



Australian Government

Department of the Prime Minister and Cabinet

Dr Ian Watt AO
Secretary

Ref:

Mr Tony Negus
Commissioner
Australian Federal Police
BARTON ACT 2600

Dear Commissioner

Possible Unauthorised Disclosures

I write to you regarding recent media reporting that refers to a commercially sensitive Australian Government tender process.

By way of background, the Government announced on 23 November 2010 that a ten-year contract to operate Australia's international broadcaster, the Australia Network, would be put to tender. The tender closed on 25 March 2011. On 24 June 2011 the Government announced changes to the tender and invited further submissions from tenderers by 27 July 2011.

On 17 October 2011 *The Australian* reported the decision and some of the details of the recommendations made by the Tender Evaluation Board. On 24 October *The Age* carried a report a 'confidential government review' concerning an evaluation of the Australian Broadcasting Corporation as the current operator of the Australia Network. The document was prepared by the Department of Foreign Affairs and Trade for internal government purposes only. The title of the document is '*Review of the Australia Network*' and *The Age* claims it had a 'final draft' dated 28 June 2010.

I have discussed these matters with the Secretary of the Department of Foreign Affairs and Trade and the Secretary of the Department of Broadband, Communications and the Digital Economy and they have both confirmed to me that neither matter was authorised for public release.

~~CABINET IN CONFIDENCE~~

This matter is of an ongoing sensitive commercial nature and remains subject to deliberations of the Cabinet. I therefore ask that you commence an investigation of these matters as possible unauthorised disclosures. I enclose a copy of the articles in question.

Yours sincerely



I J Watt
27 October 2011

Enclosures:

1. 'AN-OTHER FINE MESS LABOR'S GOT ITSELF INTO' -, *The Australian*, page 27, 17 October 2011
2. 'Rudd forced tender on Asia Service' - *The Age*, page 4, 24 October 2011

~~CABINET-IN-CONFIDENCE~~

AN-other fine mess Labor has got itself into

- by: *Mark Day*
- From: *The Australian*
- October 17, 2011 12:00AM

THE Gillard government is in a pickle over the future of the Australia Network. What should have been a straightforward decision has become a political bunfight for all the wrong reasons.

While the key characters are playing their cards close to their chests, Foreign Minister Kevin Rudd favours the Sky News bid to run Australia's "window to the world" for the next 10 years at a cost of \$223 million to taxpayers.

Communications Minister Stephen Conroy reportedly favours the status quo -- a continuation of the ABC's current programming arrangements.

Given that Rudd's department will pay the bills and Conroy's will make the final recommendation for a cabinet decision, it has the makings of a classic internal arm-wrestle with profound implications for probity and potential for collateral damage at the ABC.

Nobody is talking about the offers, undertakings, promises or plans contained in the revised tenders received by the government's panel of bureaucrats, made up of representatives of the Departments of Treasury, Finance, Foreign Affairs and Communications. This is not surprising because of the scolding dished out to ABC managing director Mark Scott and his corporate affairs head, Mick Millett, after they were accused of lobbying two ministers during the first tender round.

But it does make it difficult to discern the key elements of the proposals put forward by Sky and the ABC in their tenders. There is a further difficulty here: unless we go overseas and sit in a hotel room for a week to watch the Australia Network programming, most of us are unable to make a judgment on the value of the current service from a viewer's perspective. We cannot form an opinion as to whether the ABC is doing a good, middling or bad job of providing a unique Australian perspective on news and current affairs as it affects our region, along with informative programming of documentaries and drama.

Rudd has no such difficulties. Not only does he spend half his life in overseas hotels, but he has access to the diplomats who watch the service closely and form views on whether it meets its target of portraying a positive image of Australia. The word filtering back is that the AN service is not highly regarded. It is said to be dull and anodyne and largely unaware of its target audience.

Perhaps this is why Rudd was keen to have an open tender. Sky News chief Angelos Frangopoulos pushed the Howard government for this five years ago when the ABC's initial contract expired, but lost out. Rudd announced the tender in December last year, with a decision date slated for March.

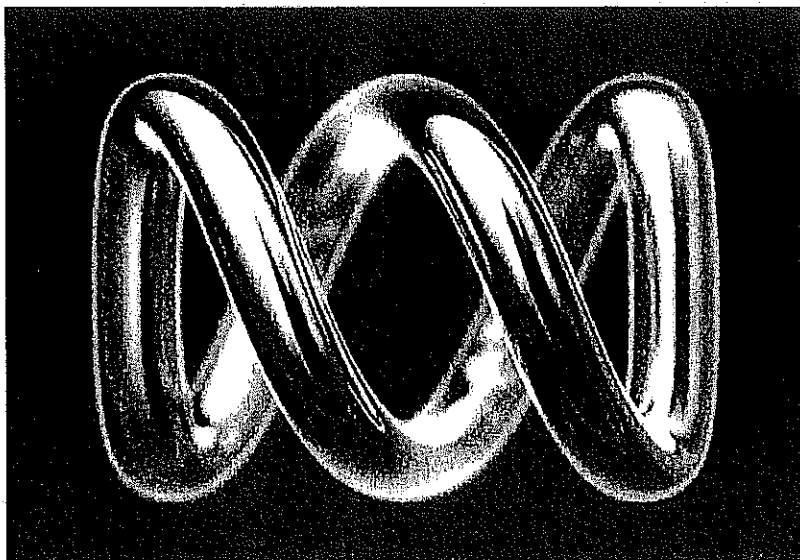
I reported in early July that the tender panel had recommended by a vote of 3-1 that the contract should be given to Sky. I have since been told the panel vote was unanimous, with

