

Outcome: 1

Output: 1

Question: 27

Topic: Interference caused by Digital TV on existing analog systems

Hansard Page/Written Question on Notice: ECITA 111/112

Senator Mark Bishop asked:

Question: Is the ABA aware of the number of calls that have been received by broadcasters due to the interference caused by digital TV on existing analog systems?

Answer: The number of complaints received by the FACTS interference hotline is as follows:

14 December (18 days inclusive)	8,989
January (31 days)	28,884
February (28 days)	9,589
March (to 25/3/01)	3,086
Total number of calls	50,548

Question: Can you give us an indication as to when the tower work carried out by technicians that you suggest might have caused interference on or around the changeover date was concluded, or is it just ongoing in all areas?

Answer: Broadcasters have advised the ABA that transmission site work required in metropolitan areas is as follows:

Market	Broadcaster	Comments/timing
Sydney (including Central Coast)	ABC and SBS	Commenced site work in late December and ceased work on 29 January 2001. Additional transmission site work for the ABC recommenced on 5 March 2001 and will be completed by the end of May 2001.
Melbourne	Seven, Nine and the TEN Network	Site work required for commercial broadcasters commenced in late December 2001 and was completed on 8 January 2001.
Melbourne	ABC and SBS	Site work commenced in late December and was completed by 29 January 2001. Sporadic site work for the ABC has also been occurring on 13 – 14 March and 29 - 30 March 2001.
Adelaide	SBS and ABC	Site work commenced in late December and was completed by 29 January 2001. Additional work for the SBS service was due to commence on 21 March, but may have been delayed due to weather conditions. Work will continue until the 18

		April 2001.
Brisbane	SBS	The ABA has been advised that transmission site works in Brisbane is due to commence on 3rd April, with expected completion date of 20 June 2001..
Perth.	ABC	The ABA has been advised that additional site work commenced on 28 February 2001 and is expected to be completed by 31 May 2001. SBS has also advised that additional work commenced on 19 March 2001, with expected completion date of 30 May 2001.

The ABA is currently seeking information from all broadcasters on further transmission site works to ensure that there is sufficient public awareness on the issue

Question: Could you develop the points you have been making today and provide that in a written response?

Answer: Call statistics have been impacted by:

- transmission site works, as discussed in the above table.
- sporadic interference caused by signals ‘ducting’ long distances, which has affected viewers from the South Coast. Ducting occurs when radio signals are trapped in layers of air as a result of the seasonal change in weather patterns. Normally, radio signals continue to spread out in the atmosphere, however ducting has the effect of focusing the radio wave so that it continues to travel over a long distance with minimal loss of energy. This type of interference should begin to diminish from March onwards.
- the use of the FACTS hotline in the Ballarat area to assist in the management of the change of analog channels for the ABC. On 22 January 2001, the ABC commenced its additional analog service on channel 42 - this channel was to be simulcast with the ABC channel 11 service and was allocated due to predicted interference from the Ten Network’s digital channel 11 service in Melbourne. As part of the MOU between the ABC and Network Ten, the FACTS call centre was used to provide viewers with information on retuning television sets and VCRs. On the 28 February 2001, the ABC ceased its channel 11 service, as per the MOU with the Ten Network.

See attached graph for further information on call centre statistics.

News Release

NR 1/2001

For immediate release

TELEVISION RECEPTION PROBLEMS IN SYDNEY, MELBOURNE AND ADELAIDE

Television reception difficulties caused by work on transmission towers in some centres may be mistaken by viewers for digital interference.

‘Viewers in Melbourne, Sydney and Adelaide may be experiencing poor reception caused by broadcasters upgrading their transmission facilities, rather than because of new digital transmissions,’ said Professor David Flint, ABA Chairman.

“Viewers need to be aware that these reception problems are short term as a result of temporarily reduced power levels. The Australian Broadcasting Authority is aware of the difficulties these changes are causing viewers, and is urging industry to complete transmission work as quickly as possible.”

“Television reception problems currently being in or near these cities may be caused by a number of factors including lower signal strength, electrical interference and climatic conditions. The ABA is working with the television broadcasters to assist viewers with all interference problems,” advised Professor Flint.

“The transmission facilities in Melbourne, Sydney and Adelaide which currently broadcast ABC and SBS analog TV and radio services are being upgraded to accommodate the introduction of digital TV. The ABC and SBS analog services are currently operating at intermittently reduced power, which may cause some problems such as poor signal strength and ghosting on the television.”

The timetable for the work on the transmission towers is a matter of commercial agreements between the broadcasters and the contractor. The ABA is keen to ensure that disruption to viewers is minimised, and is in contact with the relevant broadcasters to encourage faster completion of the upgrades to the transmission towers.

In some metropolitan areas some viewers who receive their television signals through their video cassette recorder (VCR) may experience interference to their TV reception due to digital television broadcasting on previously unused channels.

There are a number of steps viewers can take, depending on the type of interference they experience:

- **For interference to ABC and SBS services:**
the ABA advises viewers not to adjust their television sets. Transmission site works for ABC and SBS services in Melbourne, Sydney and Adelaide are expected to be completed by 29 January 2001, when services should resume at full power and reception return to normal. If interference occurs after this date, the ABA advises viewers to contact:
 - the ABC Reception Advice Line on 1300 139 994 (for the cost of a local call); or
 - the SBS on Freecall 1800 500 727.
- **For interference to commercial services in Melbourne:**
commercial broadcasters are expected to complete installation of a new antenna at Mt Dandenong today and to complete work on their transmission facilities in Melbourne by Monday, 8 January 2001. Television reception should then return to normal. Viewers should also be aware that climatic conditions at this time of the year are conducive to causing interference to local stations by the fortuitous reception of distant signals.

