



COMMONWEALTH OF AUSTRALIA

# Official Committee Hansard

JOINT COMMITTEE OF PUBLIC ACCOUNTS AND AUDIT

**Reference: Role of the Auditor-General in scrutinising government advertising**

MONDAY, 26 OCTOBER 2009

CANBERRA

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**JOINT STATUTORY  
COMMITTEE OF PUBLIC ACCOUNTS AND AUDIT**

**Monday, 26 October 2009**

**Members:** Ms Grierson (*Chair*), Mr Georgiou (*Deputy Chair*), Senators Mark Bishop, Boyce, Bushby, Feeney and Lundy and Mr Bevis, Mrs Bronwyn Bishop, Mr Bradbury, Mr Briggs, Mr Butler, Ms King, Mr Neumann and Mr Robert

**Members in attendance:** Mrs Bronwyn Bishop, Mr Briggs, Mr Georgiou, Ms Grierson and Mr Neumann

**Terms of reference for the inquiry:**

To inquire into and report on:

The role of the Auditor-General in scrutinising government advertising

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**WHITE, Mr Michael, Executive Director, Australian National Audit Office..... 2, 24, 38**



**Committee met at 9.40 am**

**CHAIR (Ms Grierson)**—I declare open today’s public hearing, which examines the Auditor-General’s role in scrutinising compliance with guidelines on government advertising campaigns. The committee has selected four advertising campaigns to examine as case studies to assist our understanding of how the guidelines operate in practice.

We have previously examined the climate change household action campaign. Today we will examine the national binge drinking campaign, the child care tax rebate campaign and the small business and general business tax break campaign. We will start with the national binge drinking campaign.

I welcome witnesses from the Department of Health and Ageing, the Department of Finance and Deregulation and the Australian National Audit Office. I draw the attention of witnesses to the written guidance on the conduct of hearings available at the table.

[9.41 am]

**MCPHEE, Mr Ian, Auditor-General, Australian National Audit Office**

**PALMER, Ms Rachel, Performance Audit Services Group, Australian National Audit Office**

**WHITE, Mr Michael, Executive Director, Australian National Audit Office**

**COTTERELL, Mr Simon, Assistant Secretary, Drug Strategy Branch, Department of Health and Ageing**

**GRANT, Mr John, Division Manager, Procurement Division, Department of Finance and Deregulation**

**VAN VEEN, Ms Laurie, Assistant Secretary, Communications Advice Branch, Department of Finance and Deregulation**

**HUXTABLE, Ms Rosemary, Acting Deputy Secretary, Department of Health and Ageing**

**PALMER, Ms Samantha, General Manager, Communications and People Strategy, Department of Health and Ageing**

**CHAIR**—Do any of the witnesses present wish to make an opening statement before we proceed to questions? As no-one wishes to make an opening statement, I will proceed. This hearing follows a hearing we had last week with an ANU academic which raised some interesting issues for us. It also follows the release of the Auditor-General's Report No. 2 of 2009-10, the *Campaign advertising review 2008-09*. It raises some questions, Auditor-General. As a refresher, let us have a look at the advertising campaign.

*A PowerPoint presentation was then given—*

**CHAIR**—How successful has that advertising campaign been and how do you know how successful it has been?

**Ms Huxtable**—The evaluation of the campaign was only recently conducted and received. At this stage, the evaluation report is with the Minister for Health and Ageing, so it has not yet been released. However, I can say that the results have, in general terms, been very positive. They show that the campaign has cut through effectively and has been attention-grabbing.

**CHAIR**—So it is not publicly available information at this stage?

**Ms Huxtable**—No, not at this stage. We expect it to be made publicly available quite shortly. It is with the minister at the moment.

**CHAIR**—One of the areas that the guidelines are specific about is the evidence to suggest that the campaign is necessary. As the member for Newcastle and on the basis of personal experience and statistics that I have seen, I have no doubt that the evidence is there—

**Mr GEORGIU**—In that case, who needs research!

**CHAIR**—That is right. No, the research and, particularly, the statistics are there. Could you elaborate on the sorts of research evidence you did use for this campaign—not just what you used to justify the need for the campaign but also what you used to determine the nature of the campaign?

**Ms Huxtable**—The research evidence goes to two issues. In putting together the contents of the campaign, there has been a heavy reliance on facts. You will have already heard in the audio that there are a number of key facts that are communicated in the campaign. It was important that it was very factual and accurate. I think that contributes to the campaign being seen as personally relevant and cutting through. The research that underpinned the development of the campaign was done through a good deal of concept testing which occurred with focus groups of young people who were within the target group.

**CHAIR**—At what stage does that happen according to the guidelines?

**Ms Huxtable**—The concept testing occurs after the point at which the campaign has been authorised and is in the development phase. In this one, I think there was an initial phase of concept testing that included concept-testing the original concepts that were provided by the bidding agencies and then a further phase of concept testing to refine the materials.

**Mr GEORGIU**—How did you choose the agency?

**Ms Huxtable**—There was a procurement process. Sam, you might want to elaborate.

**Ms S Palmer**—Part of the process of choosing the agency is testing the different concepts based on the brief that the five agencies put before the department. An important component of that assessment and that procurement processes is deciding which agency is most effective in producing advertising that works with the target audience.

**Mr GEORGIU**—Do you shortlist?

**Ms S Palmer**—As part of that process, some agencies within the five get closer than others.

**Mr GEORGIU**—But do you shortlist?

**Ms S Palmer**—Within the five? I do not believe that we do.

**CHAIR**—So it goes to out to a general tender?

**Mr GEORGIU**—So you interviewed everyone?

**Ms S Palmer**—It goes to a select tender of five agencies.

**Mrs BRONWYN BISHOP**—How do the five get on the list?

**Ms S Palmer**—How do the five get on the list that we choose from?

**Mr GEORGIUO**—Yes.

**Ms S Palmer**—Under the guidelines we have a multi-user list that the Department of Finance and Deregulation has. We choose from the agencies on that list.

**Mrs BRONWYN BISHOP**—So you just pick? You have total discretion?

**Ms S Palmer**—No, we seek advice from Finance and Deregulation.

**Mrs BRONWYN BISHOP**—My God, they are becoming powerful, Finance and Deregulation. What guidelines do you use, representatives of the Department of Finance and Deregulation, to determine which five they can pick? Ms Van Veen? Mr Grant? In terms of this short-listing process—

**CHAIR**—Is Finance involved in the short-listing process?

**Mr Grant**—Finance is involved in it but there is—

**CHAIR**—What criteria do you use?

**Mrs BRONWYN BISHOP**—No, I will restate my question. I asked whether the Department of Health and Ageing could just pick whichever five they liked off the list. Ms Palmer answered that they have to seek guidance from the Department of Finance and Deregulation. What is the nature of your guidance and where are the guidelines in print that you use to advise them?

