, the National Film and Sound Archive, the National Library, the National Museum and the National Portrait Gallery. They are the ones that have the critical works that need to be done in the next financial year.
Senator BILYK: On notice, if you could give me a bit more information on those I'd appreciate that. We might move on to arts appointments. Are you gentlemen able to answer questions on arts appointments for me?

Mr Mrdak: We are.

Senator BILYK: Are you able to tell me what board appointments are outstanding across the arts portfolio?

Dr Arnott: Outstanding, as at 9 April, there were potentially 17 vacancies on arts portfolio boards. Of those, two are long-standing vacancies and seven have never been filled.

Senator BILYK: Can you tell me what the two long-standing ones are?

Dr Arnott: Yes. The two-long standing ones are on the board of the Bundanon Trust.

Senator BILYK: Is there an expectation that they might be filled soon?

Dr Arnott: No. The preferred size of the Bundanon board doesn't necessarily include filling those two vacancies. There has not been a position where they have called for them to be filled.

Senator BILYK: Are you saying there's no requirement for them to be filled?

Dr Arnott: That's right. The board is fully operational in its current form.

Senator BILYK: Are you able to tell me what board appointments are outstanding across the arts portfolio?

Dr Arnott: And seven have never been filled?

Dr Arnott: Yes.

Senator BILYK: Can you tell me who they are?

Dr Arnott: There are six positions on Creative Partnerships Australia that have never been filled. That's a legacy of an old constitution that that organisation has. That board is at the optimum size and there is no need to fill them. It is fully operational. The other position that has never been filled is on the National Portrait Gallery.

Senator BILYK: Why hasn't that ever been filled?

Dr Arnott: It's a relatively young organisation. There hasn't been a need; the board is fully operational in its current form.

Senator BILYK: And there is no legal requirement for them to be filled?

Dr Arnott: That's right.

Senator BILYK: That's nine out of the 17. What about the others—the vacancies.

Dr Arnott: Would you like me to let you know what the current vacancies are?

Senator BILYK: Yes, please.

Dr Arnott: There are three vacancies on the Australian Children's Television Foundation board. There's one vacancy on the Bundanon Trust board. In addition to the two that I was talking about, there's one—

Senator BILYK: In addition to the other two?

Dr Arnott: Yes. There are three vacancies on the National Cultural Heritage Committee and there's one vacancy on the Screen Australia board. That is noting that all of those boards and committees are fully operational and meet the quorum and other requirements.

Senator BILYK: So are you telling me there's no requirement to fill these other ones?
Dr Arnott: It's a matter for the government and the boards themselves whether they seek to have those positions filled. As long as the quorum requirements are reached and there's a reasonable number of people with the right skills and the board is fully operational, that's all that's required under the various bits of legislation.

Mr Mrdak: On a number of the boards the optimal size has already been reached in terms of the views of board.

Senator BILYK: The board makes the decision?

Mr Mrdak: The chairperson of the board often indicates whether they believe they've got an optimal mix and size of the board. Clearly, were you to fill some of those boards completely, you would have probably a less than optimal size, a more unwieldy size, so it's been the decision of past governments to maintain the level as its current level.

Senator BILYK: Three from the Australian Children's Television Foundation is a bit of a worry to me. How many people are actually on that board at the minute?

Dr Arnott: I'm not sure we list the full complement of members. Sorry, I don't have that information with me.

Senator BILYK: If you could take that on notice.

Dr Arnott: I will have to take it on notice, yes.

Senator BILYK: What board appointments have been made in the last month within the Arts portfolio?

Dr Arnott: I can tell you that since 29 January 2019 there have been 48 appointments made.

Senator BILYK: What about in the last month?

Dr Arnott: I'd have to check that for you. I can certainly tell you what appointments have been announced since 22 March. On 22 March the minister announced the appointments of Tina Arena and Mr Mario D'Orazio to the board of the Australia Council, as well as the reappointments of Lee-Anne Buckskin, Leigh Carmichael, Zoe McKenzie, Khoa Do, Sophie Mitchell, Christine Simpson Stokes and Rebecca Weisser.

Senator BILYK: To the Australia Council?

Dr Arnott: To the Australia Council. On 27 March, the minister announced the appointment of Deborah Mailman to the Screen Australia board. On 5 April, the minister announced the appointment of Mr Shane Simpson, Ms Rosalie Rotolo-Hassan, Bennie Ng and Richard Price to the National Library of Australia Council, as well as the reappointments of Professor Kent Anderson, Janet Hirst, Douglas Snedden and Alice Wong. Also on 5 April, the minister announced appointments to the Creative Partnerships Australia board of John Barrington and Chris Pearce and the reappointment of Susan Street. On 8 April, the minister announced the appointment of Mr Darren Rudd to the board of the Australia Council. Also on 8 April, the minister announced the appointment of Stephen Byron to the board of the National Museum of Australia and the reappointment of Maureen Plavsic. On 9 April, the minister announced the appointments to the Australian National Maritime Museum of Dr Ian Watt and Mr John Longley and the reappointments of Justice Sarah Derrington and John Mullen. I think that's up to date.
Senator BILYK: The Prime Minister must be excited to see Tina Arena on the Australia Council. I take nothing away from Tina Arena's abilities, but he has been known to say that she's his favourite singer. Actually, I think he also said—in fact, I did read it again today—that his interest in her was 'bordering on the unhealthy', so he must be very excited about Tina Arena being put on the Australia Council. Are you able to tell me how long these positions were vacant before the appointments were finalised?