- **For interference to VCRs and commercial services in metropolitan areas (including Melbourne after 8 January): this interference may be caused by digital broadcasting. The ABA advises viewers who experience this type of interference to contact the Interference Hotline on 1800 016 009.**

With regard to digital broadcasting, the ABA has developed an Interference Management Scheme which outlines digital licensees' responsibilities regarding interference to analog television transmissions caused by digital transmissions.

Further information about digital broadcasting can be obtained at the ABA web site, www.aba.gov.au and the Digital Broadcasting Australia web site www.dba.org.au.

Media contact: Anne Hewer, ABA Media & PR (02) 9334 7873 or 0418 861 766.

5 January 2001

(end)

News Release

NR 5/2001

For immediate release

TV RECEPTION IN COASTAL AREAS DISTORTED BY NATURAL PHENOMENA

The summer problem of distorted television pictures has returned to Australia, judging by recent complaints to the Australian Broadcasting Authority.

Typical examples of interference are one picture superimposed on another and horizontal bars appearing on the screen (a 'venetian blind' effect), or a snowy picture. Interference can last a few minutes or for hours or, in extreme cases, for several days.

The sporadic interference is caused by two natural phenomena and should begin to diminish from March onwards.

One phenomenon is a seasonal change in the weather pattern that can result in layers of air forming. Radio signals can travel long distances when trapped within one of these layers. This phenomenon is known as 'ducting'. Normally signals continue to get weaker as they spread out in the atmosphere, however, these ducts have the effect of focusing the radio wave so that it continues with minimal loss of energy.

Television reception in coastal areas is most likely to be affected by this phenomenon. High pressure weather systems and still conditions enhance the interference. Most complaints have been received from areas on the NSW south coast, where interference has been caused to the input signals of certain broadcasters' transmitters, Broadcasters and the ABA are working together to find alternative methods of providing signals to the most affected transmitters, to minimise these effects.

The other cause of interference results from sunspot activity that can make the ionosphere, about 120 km above the earth, denser than usual. This can cause television signals, particularly in the low VHF channels, to bounce back to earth between 1000 and 2000 km from where they originated.

Viewers on the NSW south coast experiencing problems should contact the relevant broadcaster in the first instance:

ABC reception hotline	1300 139 994
SBS	1800 500 727 - ask for Transmission Services
WIN (9 network programs)	(02) 4223 4199
Prime (7 network programs)	(02) 4271 0232
Capital (10 network programs)	(02) 6242 2400

Media contact: Donald Robertson, ABA Manager Media and PR, on (02) 9334 7980.

1 February 2001

(end)

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Outcome 1, Output 1.1

Question: 28

Topic: Anti-Siphoning Review

Hansard Page: ECITA 113

Senator Mark Bishop asked:

Question:

When were you first contacted to discuss the possibility of such a review? (Anti-siphoning)

Could you provide me with a copy of that (Ministerial Direction to conduct the current anti-siphoning review)

Answer:

Given that the anti-siphoning list generally covers the period up until 31 December 2004 the ABA anticipated a future review of events on the anti-siphoning list. Officers of DCITA foreshadowed the possibility of such a review in a phone hook up on 5 December 2000. On 18 December the ABA was asked to comment on the draft direction for the current ABA investigation. The Minister signed the Direction to the ABA on 22 December.

A copy of the Minister's Direction is attached.

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Outcome 1, Output 1.2

Question: 29

Topic: Bendigo Community Television

Written Question on Notice: 29

Senator Mark Bishop asked:

Question:

I understand that concerns have been previously raised with the ABA by the Shadow Minister for Communications, Mr Smith, about the ABA's decision not to renew the licence of Bendigo Community Television ("BCTV")

In making that decision, I am advised that the ABA determined that BCTV would not be able to generate the predicted levels of revenue necessary to sustain the provision of a community television licence. Could you please provide the reasons for that view?

Answer:

The ABA decided on 29 June 1999 that BCTV would not be able to generate the predicted levels of revenue necessary to sustain the provision of a community television licence. This decision was made because the information that was provided by BCTV in support of their capacity to generate revenue was at odds with other information, including that of the industry association, the Community Broadcasting Association of Australia (CBAA), that the ABA had before it.

BCTV claimed that for the 1999/2000 financial year, they would be able to earn a substantial portion of their revenue from sponsorship/advertising. BCTV arrived at their figure for sponsorship based on \$15 per 30-second sponsorship slot. For 1999/2000, therefore, BCTV hoped to raise \$175,200.

Applying the CBAA figure of \$8 per 30-second sponsorship slot, for the 1999/2000 financial year, BCTV would be able to raise \$93,440. This figure represents a generous estimate, given that CBAA's sponsorship fill rate was about 35 per cent for a service catering to an audience of less than 100,000, although in the experience of other similar services, the sponsorship fill rate was even lower.

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Outcome 1, Output 1.2

Question: 30

Topic: Bendigo Community Television

Written Question on Notice: 30

Senator Mark Bishop asked:

Question:

I am also advised that the ABA determined that BCTV was not providing a 'broadcast service' as defined by section 6 of the Broadcasting Services Act, and as required by section 34, because BCTV was merely broadcasting a test pattern. Is that correct?