**Mr Grant**—Chair, I will let Ms Van Veen answer that.

**Ms Van Veen**—With respect to this campaign—

**Mrs BRONWYN BISHOP**—No, any campaign, presumably.

**Mr GEORGIUO**—Stay with this one.

**CHAIR**—Yes, I am happy for you to stay with this one.

**Ms Van Veen**—Okay, thank you. The Communications Advice Branch was not formed at the time that this campaign was initiated. The communications multi-use list that was referenced by Ms Palmer was established on 31 March this year. I would expect that, at the time, agencies that had a track record in communicating with young people—

**Mrs BRONWYN BISHOP**—That is not the question. Ms Palmer said that she had to seek guidance from the Finance as to which five agencies she could pick. I asked you where your

guidelines are as to that guidance that you give and where are they in writing so that we can see them.

**Ms Van Veen**—In this instance I am unclear, not having been at Finance at the time. The Communications Advice Branch—

**Mrs BRONWYN BISHOP**—Who was there at the time?

**Mr Grant**—Perhaps, Chair, I can come in here.

**CHAIR**—Then I would like to follow up with the Audit Office on that issue.

**Mr Grant**—In the context of the work of the Communications Advice Branch—and I will talk about how it works with the multi-user list that exists now—

**Mrs BRONWYN BISHOP**—Can you give me a straight answer to the straight question I asked?

**Ms Huxtable**—Could I just clarify that the multi-use list was not actually in existence. I think Ms Palmer responded to your question for the current campaign but, in fact, there was not a multi-use list at that point, so Sam is about to clarify.

**CHAIR**—Let us go back so we know exactly what did happen in the case of this campaign.

**Ms S Palmer**—I apologise. I took the question as current tense—what we do now, as opposed to what was done then.

**Mrs BRONWYN BISHOP**—Well, maybe.

**CHAIR**—Let us talk about what you did in the past—for this campaign.

**Ms S Palmer**—This particular campaign started prior to the guidelines being in existence. At the time, we got a list from the GCU, which was in existence then, because it was previous MCGC process when we first started.

**Mr GEORGIU**—When was this? Could you give me a time?

**Ms S Palmer**—Right back?

**Mr GEORGIU**—When did you seek the advice from GCU? I thought GCU was abolished on day one.

**Ms S Palmer**—We commenced this in 2006 around the new national alcohol campaign.

**CHAIR**—That was before the election in 2007.

**Mr GEORGIU**—This is an overflow from the previous government? Great.

**Ms S Palmer**—Yes, the national alcohol campaign.

**Mrs BRONWYN BISHOP**—Then why are we talking about it? Let us get it straight. This is an advertisement that was conceived by the previous government, actioned under the previous government but actually went to air under this government. So it went to air under the previous rules?

**CHAIR**—Ms Palmer, you can go through the process for us, please, from start to publication.

**Mrs BRONWYN BISHOP**—Otherwise it is irrelevant.

**CHAIR**—It is quite relevant, so please go ahead.

**Ms Huxtable**—It had commenced under the previous government. It was part of the national alcohol campaign, so the original commissioning of advice in respect of supplier advice—

**Mrs BRONWYN BISHOP**—It was a Howard government conception?

**Ms Huxtable**—It was commenced under the previous government; however,—

**Mrs BRONWYN BISHOP**—So how did it change?

**Ms Huxtable**—when the current government made announcements in March in respect to the National Binge Drinking Strategy there was a realignment, at that point, of the campaign—

**Mrs BRONWYN BISHOP**—What does that mean?

**CHAIR**—In March '08.

**Ms Huxtable**—More toward the young group and focusing on the messaging around dissuading young people from drinking to the point of intoxication.

**Mrs BRONWYN BISHOP**—So was there an ad in existence that got changed? Was there an advertising agency appointed that then got a new brief?

**CHAIR**—Let us go back to the beginning of the process then, in 2006, because that is what we wanted to know about. Can you go back to the choosing of campaign advertising firms for us?

**Ms S Palmer**—There was an announcement about the national alcohol campaign and a select tender process that had been approved by the former Ministerial Committee on Government Communications on 18 October.

**CHAIR**—What does a select tender process mean?

**Ms S Palmer**—That is where we get a number of agencies, on advice from GCU, about who we can choose to go out to tender from. It is a select tender. They have a big list and we get advice about which consultants off that list we can go to.

**CHAIR**—So you got the short list and you said that was a short list of five?

**Ms S Palmer**—Yes.

**Ms Huxtable**—They are the ones you go to so you can choose from them.

**CHAIR**—Yes, that is right, so you can get concept development.

**Mrs BRONWYN BISHOP**—That was done before the last election? So that was under the old process?

**Ms S Palmer**—Yes. That was done under the old process.

**Mrs BRONWYN BISHOP**—So we cannot take any evidence from you about this campaign about the new process?

**Ms Huxtable**—I think this campaign did move into the new policy—

**CHAIR**—That is why we are asking you to go right through the process. If members could let Ms Palmer go through the process it would be helpful.

**Ms S Palmer**—On 10 March we had an announcement by the new government for a National Binge Drinking Strategy.

**Mr NEUMANN**—On 10 March 2008?

**Ms S Palmer**—Yes, that is right. The minister approved the marketing strategy and RFT documents on 12 June 2008.

**CHAIR**—That was based on the original concepts and advertising campaign that had been put together previously?

**Ms S Palmer**—Yes, that is right, because those agencies had been part of that GCU process when we had originally conceived it.

**Mr GEORGIU**—When did you select the agency?

**Ms S Palmer**—The agency was appointed on 9 September 2008.

**Mr GEORGIU**—So you short-listed in 2006—based on GCU advice; I do understand the process—and there was a two-year hiatus.

**CHAIR**—So what happened in 2007?

**Ms S Palmer**—There was developmental research done in 2006.

**Mr GEORGIU**—But you had not appointed the agency until 2008?

**Ms S Palmer**—No. You do the developmental research first so that you understand what is happening in the marketplace with the audience. That included young people in that research. Even though the campaign at that time was not specifically about young people, it did include young people, and it was taken that that research was still valid and appropriate for the development of this campaign.

**Mr GEORGIU**—So you had five and you interviewed all five? All five presented?

**Ms S Palmer**—We provide the materials to them and they produce their creative—

**Mr GEORGIU**—They all presented?

**Ms S Palmer**—That is right. Then we focused it.

**Mr GEORGIU**—This process of selection got ticked off by the Auditor-General? I mean the initial process under GCU. Did that short-listing get ticked off? I am asking whether you signed off on the selection process and, if so, whether you did it under GCU approaches.