Dr Arnott: No, I wouldn't be able to give you that level of detail. Vacancies are usually filled—

Senator BILYK: But you must know when they become vacant.

Dr Arnott: Yes, one by one, I do, but individually for all those ones I wouldn't be able to tell you—

Senator BILYK: Are you able to tell me about just the two Australia Council ones?

Dr Arnott: Do you mean for Tina Arena and—

Senator BILYK: Yes, and Mario D'Orazio.

Dr Arnott: No, I don't think I can tell you that.

Senator BILYK: Could you take that on notice then?

Dr Arnott: I can take it on notice.

Senator Fifield: But we obviously can indicate that one of those vacancies arose as a result of Adrian Collette, who was a board member of the Australia Council, being appointed as the Chief Executive Officer of the Australia Council, which happened relatively recently.

Senator BILYK: Yes. But please take it on notice and tell me when all those appointments you just told me about became available. Thank you. Are you able to tell me when recommendations were made to the minister?

Dr Arnott: No, I wouldn't be able to tell you exactly when each recommendation for each appointment was made to the minister.

Senator BILYK: Why not?

Dr Arnott: Because there are a large number of appointments and I don't have that information—precisely what date the paperwork was provided for each appointment—with me.

Senator BILYK: Can you take that on notice, please?

Dr Arnott: Yes.

Senator BILYK: We might move on. Mr Eccles, earlier today you confirmed that you were aware there have been calls in Australia to extend an Australian content quota to Netflix—that is, to require subscription video-on-demand services that provide services in Australia to offer a certain amount of Australian content. Earlier today, the minister also confirmed that a range of mechanisms may be introduced to require SVOD to contribute to Australian content.

Senator Fifield: Senator, if I may, I didn't say that a range of mechanisms may be introduced. I said that, if there was to be such a thing as that quota—and there has been no decision in relation to that, but if there was to be such a thing—there would be a range of
different mechanisms which could give effect to the intent of those who are proposing such a requirement.

**Mr Eccles:** To further clarify, I think the context of my comments was that I was aware that there had been some media reports around people speculating that such an approach would be worth considering. I also pointed out that the consideration of that is not advanced.

**Senator BILYK:** I might just continue, then, to see if the answers to these are going to be the same. Earlier, Senator Urquhart had a question which referred to whether the department has identified what services in Australia would be captured by such a requirement. I want to put that question another way. What type of services does the department consider to be SVOD services, providing services in Australia. Is Netflix—

**Mr Eccles:** Again, I don't want to give any inference that we're contemplating a specific policy at this point in time, but SVOD covers everything from ABC iview, through to Netflix, Stan—

**Senator BILYK:** Let me go through them and you can tell me if you think they're covered. Netflix?

**Mr Eccles:** Yes. That would be, in my mind, an SVOD.

**Senator BILYK:** Amazon?

**Mr Eccles:** Yes.

**Senator BILYK:** YouTube Premium?

**Mr Eccles:** Yes.

**Senator BILYK:** Nine's Stan?

**Mr Eccles:** Yes.

**Senator BILYK:** Ten's 10 All Access?

**Mr Eccles:** Yes. All of the on-demand platforms for broadcasters would fit into that broad definition of SVOD.

**Senator BILYK:** Fetch TV?

**Mr Eccles:** I don't know enough about that. I'll check with a couple of the experts behind me.

**Senator BILYK:** And Telstra TV?

**Mr Eccles:** I'm not sure. Let me check on those two. SVOD is subscription, so that would rule out the commercial broadcast arms. Video on demand would cover the list that you're talking about. The S in SVOD is subscription, so that would be restricted to Stan, Amazon and Netflix of the list that you've read out.

**Senator BILYK:** Has the Australian and Children's Screen Content Review consulted with or had any engagement with Australian telco based services that offer content services?

**Mr Eccles:** So the question is: as part of the consideration of the review, did we consult with—

**Senator BILYK:** The Australian telco based services that offer content services.

**Mr Eccles:** I don't think so, but I would need to check.
Senator BILYK: If you could, because the next question would be: if not, why not? If you could take both of those on notice and let me know.

Mr Eccles: Of course.