Answer:

That is correct. On 1 July 1996, BCTV was issued an apparatus licence to be used for community and educational non-profit purposes. However, the ABA considered that the transmission of colour bars and a promotional video did not constitute the provision of television programs. Section 6 of the Act defines a *broadcasting service* as:

... a service that delivers television programs or radio programs to persons having equipment appropriate for receiving that service ...

Outcome 1, Output 1.2,

Question: 31

Topic: Bendigo Community Television

Written Question on Notice: 31

Senator Mark Bishop asked:

Question:

BCTV have alleged it received oral advice from the ABA that a test pattern would be sufficient and relied on that advice. Has the ABA taken into account whether BCTV had a reasonable expectation that a test pattern would be sufficient and therefore acted reasonably in relying on the ABA's oral advice?

Answer:

The ABA did not advise BCTV that a test pattern would be sufficient. The ABA had decided earlier on 2 April 1998 not to renew the licences of those licensees that were not on air, which included BCTV. However, at the intervention of the

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CBA, the ABA agreed to renew the licences of those licensees that were not on air from 1 July 1998 to 30 June 1999, at which time their status would be reviewed. Thus, by 29 June 1999 when the ABA decided not to renew their licence, BCTV had been given an additional 12 months to provide a service.

Outcome 1, Output 1.2

Question: 32

Topic: Bendigo Community Television

Written Question on Notice: 32

Senator Mark Bishop asked:

Question:

If the ABA has taken this matter into account, why did the ABA conclude that no reasonable expectation existed?

Answer:

This matter could not be taken into account because the ABA did not advise that a test pattern would be sufficient.

Outcome 1, Output 1.2

Question: 33

Topic: Internet content complaints

Written Question on Notice: 33

Senator Harradine asked:

Question:

How many complaints about Internet content has the ABA received since the online legislation took effect? What has been the nature of these complaints? How many takedown notices has the ABA issued since the Online legislation took effect?

Answer:

For the first year of operation, the ABA has received a total of 491 complaints. Where investigations located prohibited or potential prohibited content (359 items), a majority concerned the depiction of a child or a minor in an offensive way, or paedophile activity.

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Over the first year the ABA has issued a total of 129 takedown notices plus two special notices relating to items of Internet content found to be prohibited, that were hosted in Australia.

Outcome 1, Output 1.2

Question: 34

Topic: Internet content complaints

Written Question on Notice: 34

Senator Harradine asked:

Question:

Given the multitude of potentially unlawful sites on the world wide web which contain harmful material, does the ABA only react to complaints or does it take a more pro-active role in preventing access to these sites?

Answer:

Clause 27 of Schedule 5 to the *Broadcasting Services Act 1992* (the Act) provides a mechanism for the ABA to investigate matters where, for example, information about particular Internet content is drawn to its attention by a source other than a complaint from the public. The ABA has on occasion initiated its own investigations when it has become aware of the serious nature of certain content. However, according to the revised Explanatory Memorandum, Clause 27 is not intended to be used by the ABA to monitor content actively.

The ABA, as an associate member of the Internet Hotline Providers of Europe (INHOPE), works with other hotlines who deal with illegal material hosted in their countries. Member countries of INHOPE include Germany, Austria, France, the Netherlands, the UK, and Ireland. Associate Members include the United States and Norway.

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Outcome 1, Output 1.2

Question: 35

Topic: Internet – filtering harmful material from overseas

Written Question on Notice: 35

Senator Harradine asked:

Question:

Will the ABA be taking a strong stand with ISPs who do not take responsible action to filter harmful material from overseas?

Answer:

It is not the role of Internet Service Providers (ISPs) to block all adult or illegal material hosted overseas. Rather, the industry codes set out the procedures to be followed by ISPs in dealing with overseas hosted content notified to them by the ABA (as per Clause 60(2) of Schedule 5 to the Act). This designated notification scheme is the mechanism through which the industry can fulfil its obligations in relation to overseas-hosted prohibited content.

Under the Internet Industry Association codes of practice (the IIA codes), ISPs are obliged to provide their users with one of a number of filtering software products listed in Schedule 1 to the codes. Where a complaint is made to the ABA about prohibited content or potentially prohibited content hosted outside Australia, the industry agreed procedure is that the ABA notifies suppliers of the filtering software listed in the Schedule of that content, and they update their products accordingly.

In its decision to include the IIA codes in the Register of codes of practice, the ABA was satisfied that the arrangements outlined above provided appropriate community safeguards, as required under Clause 62(1) of Schedule 5 to the Act. The products on the Schedule already have extensive ‘block’ lists, thus they would provide a service beyond that legally required.

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Outcome 1, Output 1.2

Question: 36

Topic: Internet – Public Awareness

Written Question on Notice: 36

Senator Harradine asked:

Question:

What plans does the ABA have to increase public awareness of its role and responsibility to make the Internet safer for families?

Answer:

The ABA's community education strategy aims to complement the activities of other key players in the area of management and regulation of Internet content, in particular NetAlert and the IIA.