**Mr White**—We accepted the procurement processes even though they continued over a long period of time.

**Mr GEORGIU**—No, did you endorse those processes in your limited assurance?

**Mr White**—We do not endorse a process. We were presented with a procurement process by the Department of Finance and Deregulation and—

**Mr GEORGIU**—Which you thought was fair enough?

**Mr White**—We accepted that they appeared reasonable.

**Mr GEORGIU**—Did you believe that that was a reasonable way to short-list? What did you sign off on?

**Mrs BRONWYN BISHOP**—He thought it was okay, presumably.

**Mr White**—Yes, we did think it was okay.

**Mr GEORGIU**—That is fine. That is all I wanted.

**CHAIR**—I would like to follow up on the matters of the Auditor-General and the Audit Office. Since the operation of the guidelines came into force, have you tracked the processes of selection? Are you seeing the same firms? Are you seeing any reason for us to think that there is an inner group that always gets the inside running? Is there scope for new operators?

**Mr GEORGIU**—No, it is—

**CHAIR**—I want to know, Senator Georgiou. Is there scope for new operators or new agencies? What is happening?

**Mr White**—We have not looked at it specifically, because the department of finance is running the multi-use list. We are more than happy with the way that the process is running.

**CHAIR**—Mr Grant, you might like to answer that question.

**Mr Grant**—Chair, I am happy to do that—

**Mr GEORGIU**—Before you go there: you said that you are happy with the process?

**CHAIR**—No, Mr Georgiou—

**Mr GEORGIU**—No, I want to clarify things. You are happy with the process—that is okay. You just flicked it to Finance. What I am asking is whether you are actually certifying this in accordance with the level of certification and are happy with the whole process.

**Mr White**—Yes, we are.

**CHAIR**—You are happy with the multi-use process. We would like to know more about that, Mr Grant.

**Mr GEORGIU**—Are you happy with the GCU selection, too?

**CHAIR**—Mr Grant, would you like to tell us more about the multi-use list?

**Mr Grant**—Communications Advice Branch works with the agency that is undertaking the campaign advertising. It has a look at the nature of the campaign. That includes things like the audience focus of the campaign and the nature of the message. That brings together a series—usually three to five—of potential suppliers off the multi-use list.

**CHAIR**—So how do you get on to the list?

**Mr Grant**—Companies are able to go onto the list by providing details about their capability and their financial—

**CHAIR**—But who picks them?

**Mr Grant**—Companies are able to nominate themselves based on their financial viability, the fact that they are a company and also by giving some references. We check the references. If there is any problem with a reference, we go back to the company and say, ‘We have a problem with your reference in terms of your expertise.’

**CHAIR**—You may not be able to tell me straightaway, but could you tell me how many on that list and what proportion—

**Mr Grant**—Around 250.

**CHAIR**—About 250?

**Mr Grant**—It is all on AusTender, so it is very visible.

**CHAIR**—Have you looked at whether that is a high proportion of advertising agencies? Are the most established, most well-known ones represented?

**Mr Grant**—All of the well-known ones are on there. It goes across five different areas. It includes creative, it includes non-English-speaking background and Indigenous, it includes research companies—

**CHAIR**—Is government seen as a good client that is worth the hassles, the effort, the money?

**Mr Grant**—Chair, there are over 250 on there.

**CHAIR**—So you think so? You cannot answer that for them. All right. Keep going.

**Mr GEORGIU**—Apropos your point, when did the Indigenous and non-English-speaking material get produced for this campaign?

**Ms S Palmer**—For this campaign, we had non-English-speaking materials that went out in the first phase. We are finalising the Indigenous materials now. They will be coming out with the second phase.

**Mr GEORGIU**—So you have not done it yet?

**Ms S Palmer**—No, we did not have them ready for the first phase.

**Mr GEORGIU**—I have a question for the Auditor-General. Mr McPhee, you say that you did not have that material, so you could not assess it?

**Mr McPhee**—That is correct.

**Mr GEORGIU**—How does that conform with the notion—

**CHAIR**—No, Deputy Chair—

**Mr GEORGIU**—How does that conform with the notion of accessibility?

**CHAIR**—Deputy Chair, I am the chair of this committee. Before you go on, let us allow Ms Palmer to finish her process. She was going on from September 2008. I think we just need to finish that process.

Ms Palmer, you said that in 2006 the national alcohol campaign was kicked off; in 2007 there was a lot of concept testing and research; in 2008 you went through March, June and September to a selection. Please finish the process. We will then be able to go to more direct questions.

**Ms S Palmer**—No problem. We did six rounds of concept testing on the advertising we were producing, between July and November 2008. The interdepartmental communication committee reviewed the campaign in meetings on 1 October and 5 November.

**CHAIR**—Who exactly was that—say again?

**Ms S Palmer**—The interdepartmental communication committee.

**CHAIR**—That is under—

**Mr Grant**—It is a committee that is run by Finance, yes.

**Ms S Palmer**—The secretary of the Department of Health and Ageing certified the campaign on 14 November 2008. The ANAO review report was provided to the minister on 18 November 2008. The ministerial launch of the campaign occurred on 21 November. And the material started to appear in the media on 23 November.

**Mr BRIGGS**—Sorry, Ms Palmer, can we just step back a bit. The secretary of your department approved on 10 November?

**Ms S Palmer**—On 14 November she certified it, yes.

**Mr BRIGGS**—The Audit Office ticked off on the process—

**Ms S Palmer**—On the 18th.

**Mr BRIGGS**—So four days? It was given straight to you and it took four days and you approved the process?

**Mr McPhee**—We work in parallel with the department, so we have obviously been involved much earlier than 14 November.

**CHAIR**—Let us finish the process. You were up to 23 November.

**Ms S Palmer**—That coincided with the start of Schoolies Week.

**CHAIR**—So that was the launch of the campaign?

**Ms S Palmer**—Yes, to achieve maximum impact, when young people were celebrating and more likely to be drinking to intoxication. The campaign continued until March 2009. The evaluation was in-field between March and April 2009, and the evaluation report was available to us in mid-August.

**Mr GEORGIU**—Can I just continue with the issue?

**CHAIR**—Yes, now, please do, Deputy Chair.

**Mr GEORGIU**—So the campaign has concluded?

**Ms S Palmer**—The first phase.

**Mr GEORGIU**—Could we get a look, sometime, at the non-English-speaking material? And can I ask again: how is it accessible if the Indigenous part of the campaign has not been executed at all, three years after it started and seven months after the first phase was completed?

**CHAIR**—Ms Huxtable, do you want to answer those questions?

**Ms Huxtable**—The Indigenous elements of the campaign have been developed. Since then, we did engage, my recollection is, with a specific Indigenous creative organisation to develop those materials, and they will be forming part of the second phase, which will be launched quite soon.