Senator BILYK: Labor commissioned the Convergence review which reported years ago and recommended a new regulatory regime to apply to content service enterprises which, in theory, might apply to a telco with content services if that company met requisite scale and size requirements. Has the department considered the inclusion of new converged content services in the policy and regulatory framework for content services in Australia?

Mr Eccles: There's a lot there, Senator. Are you talking about the regulatory framework as it applies to content?

Senator BILYK: Yes.

Mr Eccles: Because there's a vast regulatory framework around—

Senator BILYK: For content services in Australia.

Mr Eccles: I'd need to have a think about that and come back to you on that.

Senator BILYK: So you'll take that on notice?

Mr Eccles: Yes.

Senator SPENDER: This might be a bit theoretical. I would prefer it if government only did things that were either providing a public good or addressing a market failure and provided a net benefit. Does your area's support for the arts, in your mind, represent a public good in the technical sense or does it address a market failure?

Senator Fifield: The arts is certainly a public good. I think the arts also represents one of the underpinnings of robust democracy because the arts is one way that people exercise and demonstrate freedom of expression. So I think the arts is very important from that point of view. The government also believes in art for art's sake—that there is inherent value in the creative process. But the government also recognises that the arts makes a significant contribution to the economy and that the importance of the arts for freedom of expression, the importance of arts for art's sake, isn't incompatible with the arts and the contribution that they make to employment and the economy.

Senator SPENDER: But, to be a public good, you'd have to argue that the benefit of, say, a particular subsidised performance goes beyond the people who experience that performance. Is that something that you'd argue?

Senator Fifield: I'm sure that that is an argument that is made by the sector, which I wouldn't have much issue at all with. Yes, there is the benefit for the audience consuming but, yes, there is also a wider community benefit.

Senator SPENDER: What's the benefit from a performance for someone who doesn't attend a particular performance? How is it possible?

Senator Fifield: Hopefully, the arts assist the people who are consuming the performance to better understand the past, to make better sense of the present and to be better prepared for the future. When you have people who have consumed the arts, hopefully benefitting in those ways, that's to the benefit of the whole community. It is also to the benefit of the whole community that people who consume the arts have the opportunity to see things, feel things,
think things and hear things that they otherwise might not have, and, in so doing, hopefully, they're better able to put themselves in the shoes of other people.

Senator SPENDER: In the absence of your entire area, though, there will still be cultural expression in Australia, won't there?

Senator Fifield: There was cultural expression in Australia prior to European settlement. There was cultural expression in Australia prior to the existence of the Australia Council for the Arts. But I think that the artistic infrastructure that we have in the nation is good and appropriate.

Senator SPENDER: Is it fair to suggest that, in the absence of government intervention, cultural expression would perhaps be a bit less staid and more edgy?

Senator Fifield: Could you repeat the question?

Senator SPENDER: In the absence of government intervention, subsidy and support, wouldn't it be fair to say that the cultural expression that we would see would be more edgy and less staid?

Mr Mrdak: The counterargument is that it may be less professionalised, less well developed and of lesser quality in the absence of targeted assistance which the sort of programs the government runs I think do provide both edgy, new artistic development but also, importantly, support high levels of quality, which might not otherwise be possible in the absence of such support.

Senator SPENDER: Well, the only way we'll find out is if run an experiment. But I'm not too sure whether you guys are proposing to disappear for a short period of time.

Senator BILYK: Could I get some clarification. When we were talking about some subscription video on demand, did you tell me you thought that Fetch TV and Telstra TV are not services?

Mr Eccles: No; I said I wasn't sure. I don't know enough about the subscription nature of them.

Senator BILYK: Is there anyone behind you that knows about them?

Mr Eccles: Yes, it would be.

Senator BILYK: It would be subscription?

Mr Eccles: Yes.

Senator BILYK: Thanks for that.

CHAIR: Thank you. I think we're done with program 2.1. Thank you very much. We'll now move to Screen Australia.

Screen Australia

[17:09]

CHAIR: Welcome. Mr Mason, do you have an opening statement you want to make?

Mr G Mason: No.

CHAIR: We'll go straight to it. Senator Bilyk.
Senator BILYK: Thank you. Just for the record, are you able to tell me how much the budget cuts were in 2013 to 2016? It was reported as $38 million in the first cuts and another $10 million in the second round. Is that correct? I know it seems a long time ago.

Mr G Mason: I can tell you in 2013-14 we had an appropriation and grant from the government of $100 million. From memory it went down, I think, $16 million in the first year, $11 million the second year and another $11 million the third year after that.

Senator BILYK: $16 million, $11 million—

Mr G Mason: So precisely $15.2 million, $10.5 million and $10.2 million.

Senator BILYK: Thanks. Have there been any further budget cuts?

Mr G Mason: Yes. In the year after that there was another effect of $12.7 million. The last one was $2.9 million. So a cumulative of $51.5 million.

Senator BILYK: How has that affected productions? Did any productions or areas get cut at the time of the cuts or was it just a general reduction?