As part of its community education strategy the ABA is promoting the need for parents and carers to actively supervise their children's Internet access. The ABA's *Australian Families Guide to the Internet* site is a 'starter kit' for parents and responsible adults, providing them with tools to guide their children to productive and safe use of the Internet. The site also includes links to sites suitable for teenagers and children, tips for parents on safe Internet usage for children of various ages, information on how to find information online, including explanations of Internet jargon, information on risks to children and how to counter these, and suggested rules for Internet use. The site also includes a link to the IIA Codes, and information about filtering software products.

The ABA promotes its online-hotline for complaints about Internet content, particularly to parents and carers of children. This is achieved through advertisements, presentations, posters and brochures ('dot com complaint', 'Surfing the Net' and 'What every family should know about the Internet'). A recent example is the provision of material for Operation Paradox conducted by the NSW Police Service and the NSW Department of Community Services.

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Outcome 1, Output 1.2

Question: 37

Topic: Internet – Filtering Software

Written Question on Notice: 37

Senator Harradine asked:

Question:

What is the process for government approval of filtering software?

Answer:

There is no statutory requirement for filtering software to be approved. However, under codes of practice developed by the IIA and registered by the ABA, ISPs are obliged to provide their users with one of a number of filtering software products listed in Schedule 1 to the IIA codes.

The 16 filter products included in the Schedule to the IIA codes were approved following a qualitative assessment by CSIRO, and commissioned by NOIE, against criteria including:

- ease of installation;
- ease of use;
- availability of support; and
- ability to accept referrals of prohibited content from the ABA (following the investigation of a complaint) and update products accordingly.

Since that time, to be considered for inclusion on the Schedule, the IIA (in consultation with NetAlert) refers new products to CSIRO to assess against agreed criteria:

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Outcome 1, Output 1.2

Question: 38

Topic: Internet – Filtering Software

Written Question on Notice: 38

Senator Harradine asked:

Question:

Which filtering software has been approved?

Answer:

As of 6 March 2001, the Schedule to the codes currently lists 16 filtering products. A copy of the Schedule is attached.

SCHEDULE 1: APPROVED FILTERS

1. The filtering products and services in this Schedule may be modified from time to time in the following manner:
 - (a) if the IIA believes a product or service should be added to or removed from the list, IIA will in consult with NetAlert and the ABA; and
 - (b) if ABA agrees with IIA the product or service will be added to or removed from the list. Where the ABA does not agree that a product of service be added it will provide a statement of reasons for so doing within a reasonable time.
2. For the purposes of amendment of the Code, the ABA regards any addition or removal of a filter product or service to this Schedule as a replacement Code that differs only in minor respects from the original (pursuant to section 65 of the Online Services Schedule) and consequently the IIA need not follow paragraphs 62(1)(e) and (f) of the Online Services Schedule when making any such changes.
3. The inclusion of filtering products and services in this Schedule is subject to satisfaction of the following criteria:
 - (a) Ease of installation (where applicable)
 - (b) Ease of use
 - (c) Configurability

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(d) Ability for updates in respect of content to be filtered having regard to the requirements of the designated notification scheme provided for in Clause 6.1 of this Code; and

(e) Availability of support.

4. The following filter products and services are currently scheduled under this Code:

1. AOL PARENTAL CONTROL
2. BAIR FILTERING SYSTEM
3. CSM PROXY SERVER
4. CYBER PATROL
5. CYBER SENTINEL
6. EYEGUARD
7. GENESIS
8. IFILTER
9. INTERNET SHERIFF
10. I-GEAR
11. KAHOOTZ
12. KIDZ.NET
13. NET NANNY
14. SURFWATCH
15. TOO C.O.O.L
16. WEBSENSE

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Outcome 1, Output 1.2

Question: 39

Topic: Internet – Filtering Software

Written Question on Notice: 39

Senator Harradine asked:

Question:

What action have ISPs taken to publicise filtering software? Which ISPs provide filtering software to families free of charge?

Answer:

The IIA has reported that, in terms of code compliance, all large ISP members of the IIA (including Telstra, OzEmail, Optus and AOL) are fully compliant. According to the IIA, these organisations collectively represent the majority of the domestic market in Australia.

NetAlert is undertaking an industry campaign to educate the smaller ISPs regarding their obligations under the Act and the IIA codes.

Clause 6.2 of the IIA codes requires that ISPs provide ‘for use’ to their subscribers a filter from the Schedule, ‘at a charge determined by the ISP’. There is no obligation to provide filtering software free of charge, although some ISPs (such as Cable & Wireless Optus) choose to do so.

Outcome 1, Output 1.2

Question: 40

Topic: Internet – prevention of access to unlawful material

Written Question on Notice: 40

Senator Harradine asked:

Question:

What effect is the Industry Code of Practice having on preventing potentially unlawful material being accessed on the Internet? Has the industry accepted the need to screen out unlawful material?

Answer:

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To date the ABA has not been required to exercise its power pursuant to Part 6 of Schedule 5 of the *Broadcasting Services Act 1992* (the Act). All Internet Content Hosts (ICHs) have complied with notices issued by the ABA in respect of prohibited content.

The ABA's Chairman, Professor Flint, commented on this publicly when the report on the first six months operation of the scheme was published:

In all cases, we have seen prompt action by content hosts to comply with takedown notices issued in relation to prohibited content hosted in Australia. In many cases, such content breaches the host's 'acceptable use' policy and they are pleased to have the breach drawn to their attention.