**Mr GEORGIU**—Are you happy with your priorities—that, three years down the track, 2006 to 2009, you still have not delivered any material specifically for an area in which there is a real need for this material?

**Ms Huxtable**—There are two elements to that. Firstly, the campaign was launched in November 2008, so it is less than a year, or nearly a year, since the campaign was launched, so—

**Mr GEORGIU**—It started development in 2006.

**Ms Huxtable**—I think to say three years is—

**Ms Huxtable**—No material had been in the field. So there has been material in the field for a year.

**Mr GEORGIU**—You started concept testing in 2006.

**Ms Huxtable**—And the advice also that we received is that there is significant utilisation of the mainstream media by young people in both the Indigenous and the NESB groups. So it is not that they are not being—

**Mr GEORGIU**—So there is no need for Indigenous materials?

**Ms Huxtable**—No, I did not say that.

**Mr GEORGIU**—Well, sorry, but—

**Ms Huxtable**—And in fact we have been developing that material. So that is not what I said.

**Mr GEORGIU**—Can I just ask the Auditor-General: under the tick-off on ‘accessible’, is this acceptable?

**Mr McPhee**—We have taken the view that we have to weigh up, I guess, the timeliness of the advertisements going out, and we have accepted agencies splitting out the English-speaking from the non-English-speaking and in some cases Indigenous campaigns. So we have accepted that. Otherwise, it would have resulted in campaigns being considerably delayed before they commenced.

**Mr GEORGIU**—Can I make an observation: you sound just like a member of GCU.

**CHAIR**—And I will just make an observation: the city of Newcastle has the second highest incident of alcohol related violence, second to Wilcannia, so I suppose there is—

**Mr BRIGGS**—And that has reduced in the last few months.

**CHAIR**—It has, actually.

**Mr GEORGIU**—I am sure that also explains why there was a two-year lag.

**CHAIR**—Auditor-General, there are funding and administrative cost implications for campaigns that go over such a long period. I imagine that substance abuse is always on the horizon. I do not know whether that fits in a similar category where there is an ongoing campaign. But is there improved practice of being a little bit more efficient in delivering these campaigns?

**Mr McPhee**—There is no question that we would dearly like agencies to present us with the complete package of material at the one time. We encourage that. The question we face, though, is if agencies are not prepared, should the whole campaign be delayed and the benefits of the campaign be delayed for that reason alone? From an audit perspective we make it very clear what it is we have covered and so a reader of our certificate will clearly understand what we have and have not looked at.

**CHAIR**—Is there any justification for not having these developed in a parallel way?

**Mr McPhee**—Agencies are better placed to answer that. But we would give great encouragement to them being developed in parallel.

**Mrs BRONWYN BISHOP**—With respect to the original intent of these advertisements back in 2006, were other substances which are abused included in the campaign?

**Ms S Palmer**—Harm relating to alcohol—the safe use of alcohol.

**Mrs BRONWYN BISHOP**—So it was only relating to alcohol?

**Ms S Palmer**—That is correct.

**Mr GEORGIU**—What about anti drug?

**Ms Huxtable**—There have certainly been other campaigns, but that campaign was around the safe use of alcohol.

**Mrs BRONWYN BISHOP**—Did the anti-illicit drug campaigns also continue as this alcohol campaign did?

**Ms Huxtable**—There have been campaigns around the illicit use of drugs. I am not sure whether they have continued the same theme or—

**Mrs BRONWYN BISHOP**—Can you find out for me whether they have continued or whether they were chopped?

**Ms S Palmer**—We continued with the prevention message in the illicit drugs campaign, as did the previous government. The illicit drugs campaign that has been running since the election of the new government also includes an intervention message to try to assist people who are currently using illicit drugs to consider the consequences associated with that, to encourage them to reduce their use or stop their use.

**Mrs BRONWYN BISHOP**—So the message changed from prevention to harm minimisation?

**Ms S Palmer**—It was not so much a change but a combination or an extension, so prevention—

**Mrs BRONWYN BISHOP**—The original message was prevention. The current one is harm minimisation, so it changed.

**Ms S Palmer**—Prevention continues.

**Mrs BRONWYN BISHOP**—It has changed; that is all right.

**CHAIR**—Mr Neumann, you have a question.

**Mr NEUMANN**—It arises from Mr McPhee's reference to when Mr Briggs raised the issue of four days and the contact you had with the ANAO. As a result of your dealings with the ANAO, did you change any activity or change the campaign and, if so, what changes did you make?

**Ms S Palmer**—As the Auditor-General said, we do engage with audit staff as we work through the development of the campaign. It is quite often around discussion to ensure that they have full information about the research and about what the research is telling us is recommended to the department to change in the campaign so that they can understand that along the way. It is not my understanding that the ANAO request us to make changes as we go through that. It is more about ensuring that they are completely across what we have been doing and how we have come to the decisions we have come to with the campaign. So when it comes to them formally, after certification, they are completely across how we have got to where we are at.

**Mr NEUMANN**—I am puzzled about that response, because that is not what I thought was supposed to happen. You mean to tell me they just sit around and have a yak with you and do not do anything in relation to the whole thing?

**Ms S Palmer**—No, they really review the documentation we provide. For instance, a research report—

**Mr NEUMANN**—But my understanding of the ANAO is that they are very strong in terms of recommending changes as they go through process. What did they do? Did they sit around and sing songs while you guys were going through this process? What were you doing with them?

**Ms S Palmer**—We are providing them with information so that they are aware of the changes that we are making and so they are aware of how we have come to the decisions that we have come to with respect to the materials we put forward to them for formal review after certification.

**Mr NEUMANN**—As they were going through the process, did they say, ‘Hang on a sec, the guidelines suggest this; have you thought about that?’

**Ms S Palmer**—I think there is a fair bit of discussion between the officers, probing to ensure that we are making decisions that are completely in keeping with the research that they are putting before us.

**Mr NEUMANN**—If that is the case, and if they gave you advice, what advice did they give you and what did you change during the campaign?

**Ms S Palmer**—The thing about this campaign is it had an enormous amount of research undertaken to underpin the decisions.

**Mr BRIGGS**—Dare we say, unlike others!

**Ms S Palmer**—I am just saying that is what happened with this campaign. Six rounds of concept testing is quite a lot of concept testing to do to ensure that the campaign is going to be effective.

**Mrs BRONWYN BISHOP**—It is more than usual, is it?

**Ms S Palmer**—I would say, in my experience, two to three rounds is quite normal. It can take six or more. It depends on how difficult the behaviour is and what the target market’s perspectives and perceptions are around the materials that you have built to try to change their behaviour and increase their awareness.