Mr G Mason: I think I might have put this on record before. I will happily provide it to you again. Initially we were taking as much as we could out of overhead and staff. But there became a point that we also took money out of some issues like development. We develop scripts. We did, in the last year or so, have some impact on on-screen funding, so particularly—

Senator BILYK: Can you talk to me about that? A negative impact I presume you're saying?

Mr G Mason: Yes. There was an appropriation from finance for digital and when that was not renewed we took some of that money out of feature and documentary funding.

Senator BILYK: To?

Mr G Mason: To keep the digital funding going.

Senator BILYK: Are you able to talk me through the Indigenous screen programs? Has there been any impact with the budget cuts there?

Mr G Mason: No. Indigenous is one of our incredible success stories. It's been 25 years of being funded by the legacy agencies and then ourselves. The budget for them, like anyone else, goes up and down a little bit on demand. In the year we are just finishing, whilst nominally they had a budget of about $3.4 million, we actually allocated additional monies to them from other areas to do such things as Mystery Road II, which was a huge success for them. Some Indigenous practitioners, and things that the outside world might assume would be coming through the Indigenous door, come through other doors. They might come through documentary or the other feature film door. As an example, Top End Wedding, a film which is about to come out here and has got a lot of attention.

Senator BILYK: I saw that on ABC this morning.

Mr G Mason: Miranda Tapsell wrote it. It's based on her family story. It's the first time a film has even been on the Tiwi Islands. Wayne Blair directed it. That came through the non-Indigenous feature film door.
Senator BILYK: Are you able to talk me through the budget allocation for Indigenous screen? Can we go through it in a bit of detail?

Mr G Mason: It has varied over the last five or six years from a high of just under $5.9 million and down to a low of, as I said, about $3.4 million budget figure. As I say, we move things around. Those last films or TV shows I was talking about, it added to their budget beyond what the line item was or they're getting funded through other areas.

Senator BILYK: Are you able to talk to me about each program or project with regard to the budget allocation?

Mr G Mason: Each Indigenous aspect within every one?

Senator BILYK: Yes.

Mr G Mason: If you wanted a full breakdown where a project was controlled or majority controlled by Indigenous people, is that the question?

Senator BILYK: Yes.

Mr G Mason: I think I'd have to take that on notice.

Senator BILYK: Through the Indigenous screen budget allocation it's the projects and the programs I'm interested in.

Mr G Mason: The Indigenous team is almost like a microcosm of Screen Australia. It has its own development. It has its own production. It does film and television. It does training exercises. If you want a full breakdown on how that's operating, we can certainly provide that to you.

Senator BILYK: On notice?

Mr G Mason: On notice.

Senator BILYK: Are you able to tell me about the funding for Indigenous screen over the forward estimates?

Mr G Mason: Again, it has internal budgets, because that's within Screen Australia's gift, if you like. We do a notional allocation of the money that we get from government. But, as I said, I and the chair and the board would move things around, depending on where the right demand is.

Senator BILYK: What did you tell me earlier about where you took money from to use in the digital area?

Mr G Mason: We took some money out of the scripted feature film budget and from the documentary budget to replace the allocation that had been there for digital funding.

Senator BILYK: Are you able to talk to me about the budget year by year over the forward estimates—about what's committed and uncommitted?

Mr G Mason: Ours is slightly different from that of the Australia Council. Obviously, it is our larger sister agency. We are a little bit more like, I guess, the ABC or SBS; we just reply to demand. We don't have fixed costs, like the Australia Council would to the ballet or the theatre companies. Ours is almost all discretionary, so ours is not allocated forward at this point.

Senator BILYK: I think that's all I've got for you.
CHAIR: Thank you, Mr Mason. We have concluded with Screen Australia. We are supposed to go to the ABC. I propose we suspend for a couple of minutes to make arrangements to connect with the ABC via teleconference. So we'll have a short suspension.

Proceedings suspended from 17:16 to 17:18

Australian Broadcasting Corporation

CHAIR: We'll kick off. Welcome to estimates, Mr Anderson and Mr McMurtrie. Thank you for joining us. Do you have an opening statement you want to make?

Dr Arnott: No. We're happy to jump straight into questions.

CHAIR: Okay. We might start with questions from Senator Chisholm.

Senator CHISHOLM: I just want to start, Minister, with a couple of questions around the efficiency review. At estimates last week the department confirmed the total cost to the government for external consultants conducting the efficiency review into the ABC and SBS was just over $1 million. Would you be able to provide a breakdown of that figure?

Senator Fifield: I'll ask the department to do so.

Mr Mrdak: I'll undertake to get that for you, Senator.

Senator CHISHOLM: Minister, at previous Senate estimates it's been confirmed that about $500,000 was spent on the competitive neutrality inquiry. That means that the government has spent at least $1.5 million on the two reviews: the efficiency review and the competitive neutrality inquiry. Is that correct?