Outcome 1, Output 1.2

Question: 41

Topic: Internet content – protection of children

Written Question on Notice: 41

Senator Harradine asked:

What steps is the ABA taking to empower parents to discharge their need to protect children? What action is the ABA taking to ensure that all parents are aware of those steps?

Answer:

The ABA aims to assist parents and carers to protect children from exposure to Internet content that is unsuitable for them, through:

raising awareness of the range of tools available to manage access to the Internet; this includes the need for parental supervision and guidance, as well as providing information about the filtering products, labelling tools and other resources;

educating users about the regulatory framework, through providing information about ways of addressing offensive content;

investigating complaints about prohibited content and potential prohibited content; this includes notifying ISPs and makers of filtering software products of the outcome of the ABA's investigations, and liaising with the appropriate law enforcement agency.

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To support its community education strategy and other functions, the ABA is also undertaking research in a number of areas:

[Internet@Home](#): This project builds on previous ABA research to provide a comprehensive picture of the current status of Internet usage in Australian homes, in particular in homes with children.

Filtering Software Products – assessment of effectiveness: This research (a joint project with NetAlert) is being conducted with a view to increasing understanding of the strengths and weaknesses of different products. The study should enable the provision of reliable and useful advice to families on the selection of the most appropriate filter for their needs.

Both studies will contribute to the development and implementation of effective strategies to inform and educate Australians about online services.

The ABA is implementing its community education strategy, which involves updating its existing resource material (including the *Australian Families Guide to the Internet* web site) and the active promotion by the ABA of its online-hotline, research findings, and the Australian Families Guide to the Internet. As well as continuing its print advertising campaign, the ABA intends to conduct public launches, and ensure its presence at relevant conferences, seminars and exhibitions.

Outcome 2, Output 2.1

Question: 042

Topic: Productivity Commission report on broadcasting

Written Question on Notice: 042

Senator Bishop asked: When will the Government respond to the Productivity Commission's report on broadcasting?

Answer: The Government is currently finalising its response to the Productivity Commission report on broadcasting, and expects to make this public in the near future.

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Outcome 1, Output 1.2

Question: 62

Topic: IT Outsourcing

Written Questions on Notice: 62

Senator Kate Lundy asked:

1. What negotiations took place prior to the requests for tender being developed?

Answer: The ABA was not involved with any direct negotiations with the tenderers regarding the specification prior to the RFT being developed.

- 1.1.* Did OASITO negotiate with your agency separately from or in conjunction with, external service providers?

The ABA participated in the contract negotiations as part of the Group 8 team led by OASITO after the tender evaluation. Any questions relating to pre RFT negotiations should be directed to OASITO.

2. Did any consultations take place with OASITO to develop the project specification, as part of the development of the request for tender?

Answer: Yes

3. Was there an independent review of your agency prior to the request for tender being developed and released?

Answer: No external independent review was completed as part of the ABA's participation in the IT Outsourcing Initiative.

4. Who conducted that review?

Answer: Not applicable.

5. Who paid for the review and what did it cost?

Answer: Not applicable.

6. What role did OASITO play in the review?

Answer: Not applicable.

7. Was there much development of the project specification from the release of the request for tender to the final version of the contract?

Answer: Yes

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7.1. Were there significant differences?

Answer: Yes, the removal of voice services, which reduced the scope of services. The tender was reissued after refinements to clarify some specific issues and to reduce ambiguity were made. This process continued prior to the final version of the contract being signed.

7.2. Did those differences have an impact on the cost to your agency of outsourcing?

Answer: Yes, the negotiations resulted in increased savings.

8. Did your agency have input into the development of the project specification, the request for tender and the final contract?

Answer: Yes, the ABA participated in all the stages of these processes.

9. What processes were put into place to ensure that OASITO understood your business and any particular requirements that you have?

Answer: The ABA was represented on the Steering Committee responsible for evaluation and contract negotiation.

Outcome 1, Output 1.2

Question: 63

Topic: IT Outsourcing

Written Questions on Notice: 63

Senator Kate Lundy asked:

1. Who was responsible for evaluating the tenders?

Answer: OASITO was responsible for the evaluation process, however the ABA was represented on the committees established as part of this process.

2. What was the process for evaluating? Can you outline the steps in the evaluation process?

Answer: ABA staff were members of the evaluation teams that undertook the evaluation. OASITO and their advisors worked with these teams in addressing the issues relating to all aspects of the evaluation. The evaluation teams provided reports of their activities and recommendations to the Evaluation Committee and the Steering Committee.

3. Was your agency involved in each stage of the process?

Answer: Yes, except for the Industry Development Evaluation and Options committee.

4. Were agencies excluded from any stage of the process?

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Answer: See response to number 2 above.

5. Was your agency involved in the industry development evaluation stage of the process?

Answer: No.

6. What role did OASITO play in the tender evaluation for your group?

Answer: OASITO chaired the IT Services Evaluation Committee, the IT Services Steering Committee and the Options Committee.

Participated as a member of three of the specialist evaluation committees (technical, corporate capability and financial) which were chaired by agency staff.

Provided physically secure evaluation facilities including premises and a secure and dedicated computer infrastructure.

Provided agency evaluation staff access to its legal, strategic, probity and financial advisers as required to assist them in their evaluation.

Provided evaluation and probity training to all staff selected by each agency to participate in the evaluation process;

7. What role did your agency play in the tender evaluation process?

Answer: See response to number 2 above.

