

# AUSTRALIA NETWORK - TENDER

## ISSUES

- *Has the Government decided to seek additional facts from the competing Tenderers before making its decision on Australia Network tender?*

## SUMMARY

- The Government had decided a tender process would ensure the best possible ongoing service; additional information can be sought as part of the terms of the tender.

## KEY POINTS

- The terms of the tender provide for the Government to seek additional information from any or all Tenderers in the course of the decision-making process.
- I anticipate an announcement will be made in the near future in relation to outcome of the tender process.

## Will the existing contract need to be extended?

- The current Australia Network contract requires the ABC to continue to provide the service for up to six months from 8 August 2011, if required by the government
  - the Government will notify the ABC in good time if these services will be required

## BACKGROUND

Australia's federally-funded regional television service has been provided since 1993, at times by commercial broadcasters (Channel 7), and by the ABC. The current AN contract (worth \$94.2 million over 5 years) with the ABC, managed by DFAT, expires on 8 August 2011.

The tender was released on 4 February 2011. The exact cost of the contract will not be known until negotiations are completed.

A media release issued on 23 November by Mr Rudd, stated that the Government had decided a tender process would ensure the best possible service would be provided for its investment. It was also announced that a

ten year contract would be offered under the tender, to provide greater certainty to the future service provider.

The *Sydney Morning Herald* (22 June) reported that "the government will ask the ABC and... Sky News Australia for more information about their ability to cover new global hot-spots in Africa and the Middle East". The article noted that this may "mean a temporary extension to the ABC's existing contract".

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## Regional Services - Australia Network: Tender

### Possible Question

Has the Government decided to seek additional facts from the competing Tenderers before making its decision on Australia Network tender?

### Talking Points

- The Australia Network tender decision is important; it will impact on Australia's overseas broadcasting network for the next decade
  - the Australia Network extends to 45 markets and is a critical vehicle for projecting contemporary Australia abroad
  - and advancing core Australian foreign and trade policy interests.
- I make no apology for proper, detailed consideration and processes to decide on such an important decision
  - note that the current provider understands this - as ABC CEO Mark Scott said on 13 June "it is a very important exercise and we can understand the government carefully evaluating its options".
- *The terms of the tender provide for the Government to seek additional information from any or all Tenderers in the course of the decision-making process.*
- *I anticipate an announcement will be made in the near future in relation to the tender.*

*Will the existing contract need to be extended?*

- The current Australia Network contract requires the ABC to continue to provide the service for up to six months from 8 August, if required by the government
  - *the Government will notify the ABC in good time if these services will be required*

Is the decision maker the DFAT Secretary as your office confirmed in April? *What is the role Cabinet?*

- As the tender process is ongoing I do not intend to comment further on the details of the tender process.
- What is important is that we get the best tender to deliver a top quality service in the region over a ten year period.
- This is important because the Australia network promotes Australia as a dynamic and culturally diverse nation of the Asia Pacific region.
- It is a platform to raise awareness of our strengths and achievements as a nation.
- It enables us to present Australian perspectives on the world, and foster understanding of Australia's global and regional role.

If asked: Is DFAT able to interfere in the editorial operations of Australia Network?

- The Commonwealth Objectives for Australia Network require a credible, impartial and independent voice.
- The draft contract does not allow DFAT to interfere with the editorial operations of Australia Network without cause. It ensures that broadcasting material is in line with Australian broadcasting standards.

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The below indicative timeline was released in the RFT:

<i>Event/activity</i>	<i>Proposed date</i>
<i>Issue of RFT</i>	<i>4 February 2011</i>
<i>Industry briefing</i>	<i>11 February 2011</i>
<i>Closing date for the lodgement of tenders</i>	<i>25 March 2011 (2.00pm AEDST)</i>
<i>Selection of preferred Tenderer(s)</i>	<i>2 May 2011</i>
<i>Post tender and contract negotiations</i>	<i>3-31 May 2011</i>
<i>Execution of contract and commencement of transition-in services</i>	<i>8 June 2011</i>
<i>Commencement of full services</i>	<i>9 August 2011</i>

## Public Commentary

*The Sydney Morning Herald (22 June) reported that "the government will ask the ABC and... Sky News Australia for more information about their ability to cover new global hot-spots in Africa and the Middle East. The article noted that this may "mean a temporary extension to the ABC's existing contract".*

When asked on ABC 24 (13 June) whether he knows why the announcement on the Australia Network tender taking so long ABC CEO Mark Scott responded "I don't... it's a big decision. We've operated this [Australia Network] now for ten years under two 5-year contracts. The government has said it will be a ten year contract now. It's a very important service. This service goes into 45 countries in the region and really is a powerful example of Australia's soft diplomacy in action... it is a very important exercise and we can understand the government carefully evaluating its options and we're hopeful we'll get a result soon". When asked how confident he was that the ABC will keep the contract Mr Scott stated, "we put in a strong bid... but finally this will be a decision for government and we look for that verdict in the future".

The Australian (13 June) reported that "the final indicative date for all negotiations to have been completed w. last Wednesday". The article quoted Secretary Richardson at the Senate Estimates hearing of 2 June that "8 June is given as an indicative date. It is not provided as a fixed date".

The Sydney Morning Herald (13 June) reported that "Australia risks losing a highly sought-after broadcast service into India with the government stalling a decision on a \$220 million contract" for Australia Network. The article speculated that given the May 2 deadline for a decision has passed, DFAT is "believed to have referred the issue to cabinet for discussion because of the political sensitivities over the deal".

The Australian (2 May) reported that "the ABC is cautiously optimistic that it has retained the contract to run. Australia Network". The article also speculated that the Government was due to make its decision as to the preferred tenderer that day (based on the indicative dates published in the RFT). It dubbed the Australia Network as "K Rudd TV".

The Age (19 April) reported on the competitive nature of the tender process and speculatively disclosed the tv tenderers (ABC and ANC). The article noted that "introducing competition for the broadcasting rights does mean that the service cannot be taken for granted. Companies must prove they will deliver quality television".

*The Australian Financial Review* (21 April) cited FMO advice that "Cabinet and Caucus are not part of the decision-making process", and that DFAT Secretary Richardson was the Approver. The article criticised draft contract clause 3.5 as excessive DFAT interference in the editorial independence of the service provider.

*The Australian* (4 April) reported on DFAT's power to "step in and take over the service or appoint a third party to do so". It reported that the ABC is strongly critical of the "Foreign Minister Kevin Rudd's plans to take a major interventionist role in the future operation of the government-owned international television service".

The *Sydney Morning Herald* (2 March) commented that the AN tender budget was "feeble" at \$23 million a year, locked in for 10 years. The article noted that the priority countries identified in the tender do not include Papua New Guinea, the Solomons and the rest of the Pacific.

Following an industry briefing on 11 February, The Australian (14 February) reported a "dramatic expansion" of the Australia Network service, and questioned the adequacy of the budget. The Australian suggested revenue will be affected through the Government's encouragement to reduce the amount of sports programming.

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