Senator Fifield: I think $500,000 is about right for the competitive neutrality inquiry, but I will just ask officers to confirm.

Mr Eccles: Senator, you are asking for the cost of the efficiency review?

Senator CHISHOLM: Yes.

Mr Eccles: It is $1.008 million.

Senator CHISHOLM: And the competitive neutrality inquiry?

Dr Patteson: There was $270,000, excluding GST, for the payment of fees to the expert panel members and there was $224,065, excluding GST, for the reports by two external consultants. That's a total of $494,065.

Senator CHISHOLM: So, basically, $1.5 million all up?

Mr Eccles: That's right.

Senator CHISHOLM: Mr Anderson, how much has the ABC spent on responding to the efficiency review and the competitive neutrality inquiry?

Mr Anderson: As I said before, we estimate that the external costs to the ABC to contribute in the competitive neutrality inquiry was around $500,000. For the efficiency review, we estimate that we incurred costs of approximately $60,000.

Senator CHISHOLM: Minister, on 5 March 2019 there was an article in The Sydney Morning Herald by Jennifer Juke and Fergus Hunter about the efficiency review, entitled 'ABC and SBS defend core content'. I have a copy here, and it might be best if I table that. The article states that 'the ABC and SBS are gearing up to defend their programming in light of a new review that suggested some content is not core to the charter of responsibilities of
the public broadcasters'. It goes on to say that 'the review suggests that public broadcasters refocus activities to ensure they are more aligned to their charter obligations'. Correct me if I'm wrong, but don't recommendations around the ABC's charter or core activities go beyond the stated scope of the efficiency review given that the terms of reference expressly stated that the editorial policies were out of scope?

Senator Fifield: We were clear, in commissioning the efficiency review, what was not in scope. And the ABC’s charter was not in scope, that's correct.

Senator CHISHOLM: In terms of the article's reporting around core content, would you dispute the accuracy of that or just as it applies to the charter?

Senator Fifield: I don't seek to run a commentary on newspaper articles.

Senator CHISHOLM: The review suggests that the public broadcasters should refocus their activities to ensure they are more aligned to the charter obligations. That is what is suggested in the article.

Senator Fifield: As I said, I'm not going to comment on newspaper articles. The efficiency review has been provided to the board and management of the ABC. It is appropriate that the board of the ABC have the opportunity to look at that efficiency review. I wrote to the chair of the ABC to indicate that, as far as the government is concerned, the efficiency review is now a document with and for the consideration of the ABC, and it's entirely up to the board of the ABC how they choose to respond to that and what parts of that review the ABC see as relevant to them.

Senator CHISHOLM: Does the ABC Act or the charter include any concept of core duties for the public broadcaster?

Senator Fifield: Not in those words.

Senator CHISHOLM: So why would the efficiency review discuss such concepts?

Senator Fifield: As I say, I'm not commenting on what is media commentary. As I say, the efficiency review is with the ABC. It's a matter for the ABC board as to how they choose to respond to the efficiency review and what parts of it they see as relevant for them.

Senator CHISHOLM: Leaving aside the media article, does the efficiency review talk about the core duties of the ABC?

Senator Fifield: The efficiency review looks at the ABC’s activities and how it undertakes those activities.

Senator CHISHOLM: But doesn't this just go to prove that the efficiency review is really more about meddling in the ABC, given that it contains recommendations about its core duties?

Senator Fifield: Again, Senator, you're hypothesising and speaking to media reports, which I won't do. But, no, there's no meddling in the ABC, because this report has been provided to the ABC with a letter from me indicating clearly that that body of work is there for the ABC to consider and respond to as it sees fit in relation to those parts that they see as relevant to them. The government has concluded its consideration of the efficiency review. It's a matter for the ABC, and the government isn't seeking to act upon anything in there. It is a resource for the ABC.
Senator CHISHOLM: Mr Anderson, do the recommendations of the efficiency review provide the ABC with ideas on how and where to find efficiencies to meet the government's cut of $83.7 million?

Mr Anderson: I think I stated last week that we were provided with a copy of that efficiency review under embargo. I believe it's up to the minister and the government to determine whether or not they release the details that are contained in that report. I have it under embargo, with their documents. So I'm not going to go into details about it. I think it's the minister's document.

Senator CHISHOLM: In terms of the $83.7 million cuts, leaving aside the efficiency review, is the ABC in a position to advise where those cuts will fall?

Mr Anderson: No, I'm not able to advise that at this point. I think I've said before that I believe that, after successive cuts to the ABC over time of $250 million over a five-year period from 2014 through to now—the other efficiency initiatives—this $84 million is difficult to deliver without affecting our services. I've just come from an ABC board meeting. The board is meeting for the first time since Ita Buttrose was appointed as chair. It is something that we will consider as we move towards the next financial year.