7.1. Individually?

7.2. Or as a member of a cluster grouping?

Answer: As a member of a group

8. What was the extent of that role?

Answer: To impartially assess tender responses and collectively make assessments of technical solutions, corporate capability and the financial elements of the tender responses.

9. At any time in any of the tender evaluation processes, did the cluster grouping make a recommendation for a particular tenderer which did not conform with OASITO's view?

Answer: The ABA has no recollection of any recommendation that did not conform to OASITO's view. Further information should be obtained from OASITO, as it is not appropriate for the ABA to make representations to the Senate on behalf of other Government Agencies.

10. What was behind the difference of opinion – on what basis was there a difference of opinion?

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Answer: See response to number 9 above.

11. How was the difference of opinion resolved in each case – what was the outcome?

Answer: See response to number 9 above.

12. Were there any interim reports or discussion papers issued by OASITO setting out the different points of view, the basis for the differences and proposed courses of action?

Answer: This question should be directed to OASITO.

13. Did OASITO award a contract during any process to an external service provider, which was not the service provider recommended by the agencies as a group?

Answer: This question should be directed to OASITO.

14. Did you develop or have any part in developing the tender evaluation reports?

Answer: Yes as part of the teams that undertook the tender evaluation.

15. Can you make these available?

Answer: The ABA does not have ownership of these documents. This question should be directed to OASITO.

Outcome 1, Output 1.2

Question: 64

Topic: IT Outsourcing

Written Questions on Notice: 64

Senator Kate Lundy asked:

1. What role did your agency play in contract negotiations?

Answer: OASITO conducted the contract negotiations. The ABA, together with other Group 8 Agencies, was involved in the preparation of the negotiating briefing material developed by OASITO.

2. Did your agency have its own legal representation during the contract negotiation stages?

Answer: No, we did not have direct legal representation, however the ABA sought verbal advice from our own legal staff to assist the ABA negotiating team members in interpretation and understanding of the contract.

3. What components were outsourced – what services does the ESP provide to your agency?

Answer: The contractor provides desktop, midrange, data and help desk services to the ABA.

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4. Why was it deemed necessary to sell the provider the hardware at the commencement of the contract and buy the hardware back from the provider at the end of the contract?

Answer: The buyback of hardware is only one of the options available to the ABA at the end of the contract.

- 4.1. Is this a normal arrangement?

Answer: This question should be directed to OASITO.

- 4.2. Were both mainframe and desktop components included in the hardware transfer?

Answer: The ABA does not have any mainframe computers in the scope of this contract.

- 4.3. What is the life of your mainframe?

Not applicable.

- 4.4. Why was the mainframe included in the transfer?

Answer: Not applicable.

- 4.5. What is the life of a desktop unit?

Answer: The life of a desktop unit can vary significantly depending upon the applications it is used for and the support available to maintain the software and hardware. The ABA had a policy of a three-year replacement cycle prior to outsourcing.

- 4.6. When did you last replace your desktop units?

Answer: The ABA had a cycle that refreshed its desktop units evenly over a three-year period. This was suspended when the outcome of the outsourcing contract was known. The last refresh was completed mid 1999. The refresh cycle of 3 years is being continued as part of the outsourcing contract.

- 4.7. When is the external service provider scheduled to replace your desktop units?

Answer: Desktops are replaced every 3 years. The ABA is currently in negotiations with the contractor to refresh all desktop units by mid 2001.

- 4.8. What provision is there in your contract for the adoption of new technology?

Answer: The refresh cycle as outlined in number 4.7 provides an opportunity to obtain the latest technology on a regular basis. The contract also provides for services to be added and removed to and from scope, affording the flexibility and opportunity to obtain the latest technology relevant to the service.

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4.9. Are you concerned that your agency may not have the flexibility it once had to adopt new technology or to only do so at additional cost?

Answer: The ABA considers that the flexibility to adopt new technology has not been diminished. As stated in number 4.8 above the contract allows for consistent improvements in technology, and the ABA also has additional powers to add, delete and improve its use of technology in line with its business needs. The risks of additional costs are no higher than under an in-house arrangement.

4.10. What is your agency's potential liability for re-acquisition of assets at the end of the contract?

Answer: This is difficult to quantify at this time. There are various options available at the end of the contract and depending upon which option is chosen the liability will vary.

Outcome 1, Output 1.2

Question: 65

Topic: IT Outsourcing

Written Questions on Notice: 65

Senator Kate Lundy asked:

1. The Humphry Review report concluded that "grouping of agencies has served a useful purpose in enabling economies of scale and providing a coordinated approach to the market" [para 2.1,p11], but that as the Initiative has matured the original rationale for grouping appears to be less relevant:

1.1. What is your view on that conclusion – was the clustering of agencies an appropriate approach to the implementation of the policy?

Answer: The ABA is of the view that clustering was the most appropriate approach for the Agency.

1.2. What benefits did the approach deliver?

Answer: The complexities, resources and skills base required for tender development, evaluation and management of the outsourcing relationship were beyond the ABA on a stand-alone basis.

The clustering approach allowed the ABA, a small agency, to benefit from larger and more experienced members of Group 8. The grouping also contained other agencies of similar size (e.g. PSMPC) and with similar responsibilities (e.g. the ACA). The clustering also allowed the members of the group to form a management committee and employ staff in a Contract Management Office to oversee the relationship, offer specialist advice and services, and to represent the group on common issues.