**Mr NEUMANN**—Perhaps the Auditor-General can answer this. What advice did you give on the way through and how did they change their campaign?

**Mr White**—I am not sure that we suggested changes per se that would have ever had any impact in terms of the materials. The campaign is the department’s.

**Mr NEUMANN**—I know. You have guidelines there, with respect, and if they are falling outside the guidelines, surely, your job would have been to say, ‘Hang on a sec, here are the guidelines, guys.’

**Mr White**—If we had a concern or an issue or a lack of understanding around any particular part of the guidelines we would have gone to back to Health and asked for an additional explanation to improve our understanding and collected additional materials.

**Mr NEUMANN**—Did you, and did they respond—it is a simple question. I just want to know

**CHAIR**—Is this formalised in any way? Is it minuted or are there records or whatever? Or is it informal?

**Mr White**—Certainly in terms of this campaign we did ask for further understanding of further documentation in terms of the research materials. Those materials were provided and that understanding was given to us so that we could document it against our review of the guidelines.

**Mr NEUMANN**—In response to what you did, did they make any changes?

**Mr White**—Not to the campaign. They provided additional materials for us.

**CHAIR**—Is it formalised in any way?

**Mr GEORGIU**—We have asked for your communications with the previous campaign. If the Auditor-General says, ‘It seems to me that this is outside the guidelines, what would you do?’

**Ms S Palmer**—I can give evidence on what happened. I am not prepared to speculate.

**Mr GEORGIU**—No, I asked what would you do if the Auditor-General—

**CHAIR**—You cannot speculate. She just said—

**Mr GEORGIU**—What I am asking is if the Auditor-General says, ‘This is outside the guidelines,’ what would you do?

**Ms S Palmer**—If the Auditor-General said that he would issue a review report, we would not be able to ask the minister for permission to launch the campaign.

**Mr BRIGGS**—You would. The Auditor-General said before that you could still go ahead.

**Mr GEORGIU**—Hold on. What I want to know is if the Auditor-General, in the process of this interaction and the sharing of perspectives, said, ‘I think this is outside the guidelines, guys,’ what would you do?

**Ms S Palmer**—I do not believe we would get to that point because we are working on the guidelines.

**Ms Huxtable**—It is very hard; we have not actually faced that situation.

**Mr GEORGIU**—What I am saying is that the Auditor-General is there on the spot from go to whoa, except for this one. What I am asking is: if he says, ‘I have a problem with this’ what would you do? You say that it would never happen, and my question is: ‘What is the Auditor-General doing there if you are perfect?’

**CHAIR**—Is there a proactive approach being employed?

**Mr McPhee**—Would you mind, Mr Georgiou, if I just said a few words.

**Mr GEORGIU**—Please.

**Mr McPhee**—The desirable outcome for any of these campaigns is the agency is completely—

**Mr GEORGIU**—Autonomous.

**Mr McPhee**—They have done the work to support the adherence of the campaign to the guidelines. They have laid out the cost benefit, they have laid out the research, they have justified their campaign and my people, apart from having a conversation, were able to say, ‘Yes, that meets the guidelines and we’re in good shape and you can tell your secretary that we would be willing to provide an opinion if she is willing to sign off.’ That is the desirable model. By the sound of this case it looks as though there were not too many issues. My general understanding is that some of the health campaigns are more strongly supported by scientific, medical research than are perhaps some other campaigns.

**Mr GEORGIU**—Let me ask you the question then. If your staff thought that something was outside guidelines half-way through the campaign, would you tell the department that, in your view, this is outside guidelines?

**Mr McPhee**—We would say we are not, at this stage, persuaded by the case for the cost-benefit of the campaign or the research or whatever. Sometimes the department would go away and possibly do research, which might confirm their position or require them to change their position. That is part of the ongoing process. Sometimes it does result in conversations between its chief executives and me about particular campaigns.

**Mrs BRONWYN BISHOP**—Can I put to you Mr McPhee, if I may, you are not permitted to tick-off where it is promoting a party political interest. Take the drug campaign, for instance, that has been running—

**CHAIR**—Could we—

**Mrs BRONWYN BISHOP**—Just a moment. This is relevant to this question.

**CHAIR**—I was just going to point out to everybody here that our room booking expires at 11.30 am and we have two other campaigns.

**Mrs BRONWYN BISHOP**—We know that.

**CHAIR**—Go ahead, Mrs Bishop but be as quick and to the point as you can be.

**Mrs BRONWYN BISHOP**—Thank you. I know how I wish to ask my question, without your intervention. Mr McPhee, the question of the illicit drug message, we have heard, changed from one of prevention—which was a Howard government message—to one of harm minimisation, which is a Rudd government message. That is also a party political message. How do you tick-off on a change of that nature against your requirement for it not to be a party political interest?

**Mr McPhee**—Thank you, Mrs Bishop. The actual legal advice—I think we have provided it to the committee—from AGS is reasonably helpful, in this case. I could perhaps refer you to two aspects of it, if I may; firstly, in regard to the definition of the term partisan. The reference is paragraph 14, under the legal advice section. It basically says that partisan carries with it the notion of something being excessively dedicated to a cause or party, or biased or prejudiced. The advice further says that—

**Mrs BRONWYN BISHOP**—Does it define ‘excessively’?

**Mr McPhee**—No, it does not define ‘excessively’. But the subsequent paragraph says that it would be possible for there to be an information program conducted by the government about a particular government policy that did not, within the meaning of the guidelines, amount to an excess of dedication to that policy and did not display bias or prejudice in favour of that policy, notwithstanding that competing political parties did not support that policy. So it does not need to be bipartisan. The government is entitled to promote programs of its own.

**Mrs BRONWYN BISHOP**—On that basis, you would have given a tick to the ‘Unchain my heart’ campaign?

**Mr McPhee**—I have not looked at the ‘Unchain my heart’ campaign.

**Mrs BRONWYN BISHOP**—But it meets that description. All the criticism about why you are involved in this whole process—which I object to because it makes you a political player—was around advertisements like that campaign. And yet we hear a member of the GCU process say that you are sounding just like people who are part of that GCU process sounded, making the same reasonable arguments. It seems to me that, under the new regime, it is quite possible—particularly after what you have just said—that we are going to have a highly political advertisement given the tick by your office.

**Mr McPhee**—Mrs Bishop, I was just trying to make the point that programs do not have to be bipartisan to be advertised.

**Mrs BRONWYN BISHOP**—We had the same roles. Yet they were criticised and you were brought in to be the arbiter, because if you said it was okay we all had to accept it.