Senator CHISHOLM: So will the cut be able to be met by efficiencies alone, or would it involve cuts to jobs or services at the ABC?

Mr Anderson: I think I've expressed that I do not believe that we'll be able to find that $84 million without it somehow affecting our services to the Australian people. I do not believe that it can simply be found through straight efficiency alone.

Senator CHISHOLM: What about job impacts?

Mr Anderson: No matter what happens, that reduction in funding would impact our employment levels—yes.

Senator CHISHOLM: Which services or contents stand to be affected?

Mr Anderson: Senator, I'm not going to go into detail or hypothesise about what may be affected ahead of the considerations that will happen.

Senator CHISHOLM: Which areas of Australia will be affected by these cuts?

Mr Anderson: It's difficult to absorb these cuts without affecting services that may affect the Australian population right across the board.

Senator CHISHOLM: I have a couple of questions about the ABC's interaction with the independent production sector. Mr Anderson, recommendation 9 of the competitive neutrality inquiry, released by the government last year, relates to dealing with smaller providers and states:
The Panel notes that ABC Commercial, in collaborating with smaller companies, must observe best practice business negotiations to avoid appearance of unfair competition ...
In view of this recommendation, is the ABC considering any changes to guard against actual or perceived unfair competition or unfair contract terms with small to medium enterprises or in the independent production sector?

Mr Anderson: ABC Commercial operates a range of businesses. We do have church and state when it comes to ABC Commercial. We do review and make sure that we abide by what
we have to abide by when it comes to those potential impacts. It is something that we consistently look at, to be honest.

Senator CHISHOLM: What about specific to the independent production sector?

Mr Anderson: Yes, that includes the independent production sector.

Senator CHISHOLM: Is the ABC considering any changes to observe best practice negotiations with small providers in the independent production sector, particularly in relation to the negotiation of online IP rights?

Mr Anderson: I don't believe that we're not operating to best practice standards at this point. If it comes to IP rights, I'd need to know specifically what the areas of concern are with the independent sector, with regard to ABC Commercial.

Senator CHISHOLM: I have some questions around moderating hate speech, around the response to the Christchurch terrorist attack. Mr Anderson, is the ABC subject to ACMA's investigation?

Mr Anderson: Yes, we are.

Senator CHISHOLM: Which ABC programs and services are subject to the ACMA investigation?

Mr Anderson: I can't say specifically offhand. We were written to by ACMA. I believe that they wrote to all broadcasters. We'll participate in that investigation and we await the outcome of the inquiry into the matter.

Senator CHISHOLM: Mr Anderson, does the ABC have a way of moderating content posted by third parties on its online platforms?

Mr Anderson: When it comes to social media, what is posted on our platforms we are responsible for and we moderate that. We have moderators who do moderate that. It is certainly our responsibility. What is difficult is when our content appears on other third-party platforms that we do not moderate. That is for them to moderate. It is an area of concern for us.

Senator CHISHOLM: I'm trying to get an understanding of how it's moderated. Is it vetted before something goes up on the ABC platform?

Mr Anderson: It depends on the platform. Sometimes people will just post something on an ABC platform. We then moderate it after it has been posted, as soon as we can.

Senator CHISHOLM: Would it be possible to identify how many staff are engaged in this work?

Mr Anderson: That is something I have to take on notice for you, Senator. We have a lot of people moderating. I will take that on notice for you. When I take that on notice, Senator, there will be some positions that are sole moderators and other people who moderate as part of their role.

Senator CHISHOLM: Is there one room where this is done or does it basically depend on the platform and the various geographical locations when it's done through those ways?

Mr Anderson: It's the latter.

Senator CHISHOLM: What policies or editorial standards apply to guide the ABC in this work?
Mr Anderson: We do have a social media policy. I might turn to my colleague Mr McMurtrie.

Mr McMurtrie: We're reviewing our social media policy at this point, but essentially we take the same position we do with other content: we look for harm and offence; we consider whether or not the content would cause offence to the audience; we consider audience expectations of the content, the degree to which the matter is contentious, circumstances in which the content is presented, the type, subject and nature of the content—all of those sorts of things.

Senator CHISHOLM: What material is monitored for moderation?

Mr McMurtrie: If we look at the Christchurch example, in that we were monitoring all the activity. There was a lot of it. There were about half-a-dozen staff who were looking at posts and social media activity. We took a number of steps to stop the live stream. We only posted two Facebook posts on ABC News so that we could ensure we could moderate them effectively, and the producers who were monitoring across social media were deleting posts linking to the footage or describing the footage or anything that was supportive of or praising the attack. We were banning users sharing links, and actions like that.

Senator CHISHOLM: Is hate speech monitored?

Mr McMurtrie: Social media producers would certainly be keeping an eye out for hate speech. Our harm and offence standard speaks to that and, yes, that is monitored.

Senator CHISHOLM: Did the ABC notice a spike in comments that needed to be moderated in the wake of the Christchurch terrorist attack?