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Outcome 1, Output 1.2

Question: 66

Topic: IT Outsourcing

Written Questions on Notice: 66

Senator Kate Lundy asked:

1. What advice did you provide to DOFA/OASITO in relation to potential savings from outsourcing prior to actual outsourcing?

Answer: The ABA did not provide any advice to DOFA/OASITO prior to actual outsourcing.

2. Did your estimates of cost savings differ from OASITO's? – If so, what was the quantum of the difference and how were the different figures arrived at?

Answer: The ABA has not developed a view on cost savings at this time as the contract is still in its' first year of operation.

3. Were OASITO's projections re cost savings accurate? If not, why not?

The ABA is not able to answer this question at this stage of the contract.

4. What expenditure was incurred by you in preparation for outsourcing?

Answer: Detailed expenditure for this project is not readily available. As IT Outsourcing is a Government initiative ABA did not specifically cost its participation in the initiative. The cost to the ABA in the preparation stages is estimated to be \$150,000, including salaries and employment overheads, consultants' fees for cost modeling and sundry expenses.

5. Has outsourcing been cost effective for your agency?

Answer: It is too early in the life of the contract to determine this.

6. Was any liability for the re-acquisition of assets [guaranteed buy back] at the end of the contract factored into the savings estimate?

Answer: No as there is no guarantee of buy back in the contract. It is one of many options available to the ABA at the end of the contract period.

7. The Humphry review also stated that there is broad agreement that the Initiative has delivered significant cost savings. However, the Audit report came to a different conclusion, arguing that savings estimates were unreliable and that significant elements of any savings calculation had been omitted. [i.e. (1) the service potential of agency assets on hand at the end of the evaluation period and (2) the cost of guaranteeing ESP's asset values]:

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7.1. Do you agree that there is broad agreement that the initiative has delivered significant cost savings?

Answer: The ABA is unable to comment on whether there is broad agreement or if there are significant cost savings. We are not in a position to ascertain the merits of this argument as we are not in possession of the information regarding savings, if any, from other departments and agencies.

Outcome 1, Output 1.2

Question: 67

Topic: IT Outsourcing

Written Questions on Notice: 67

Senator Kate Lundy asked:

1. What service delivery standards were agreed with OASITO by agencies prior to finalisation of contracts? What negotiations/discussions took place between OASITO and agencies?

1.1. Were service delivery standards written into contracts?

Answer: Yes

1.2. How are service delivery standards measured?

Answer: The outsourcer is responsible for the gathering of service delivery information and statistics. The Services Agreement specifies what is to be measured and the service levels to be obtained for a variety of service components.

1.3. How are service delivery standards reported on?

Answer: The outsourcer provides monthly reports to each agency. The officer responsible for managing the outsourcing contract monitors the reports.

1.4. Are service credits being imposed?

Answer: Yes, where appropriate. Group 8 is currently addressing this issue.

2. Have the contractual arrangements been able to provide adequately for effective levels of service – have you experienced higher levels of service or lower levels of service since your IT requirements have been outsourced?

Answer: Service levels were not kept prior to outsourcing, and without any hard data for comparison, any comments in this area can only be subjective. In general the day to day services have been equal to pre outsourcing levels. The only area that this Agency has experienced problems is in the longer-term issues such as technology planning and responses

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to major projects. To date these have not had an impact on the Agency's ability to provide its services, nor has there been a reduction in services.

2.1. What have been the major problems?

- Responsiveness to major projects
- Contractual disputes arising from interpretation of the Services Agreement.
- Failure to provide a long-term technology plan

2.2. What has this cost your agency?

Answer: To date there has been no direct financial impact, however the costs of contract management have been increased as a result of the problems. The level of the increase is difficult to assess as there was no prior experience in managing such a relationship, and therefore we not able to determine a clear baseline for such activities.

We are still into the first 9 months of the contract and the changes were expected to initially impact upon the Agency during the transition phase. Service credits are provided to recompense the Agency when services fall below the required standard and these must be taken into account when assessing costs to the Agency. The costs, if any, are thought to be minimal at this time.

2.3. Are the costs of downtime and poor service delivery factored into the savings figures?

Answer: No. The role of service credits is to offset the costs associated with poor service, and thus should not materially affect any savings estimates.

2.4. What are the improvements in the service delivery? What level of savings have been made?

Answer: Given the early phase of this contract it is difficult to highlight the service improvements. It is believed that the service improvements will come out of a longer-term relationship that continually reviews the services being supplied and the service levels being achieved. The outsourcer is still consolidating some services across all the Group 8 agencies and until this is completed the service improvements will not be significant. We are unable to identify the level of savings at this time.

3. Has your agency been required to request services which are outside those provided for under the contract?

Answer: The Services Contract was never intended to provide for every possible service. It was structured so that "out of scope" services could be either supplied by the contractor, or could be sourced elsewhere if it was a better solution. We have however commissioned them, and they have completed one assignment on our behalf.

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4. Please advise of any 'extra contract' services required and the costs of the provision of those services.

Answer: We have commissioned the service provider to undertake consulting services relating to tender evaluation and technical support of a major database project. The cost of this service was quoted as \$20,000.

5. Have agency operations been constrained because it is unable to provide a service because it has not been specified under the contract?

Answer: No

- 5.1. Would this be because there are either no or limited funds available for extra contract service provision?

Answer: Not applicable.