Rudd forced tender on Asia service

Daniel Flitton

October 24, 2011

Comments 5



The ABC 'consistently met or exceeded' the performance markers set out in the existing contract.

KEVIN Rudd rejected plans to allow the ABC to keep operating Australia's official TV service in Asia, despite a confidential government review that gave a gold star to the public broadcaster for running Australia Network.

The detailed "mid-term" report by the Foreign Affairs Department was never released to the ABC but was prepared last year to help decide the future of the \$223 million service.

But Mr Rudd - toppled from the prime ministership only days before the report was finalised - decided, on taking over as Foreign Minister after the election, to demand a more intense process. This resulted in putting the service out to tender in February and allowing Rupert Murdoch's part-owned Sky News to compete with the ABC for a new 10-year contract.

Advertisement: Story continues below

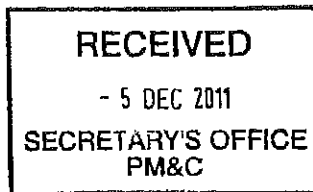
A final draft of the official review, obtained by *The Age*, states the ABC "consistently met or exceeded" the performance markers set out in the existing contract.

"The quality of the programming was assessed as good, credible and timely and provided far better coverage of the region than other international broadcasters," it said.

A decision on the future of Australia Network, now more than a month overdue, is shaping as a major headache for Labor.

The government is sitting on two separate independent reports that recommend Sky News should take over the service after lodging a superior bid.

But some cabinet members have balked at the prospect of handing the contract to a company linked to News Corporation over the publicly funded ABC and are privately blaming Mr Rudd for creating the mess.



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Our Ref: 4748087

1 December 2011

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Dr Ian Watt
Secretary
Department of the Prime Minister and Cabinet
1 National Circuit
Barton ACT 2600

Dear Dr Watt,

On 28 October 2011, the Australian Federal Police (AFP) received a referral from your office relating to several unauthorised disclosures in the media. The alleged unauthorised disclosures relate to media articles regarding the tender for the Australia Network. As a result of the referral the AFP requested further information from the Department of Foreign Affairs and Trade (DFAT).

On 28 November 2011, DFAT provided the material requested by the AFP. As a result of the evaluation of the information provided by DFAT, the AFP has initiated an investigation into the matter.

Should you wish to discuss the matter further, please contact Superintendent Linda Champion, National Coordinator Special References on (02) 61312523.

Yours sincerely,

Kevin Zuccato
Assistant Commissioner
Performing the duties of
Deputy Commissioner Operations

CRIME OPERATIONS

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7 February 2012

Dr Ian Watt AO
Secretary
Department of the Prime Minister and Cabinet
PO Box 6500
Canberra ACT 2600

Dear Dr Watt

I write to advise you of the outcome of an investigation undertaken by the Australian Federal Police (AFP) into a matter referred by you on 28 October 2011. The matter relates to articles which appeared in *The Australian* and *The Age* newspapers surrounding the tender process for the Australia Network.

s37(2)(b)

The investigation did not identify the person or persons responsible for disclosing the material. As such no further action will be taken and the investigation has been finalised.

Please do not hesitate to contact me should you wish to discuss this matter further.

Yours sincerely



Ramzi Jabbour
Assistant Commissioner
National Manager Crime Operations



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Document 4

29 March 2012

Dr Ian Watt AO
Secretary
Department of the Prime Minister
and Cabinet
PO Box 6500
CANBERRA ACT 2600

Dear Dr Watt

I refer to my previous correspondence dated 7 February 2012 regarding the investigation into articles which appeared in *The Australian* and *The Age* newspapers surrounding the tender process for the Australia Network.

Following feedback from your Department, the Australian Federal Police (AFP) conducted further enquiries into this matter.

s37(2)(b)

s47C

s37(2)(b)

s47C

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- 2 -

The point of contact for scheduling these briefings will be National Coordinator Special References Federal Agent Linda Champion on 6131 2523 or via email linda.champion@afp.gov.au.

Yours sincerely



Ramzi Jabbour
Performing the Duties of
Deputy Commissioner Operations

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