Mr McMurtrie: There were more comments, yes.

Senator URQUHART: You said there were a number of staff monitoring. How many did you need to do the monitoring?

Mr McMurtrie: It's a very organic process, particularly in a live environment like that, but we had roughly half-a-dozen producers who were looking at social media activity and were trying to ensure that any harmful and offensive content was not published on ABC platforms.

Senator URQUHART: Thank you.

Senator CHISHOLM: I have some questions around the National Transmission Network Sale Act. Minister, what is the purpose of this act?

Senator Fifield: The National Transmission Sale Act, if it's what I think you're referring to, is the process through which land that is occupied by transmission facilities has to go if there's a change in its ownership. I think that's what you're referring to.

Senator CHISHOLM: Yes. This is, I think, the explanatory memorandum: 'The act is to safeguard the continuity of national transmission services in the event of the transfer of those assets, and empowers the minister to ensure that obligations continue to apply to the new owner.'

Senator Fifield: That's right—and that any activity doesn't compromise the service that's being provided.
Senator CHISHOLM: Is the minister considering, or has the minister recently considered, any proposed transfers or divestments that enliven that act?

Senator Fifield: I believe I have recently, but I'll—

Mr Eccles: That's ideally a question under outcome 1, and the officers who have carriage of that area are no longer here. But we can take it on notice.

Senator CHISHOLM: I've got a few questions which I might plough on with, but I'll understand if they have to be taken on notice.

Mr Eccles: Terrific.

Senator CHISHOLM: I was after the details and locations of seats and parties affected in the process of that and how long the matter has been under consideration.

Senator Fifield: We'll take that on notice. These do come up from time to time around the nation.

Senator CHISHOLM: What about the status of the matter? Has the minister made a decision in regard to it?

Senator Fifield: We'll take that on notice. There are stages in this process, so we'll determine what stage.

Mr Mrdak: Sorry, Senator—is there a particular land parcel that you're referring to? As the minister says, there are quite a few that get progressed through the system at any one time.

Senator CHISHOLM: I'll be getting to it, because my understanding is that the divestment of the land sites is something that is of concern in general. Is there anything on the public record around material that you've made in regard to this decision?

Senator Fifield: We'll have to check. There's a statutory process which has to be gone through with these matters—consultation, giving the opportunity for relevant parties to have input. But, in terms of what element of various stages is public, that's something that we'll have to take on notice.

Senator CHISHOLM: Surely you'd recall, though, if you'd made a decision recently that would impact on this.

Senator Fifield: I want to make sure that we give you accurate information.

Senator CHISHOLM: Is there any avenue for appeal of the minister's decision?

Senator Fifield: There's the opportunity for relevant parties to make comment and have input and for their views to be considered. Again, in terms of what the appeal mechanisms are, I don't believe the relevant staff are here at this point.

Senator CHISHOLM: Is it the case that Broadcast Australia wants to subdivide land and divest land at certain sites?

Senator Fifield: Again, we'll have to take on notice what propositions there are.

Senator CHISHOLM: If residential housing moves closer to transmission sites, does that jeopardise the transmission services?

Senator Fifield: A decision wouldn't be taken to allow divestment if it would jeopardise transmission services.
Senator CHISHOLM: Mr Anderson, is this something the ABC has concerns about? Are you aware of these issues?

Mr Anderson: Yes. I understand that we were written to—I can't remember if it was the minister or the department—with regard to the proposed sale of land at the base of transmitters. We responded in writing expressing some concern, our primary concern being access to the site to ensure that we can maintain those valuable services. So that's the extent. I can confirm that on notice for you.

Senator CHISHOLM: Are there specific sites that the ABC is concerned about?

Mr Anderson: The concern, I would suggest, would be to all sites if there is a proposed sale of land upon which the transmitter is based. Simply, we want to ensure that we have access to that site, or rather that we have it or Broadcast Australia have it, such that we can maintain our services. That would be our primary concern.

Senator CHISHOLM: Minister, is the ABC a relevant party to any processes?

Senator Fifield: Certainly.

Senator CHISHOLM: Is that built into the act, or is that just part of the—

Senator Fifield: It would be provided for in the act.

Senator CHISHOLM: Have you addressed the concerns of the ABC?

Senator Fifield: As I say, there are numbers of these that come up from time to time, so I don't want to comment further, because I would want to be certain that what the ABC is referring to is what the status of that is in the process.

Senator CHISHOLM: With Broadcast Australia's proposal to hive off sections of these facilities, would it place those assets outside the protection of the legislative framework under the sale act?

Senator Fifield: We would never take a decision that was outside of what was required under the act.

Senator CHISHOLM: At what locations are these transmitters?

Senator Fifield: We'll have to take that on notice. As I say, the relevant staff aren't here.