**Mr McPhee**—And we have said in this case it is okay, from our perspective, Mrs Bishop.

**CHAIR**—We have to move on and I thank you for presenting today. I would like to ask one last question. We had a presenter who suggested—and this is particularly relevant to Health and Ageing—that, under the guidelines, the ‘Grim reaper’ advertisement would never pass, because the evidence was not in and it was a proactive, social-change advertisement which was highly successful and recognised internationally. Do you have a view on that? Would that sort of social change or health change type of advertisement be passed under today’s guidelines?

**Ms Huxtable**—The guidelines show the cost-benefit analysis and that the evidence is very strong for the campaign approach that is applied, so I think it would very much depend on the issues being faced and the research around how effective those messages will be. Really it varies case by case. But I think it is the case that there are some quite strong campaigns around that I expect would be continued. Certainly the tobacco campaigns are quite confronting.

**CHAIR**—Auditor-General, would you have a view on that?

**Mr McPhee**—We have not directly looked at it.

**Mr Grant**—I would just like to clarify an answer I gave before. I used 250 members of the communications multi-use list. I in fact have the exact detail of the numbers: as at 7 September it was 210 unique suppliers across the five different specialist categories of advertising, research, public relations, Indigenous and non-English-speaking backgrounds. There are 234 suppliers, so some of those 210 operate in more than one of those areas.

**CHAIR**—Mr Grant, with this campaign, is the allocation that includes NESB and Indigenous all allocated upfront? We see these things delayed. Is it funded holistically, and should we therefore expect the campaign to be a holistic one?

**Ms Huxtable**—The announcement in March 2008 was for \$20.3 million for the binge-drinking campaign. That is in fact calibrated into two stages. I think the first phase is about \$12.08 million, from memory, and the remaining amount will be for the second phase, which will be in November.

**CHAIR**—So you do the generic ones first and the specialty ones last?

**Ms Huxtable**—No.

**CHAIR**—Okay. That is what I wanted to know. Thank you.

**Mr GEORGIU**—What was the allocation for Indigenous and non-English-speaking background?

**Ms S Palmer**—The allocation for Indigenous-specific is \$150,000.

**Mr GEORGIU**—Out of?

**Ms S Palmer**—Out of 11 at this time.

**Ms Huxtable**—The reason for that is that the media buy is going to be in phase 2, so that is when the majority of the spend will be.

**Mr GEORGIU**—So how much are you going to spend on Indigenous in total?

**Ms Palmer**—I have not got the budget; I only have the expenditure.

**Ms Huxtable**—I would have to take that on notice.

**Mr GEORGIU**—Can you tell us also about NESB?

**Ms Huxtable**—Yes—on notice.

**Mrs BRONWYN BISHOP**—I would like to come back to Mr Grant on the question I was asking before we got into the discussion about when this campaign began. The question I have not had an answer to is prospective. Departments will come to you to get guidance, in Ms Palmer's words, about whether or not they are complying. I asked: where are the guidelines? What is the nature of the guidelines that you follow to give that guidance, and are they in writing? If not, why not? And if they are, can we have a copy please?

**Mr Grant**—Yes. There are guidelines. They are published. In fact, we have provided them before, but I am happy to do it again. As to whether it gets down to the nature of the advice given to agencies by the Communications Advice Branch, it does not. I was going through the sorts of matters that the branch takes into account when it is assisting departments to select three to five suppliers.

**Mrs BRONWYN BISHOP**—Do your guidelines also apply to written brochures that might be produced as part of a campaign?

**Mr Grant**—Where they are part of a campaign, yes, they can.

**Mrs BRONWYN BISHOP**—So it might be something like this one I am holding? And again, as the Auditor-General has said, it could be all pro-government, even though the opposition gave it no support at all? That would be okay?

**Mr Grant**—I think the answer is no. The campaign guidelines relate to all material associated with the campaign, which is part of campaign advertising.

**Mrs BRONWYN BISHOP**—Well, that is what I am saying. On the legal advice we have heard, your guidance would be that the whole campaign could be pro the government's point of view, even though the opposition is dead against it.

**Mr Grant**—I think what Mr McPhee said is that—

**Mrs BRONWYN BISHOP**—He said that that was the lawyer's advice.

**Mr Grant**—The legal advice is that you do not have to have bipartisanship. However, the nature of the guidelines on campaign advertising is that you cannot have party political—

**Mrs BRONWYN BISHOP**—But it is a very grey area.

**CHAIR**—I am going to conclude now.

**Mrs BRONWYN BISHOP**—No, I just want to get this settled.

**CHAIR**—Mrs Bishop, you can explore that further in the next session. We are going to have a change of witnesses, but I think Finance and the Audit Office are staying with us anyway.

**Mr GEORGIU**—I just have a request for information: I would like to see the research on the concept testing and on the outcome.

**CHAIR**—That concludes our examination of the National Binge Drinking Strategy campaign. I thank witnesses from the Department of Health and Ageing. It is important now that we move on to the child care tax rebate campaign. I call to the table witnesses from the Department of Education, Employment and Workplace Relations.

**Mrs BRONWYN BISHOP**—Mr Grant, while they are changing over, you say that these guidelines are written down. I would like you to find the part in those written down guidelines which would preclude a wholly supported government initiative being advertised which is totally opposed by the opposition.

**Mr Grant**—I am sorry, Mrs Bishop, that is not written down in the guidelines as clearly as you would ask.

**Mrs BRONWYN BISHOP**—Why not?

**Mr Grant**—The guidelines are established under a cabinet decision. They are public. There are five key guidelines in here. Quite clearly they go towards the nature of the material.

**Mrs BRONWYN BISHOP**—Mr Grant, the question of freedom of speech is getting to be very important in this place, and Finance is becoming very much immersed in. I think is very important that we have consistency. We have established that the legal advice says you can have a campaign ticked off by the Auditor-General that is wholly in favour of a government policy, which is presumably the policy of the Labor Party, and it can be totally opposed by the opposition and the still ticked off under these guidelines, of which you are an intermediary part. You are not the final arbiter; the Auditor-General has said that he could tick off such a campaign. In your position I want to know why you are not bound by the same legal advice that the Auditor-General is, how you can be different, and, why, if you are different, it is not written down?

**CHAIR**—I am just going to interrupt—

**Mrs BRONWYN BISHOP**—You interrupt all the time, Madam Chair.

**CHAIR**—because there are some semantics.

**Mrs BRONWYN BISHOP**—Can we just have an answer from Mr Grant, please.

**CHAIR**—I think Ms Bishop, it is important—

**Mrs BRONWYN BISHOP**—He does not meet my question interpreted for him.

**CHAIR**—It is important to state that the guidelines go to party political. It is very possible—

**Mrs BRONWYN BISHOP**—Madam Chair, I just ask the question.

**CHAIR**—It is very possible in this parliament that government legislation was not supported by the opposition and government legislation would precede an advertising campaign.