6. What outages did you experience during the contract period?

Answer: No outages have occurred that have been of any significance.

7. What service credits have been imposed as a result of outages?

Answer: Not applicable.

Outcome 1, Output 1.2

Question: 68

Topic: IT Outsourcing

Written Questions on Notice: 68

Senator Kate Lundy asked:

1. Has the ESP been able to ensure continuity of contracted staff servicing your agency?

Answer: Yes

2. Is there any indication that the changes to the taxation system, which deems contractors/self employed persons to be employees and bound by PAYE requirements, to have impacted on the continuity of service by people employed by ESP's or by sole contractors?

Answer: No

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Question: 69

Topic: IT Outsourcing

Written Questions on Notice: 69

Senator Kate Lundy asked:

1. Were privacy matters a significant issue for you?

Answer: The ABA has no specific or additional Privacy requirements however all contract staff are required to sign a Group 8 confidentially agreement.

2. What consideration was given to privacy matters in a) in the request for tender and b) in the contract?

Answer:

- a) The request for tender included provisions for reserving the right to refuse to disclose any information thought to be subject to the Privacy Act 1988 as amended.
- b) The contract includes provisions for the contractor, its staff and any subcontractors to abide by the Privacy Act 1988 and any legislative requirements specific to the ABA regarding privacy and any other requirements of the ABA. There is also provisions detailing specific obligations of the contractor on matters of privacy.

3. What were the cost implications of your privacy requirements?

Answer: The ABA does not have this information, as it was not specifically stated in the contract. The requirements however are not outside of normal commercial practice and not thought to be an additional cost to the Agency.

4. Were you confident that the ESP had a commitment to and could guarantee the appropriate privacy protections?

Answer: Yes

Outcome 1, Output 1.2

Question: 70

Topic: IT Outsourcing

Written Questions on Notice: 70

Senator Kate Lundy asked:

1. Were intellectual property matters an issue for you?

Answer: There were no issues in this area.

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2. Was this significant?

Answer: Not applicable.

3. What consideration was given to IP matters - a) in the request for tender and b) in the contract?

Answer:

- a) The request for tender included a clause that the tenderers must acknowledge all existing Commonwealth intellectual property remains with the Commonwealth.
- b) The contract includes clauses that cover the issue of intellectual property rights such that the Commonwealth is protected throughout and at termination of the contract.

4. Is it possible to value the IP component of your IT requirements?

Answer: No

Outcome 1, Output 1.2

Question: 71

Topic: IT Outsourcing

Written Questions on Notice: 71

Senator Kate Lundy asked:

1. The Audit report contained a Whole of Government response to the report – have you any comment on that response and did it accurately reflect your own agency's views on all the findings and recommendations?

Answer: The performance audit conducted by the ANAO did not extend to the Group 8 tender evaluation process.

2. If not, where did your views differ from the whole of government response?

Answer: Not applicable.

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Outcome 1, Output 1.2

Question: 72

Topic: IT Outsourcing

Written Questions on Notice: 72

Senator Kate Lundy asked:

1. What is your reaction to the findings of the Humphry review?

Answer: The ABA notes the findings of the Humphry Review and will either individually, or with cooperation of other Group 8 Agencies, implement the Government's response to the extent it is applicable.

2. Did your agency have input into the Humphry review?

Answer: Yes

3. Was that input written or oral – did you meet with Mr. Humphry?

Answer: Oral

4. Were any meeting notes or minutes taken or any documentation at all developed out of these meetings?

Answer: The ABA took no notes and is unaware if any were kept by the other party.

5. Did the secretariat discuss any meeting notes with you – distribute any meeting notes for comment?

Answer: No

6. Would it surprise you to know that there is no documentation standing behind the findings and recommendations of the Humphry review?

Answer: This Agency was not involved in the management of the review and is unable to comment.

7. Will your agency continue to outsource at the conclusion of the present contract?

Answer: We are currently 9 months into a 5-year contract. To determine whether or not we will continue to outsource would be premature at this time. Evidence would suggest however, that given the size and resources of the ABA, outsourcing does offer an attractive alternative to in-house support services. It would be likely that we would continue to outsource some or all of our IT services at the completion of the initial 5 years. However this decision will be made after a review of the current contract is made.

8. What implications will it have for your agency if you decide not to continue with the present contract provider?

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8.1. What are the financial implications?

Answer: The Services Contract provides for a controlled hand-over at the conclusion of the contract, or in the case of early termination. At this time no modelling of the financial implications have been undertaken. The ABA will be assessing all the alternatives together with the financial implications as part of its risk mitigation strategy in the short-term and any long-term planning in relation to future outsourcing. There are of course, some obvious costs such as re-tendering if we move to another supplier or recruitment and associated staffing costs should we move the IT services in-house.

8.2. What are the hardware and software implications?

Answer: The ABA under the terms of the Services Agreement retains a substantial portion of software licenses. The software that has been assigned to the service provider is mainly under the Microsoft Licensing Agreement, which could easily be taken over, or renegotiated with Microsoft.

The Services Agreement provides several options for the ABA to retain or dispose of all hardware that is rented and used by the ABA. This includes transfer to another outsourcer, taking over the lease, purchase of the equipment or the ABA choosing to purchase new equipment and return the outsourcers equipment. The ABA will be assessing all the alternatives together with the financial implications as part of its risk mitigation strategy in the short-term and any long-term planning in relation to future outsourcing.