Senator CHISHOLM: I'll move on to some other questions to Mr Anderson, about casual employees. Mr Anderson, on 1 February 2019, the ABC posted an update on the issue of casual employees on flat rates. For the benefit of the committee, could you please outline the status of that matter?

Mr Anderson: Certainly. We are progressing well with the matter in question. Just to recap: we've identified every individual that has worked on a flat-rate casual basis for the ABC over the last six years. We have prioritised the work that we're doing to see if there has been an underpayment provided to those individuals. We have worked through some 700 of those most recent flat-rate casuals. We have moved over anyone that was a flat-rate casual still in the employ of the ABC to being a casual that is against our award. So therefore there are no more flat-rate casuals; that's my understanding. Going through those, some 700, we have looked at that information in detail. As with practice that has happened in other instances of this, we are currently in the process of employing one of the big four firms with regard to helping us with the calculation. That's where we're up to now. We're negotiating that contract.
Once we've identified each and every underpayment, or what there might be, we'll then move to consulting and then we'll individually consult with every single individual and their representation. We're meeting with the MEAA and the CPSU every two weeks and staying in touch with the Fair Work Ombudsman on this.

Senator CHISHOLM: Do you have any idea of how many staff are affected?

Mr Anderson: We know that we've had 2,500 flat-rate casuals in the last six years. With regard to those affected, I don't have a number for you at the moment. Part of that verification process is that it's independent. It was, in my understanding, a recommendation of the Fair Work Ombudsman to take the process that we're taking—to work with a firm that sits outside of the ABC to independently assess that. That's the point we're up to at the moment.

Senator CHISHOLM: Do you know what quantum the ABC might be facing in terms of servicing underpayments?

Mr Anderson: I don't have an answer on that yet.

Senator CHISHOLM: And what steps is the ABC board taking to improve oversight of its pay and remuneration systems to ensure this doesn't happen again?

Mr Anderson: I will reiterate that it is a priority for the board. I won't go into board deliberations. It is a subject that has come up with the board. As I said, I've been meeting with the ABC board today, and it is a priority and it is something that we are looking at—that management, certainly, is looking at—improving into the future.

Senator CHISHOLM: Coming back to the National Transmission Network, Mr Anderson, I was just wondering if you know the locations of the transmitters that are potentially going to be impacted?

Mr Anderson: I don't recall if it was in the correspondence I received. My apologies. I don't have that correspondence before me at the moment. It is something I can take on notice, though. I can check the correspondence and respond.

Senator CHISHOLM: Okay. Minister, would anyone have that correspondence at the table there?

Senator Fifield: No.

Mr Mrdak: No, I don't believe we do.

CHAIR: I have one final question. Mr Anderson, just with regard to the board meeting schedule for a year—calendar year; financial year—when was the schedule that includes the meeting you had today set down?

Mr Anderson: It would've been set down well before I became the Acting Managing Director.

CHAIR: How far in advance do they plan?

Mr Anderson: They plan at least a couple of years in advance, is what I can tell when I look at board calendars.

CHAIR: And when parliamentary sitting calendars are issued with estimates dates and things like that, are they ever taken into account to try and source dates that might enable you to attend estimates? Obviously today has worked out, thankfully. But is it something that the
board considers when an estimates calendar or a Senate parliamentary sitting calendar is issued?

Mr Anderson: I can't answer that question in that, having been acting for the time that I have, I don't recall this coming up. These board dates that were set for the end of last year and for 2019 or for the beginning of 2019 have been in place for a while. Of course Ita Buttrose is our new chair and at the board meeting for the first time today. They might consider those dates, and I would expect they would take the schedule into consideration.

CHAIR: Perhaps the committee might write to the chair and suggest flexibility around estimates times and things like that. But that's fine. Thank you. I did notice a character just walk in. I presume, Senator Spender, you have a question?

Senator SPENDER: No.

CHAIR: I won't tempt fate any further! Thank you, Mr Anderson and Mr McMurtrie. That concludes our examination of the ABC and, indeed, the entire Communications and the Arts portfolio. Senators are reminded that questions on notice should be provided to the secretariat by close of business, Thursday, 18 April.

Mr Mrdak: With your indulgence, can I, on behalf of the department and portfolio, wish the best to the committee secretary on her impending retirement. This will be her last appearance, I believe, unless the committee schedules any further hearings. On behalf of the department and all of us who have worked with you, all the best to you and your family for your future.

Senator Fifield: Chair, can I also acknowledge Christine and her service to the nation through her work in the parliament. I've not known the Senate without Christine, both in government and opposition. But I do want to place on record the professionalism that Christine has always displayed. She serves all senators equally and upholds the best standards and traditions of the Senate. Thank you, Christine.

CHAIR: Of course the last time we farewelled Christine we were jinxed and had to come back! Mr Mrdak, I hope that won't be the case. You've made our jobs a lot easier, Christine. Thank you very much. The committee is now adjourned.

Committee adjourned at 17:51