**Mrs BRONWYN BISHOP**—I am not asking you the question; I am asking Mr Grant.

**CHAIR**—Mr Grant, is it a question you can answer?

**Mrs BRONWYN BISHOP**—No, he is only a member of Finance, probably.

**Mr Grant**—All I can do is referred to the guidelines. The guidelines do not go towards whether it is a government policy supported or not supported by the rest of the parliament; the guidelines go to the nature of the material being relevant; the nature of the material being presented in an objective, fair and accessible manner; that the material should be directed at promoting party political interests; that it is produced and distributed—

**Mr GEORGIU**—No, promotion of government policy.

**Mr Grant**—Should not be directed at promoting party political interests.

**Ms GEORGE**—Read on.

**Mr Grant**—Material should be produced and distributed in an efficient, effective and relevant manner, with due regard to accountability; and that it must comply with legal requirements. That is the basis of the information we provide.

**CHAIR**—Thank you, we all have a copy of those guidelines.

**Mrs BRONWYN BISHOP**—But those are the guidelines

**CHAIR**—I must interrupt, because we have witnesses who need to be actively—

**Mrs BRONWYN BISHOP**—I know you want to railroad this inquiry, Madam Chair.

**CHAIR**—No, I do not, Mrs Bishop.

**Mrs BRONWYN BISHOP**—Can you just let me ask the question and then you can have a go?

**CHAIR**—Mrs Bishop, we have time constraints. Mr Grant has answered your question.

**Mrs BRONWYN BISHOP**—No, he hasn't.

**CHAIR**—We have new witnesses at the table and I need those, for the *Hansard* record, to each state their names.

[10.28 am]

**McPHEE, Mr Ian, Auditor-General, Australian National Audit Office**

**PALMER, Ms Rachel, Senior Director, Performance Audit Services Group, Australian National Audit Office**

**WHITE, Mr Michael, Executive Director, Australian National Audit Office**

**GRUNDY, Ms Barbara, Branch Manager, Strategic Communications, Department of Education, Employment and Workplace Relations**

**KIMBER, Mr Murray, Branch Manager, Child Care Payments and Policy Branch, Office of Early Childhood Education and Child Care, Department of Education, Employment and Workplace Relations**

**MANTHORPE, Mr Michael, Deputy Secretary, Office of Early Childhood Education and Child Care, Department of Education, Employment and Workplace Relations**

**GRANT, Mr John, Division Manager, Procurement Division, Department of Finance and Deregulation**

**VAN VEEN, Ms Laurie, Assistant Secretary, Communications Advice Branch, Department of Finance and Deregulation**

**CHAIR**—The committee welcomes new witnesses from the Department of Education, Employment and Workplace Relations. Do any of the new witnesses have an opening statement before we look at the advertisement?

**Mr Manthorpe**—No.

**CHAIR**—Thank you. We will go on and look at the advertisement. Mrs Bishop, the witnesses are here and you can come back to those, but it is my duty to keep this moving forward. We will look at the campaign on the child care tax rebate.

*A PowerPoint presentation was then given—*

**CHAIR**—Thank you very much. Mr Manthorpe, could you talk us through the campaign, giving us an idea of a time line and the interactions with both Finance and ANAO.

**Mr Manthorpe**—Certainly. The child care tax rebate changes that increased the rate of the rebate from 30 per cent of out-of-pocket costs to 50 per cent of out-of-pocket costs up to \$7½ thousand were announced by the government in the budget in 2008. In the months following that we undertook a campaign that, as you can see from the slides, sought to communicate clear, basic information about the key changes and provide people with an opportunity to go to websites and phone numbers to get more information. The campaign was in development at the

point in time when the guidelines that the ANAO oversees came into play, so we engaged with them during the development of the campaign and sought their assistance in signing off the materials as being compliant with the guidelines prior to the campaign commencing. That was done. The campaign then ran from the 29 June until 4 October. It entailed internet material, magazine and newspaper advertisements, and direct mail to people in receipt of child care benefit and child care tax rebate. The campaign concluded on 4 October last year.

**Mr BRIGGS**—What research was undertaken that actually showed that people did not know that they could get more money from the government?

**Mr Manthorpe**—We had ORIMA Research carry out some research for us on that before the campaign, and basically that research found that many families were not appreciative of the fact that child care tax rebate was not means tested—sorry to use a double negative, Mr Briggs. There was relatively low awareness of the non-means-tested nature of child care tax rebate and therefore a risk that some potential claimants would not claim. Therefore one of the key messages on all the materials was to explain that indeed child care tax rebate was—

**Mr BRIGGS**—You know it is a funny thing, because we use child care and strangely the childcare centre tells you that you can get government assistance. I think this highlights the problem the Auditor-General has, which is that in my view this is a very political campaign because it was something that was fought at the last election—the 30 per cent to 50 per cent. I imagine that you, Auditor-General, would say that this ticked the guidelines because its purpose was to provide information about a policy change.

**Mr McPhee**—Pretty much, Mr Briggs. One of the underlying principles, which really goes to Mrs Bishop's earlier comments as well, was that all members of the public have equal rights to access comprehensive information about government policies, programs and services which affect their entitlements, rights and obligations.

**Mr BRIGGS**—Sure, but if the research said that people did not know it was not income tested, then that is an element. We do not actually have the direct mail here, chair.

**Mr Manthorpe**—We can make that available.

**Mr BRIGGS**—I do remember us getting the direct mail. But the real point of this is to tell people that the Australian government has increased the rebate from 30 to 50 per cent. It is not actually to say that it is available. Its purpose is about saying the government has increased the rebate.

**CHAIR**—Mr Manthorpe, is that the direction you were heading in—

**Mr Manthorpe**—Well, I was making the point that one of the key messages we wanted to communicate in the campaign was not only the increase in the value of the rebate but also the fact that it was not means tested, which is going directly to what the research was telling us.

**Mr BRIGGS**—Sure, and I would accept that if it said, 'Do you realise you can get a rebate.' Is it a matter of saying that people did not know that they could get a rebate, which is to inform someone of their entitlement? The ad does not say, 'Did you know you could get a rebate?' It

says, 'A rebate that was there has been increased by the government and did you know we have also made it means tested.' So it is actually advertising the very political nature of a big policy issue from the last election campaign.

**Mr McPhee**—But governments have got the right, and importantly, I think, the obligation to inform the constituency about their programs and their policies and I do not think it is acceptable always to rely on the childcare centre.

**Mrs BRONWYN BISHOP**—That was the whole tenor of the debate about advertising: that governments were using taxpayers' money to tell them about their good works.

**Mr McPhee**—It is based on research; it is based on focus group discussions. There is a range of people—

**Mrs BRONWYN BISHOP**—The point Mr Briggs is making is that if it did not say, 'The Australian government will do this'—if it said, 'Do you realise this is available?'—then it would take out the political element and tick off that they were saying they were doing it.

**Mr BRIGGS**—It is also very difficult for us to really assess this campaign, because we all know that direct mail is the most effective political campaigning tool there is, and we do not actually have the direct mail here to tell us what you actually said. I remember what it said: it said that it is going from 30 per cent and it basically reflects this text. My point is that this ad does not inform me that I have an entitlement. This ad tells me that the entitlement that I had has been increased by the 'wonderful' government. That is what this ad says.

**CHAIR**—We have one in front of us—on the screen there—and it says 'important changes to the child care tax rebate'.

**Mrs BRONWYN BISHOP**—But read on.

**Mr BRIGGS**—You make my point, Chair. The point is that it is not saying that you have an entitlement to something, which is what the auditor read out for the guidelines—

**CHAIR**—How generic can it be?

**Mr NEUMANN**—Exactly.

**Mr BRIGGS**—This is an ongoing policy. All there has been is an increase in the amount that you get in return. Strange to say, people are going to work that out somehow!

**CHAIR**—Mr Manthorpe, you might like to comment on whether this was directed in the way it should have been and you, Mr McPhee, might like to answer my question about whether this was value for money. Also, you might tell us whether it hit its audience and how you know that.

**Mr BRIGGS**—Of course it did; it was a direct mail!

**Mr Manthorpe**—I will make a couple of comments on that. Direct mail was an important component of what occurred. I accept what Mr Briggs said. As he does not have the direct mail

in front of him, we will provide that to the committee. We have no issue with that. Secondly, there is a cohort of people who perhaps have very young children who they have not yet put into child care or who might be thinking of having a family or whatever who—

**Mr BRIGGS**—I grant you that it is very confusing. I absolutely agree with you.

**Mr Manthorpe**—Those people needed to be alerted to the fact that there are forms of assistance available to subsidise the cost of child care. Direct mail will not get to people who are not in child care.

**Mr BRIGGS**—Sure. That is true.

**Mr Manthorpe**—Therefore, we thought that it was important and value for money to not only—

**Mr BRIGGS**—How did you choose your direct mail recipients?

**Mr Manthorpe**—They were recipients of child care benefits or the child care benefit today.

**Mr BRIGGS**—So they already knew and were already getting it.

**Mr Manthorpe**—Not necessarily—

**Mr BRIGGS**—The 30 per cent to 50 per cent would just go into their accounts anyway. They did not actually have to apply. If they were already getting it, what was the need for them to know?

**Mr Manthorpe**—There was an issue about whether or not they had elected to go for the quarterly payment or the annual payment.

**Mr Kimber**—Prior to these changes, the child care tax rebate was paid on an annual basis. These changes introduced the option for families to claim that on a quarterly basis. The first quarterly payments for 2008-09 were made in October.

**Mr BRIGGS**—How much did this direct mail cost?

**CHAIR**—So this was all new information.

**Mr Kimber**—That was the change and new information provided.

**Mr GEORGIU**—More generally, can you tell us what the campaign was?

**Mr Manthorpe**—The cost of the campaign was in the vicinity of \$2.9 million.

**Mr GEORGIU**—Can you give us a break up of that?

**Mr Manthorpe**—Yes, I can. The cost of the advertising was fractionally under \$2.2 million of the \$2.9 million. The cost for printing and distribution of posters, flyers and the direct mail was \$446,928. I presume that the residual cost was largely for quantitative and qualitative market research and so on.

**Mr NEUMANN**—Mr Briggs sort of put words in your mouth, Mr McPhee, in relation to the response.

**Mr BRIGGS**—I am sure that the gentleman can defend himself.

**Mr NEUMANN**—I just want to make it crystal clear that you felt that the guidelines were being complied with in respect of this particular campaign. Did you feel that?

**Mr McPhee**—Yes, we felt that. I think it is important to also observe that there was no television and no radio. The first question we ask with some of these arrangements is: why won't direct mail in itself do the job? It is a reasonable question. As the department has explained, nevertheless that will get to existing recipients of the benefits but there will always be potential receivers of the benefit and others who need to know. So you need to get to them. Again, the whole campaign has to be based on a cost-benefit analysis. The assessment was that magazine and newspaper articles would do the job in this case, with no radio and no television. That is quite powerful, because the thing that we particularly focus on in the Audit Office, apart from the general adherence to the guidelines, is television, then radio and then other media. We have had none of that in these campaigns.

**Mr BRIGGS**—Putting aside that you can choose annually or quarterly, all the direct mail did was tell people that the government have increased the amount that they pay into your account from 30 per cent to 50 per cent for your rebate and that they have not means tested it. So it was not actually telling them they had to do anything to get that entitlement.

**Mr McPhee**—Mr Briggs, you cannot just increase someone's payment into their account without any explanation.

**Mr BRIGGS**—But there was—you get a letter when you receive your entitlement. You get a letter from the department saying, 'You have had this amount paid in because of this.' We get that.

**CHAIR**—Mr Kimber raised that. Mr Grant, how does the \$2.9 million fit in the scheme of advertising spends?

**Mr BRIGGS**—So it is okay if it is small, Chair?

**Mr Grant**—It is over \$250,000 so—

**CHAIR**—Yes, I know. But what scale is that?

**Mr Grant**—It is a small to medium sized campaign.

**CHAIR**—What was the binge drinking campaign? Do you remember that one?

**Mr GEORGIU**—It was \$22 million or something, wasn't it?

**CHAIR**—Each phase was over \$20 million, wasn't it? So \$2.9 is relatively modest.

**Mr GEORGIU**—How much was spent on Indigenous and non-English speaking communication?

**Mr McPhee**—I am not sure I have that with me.

**Ms Grundy**—As a proportion of the media buy? I would have to get the exact percentage.

**Mr McPhee**—We will see if we have that.

**Mr GEORGIU**—Just give us NESB and Indigenous, please.

**Mr NEUMANN**—Mr McPhee, when did your office get involved in the campaign? Can you comment on the degree of cooperation the department gave you? Finally, what changes did they make in response to your activity with the department?

**Mr McPhee**—I may ask my people, if you don't mind.

**Mr White**—From memory it was mid- to late June that we first had discussions with the department in respect of this campaign. Obviously, with further discussion at the time about the guidelines we moved quickly to immediately meet with the department and put teams together. We worked through the detail of the campaign. Again, as with the previous one, I do not believe that we recommended any changes to the materials of the campaign. However, we did have some discussions in terms of supporting materials, particularly because it was at such an early stage of the guidelines in our review processes.

**CHAIR**—So, Mr White, are you finding that departments are very much aware of the guidelines and are now seeking that assistance or guidance?

**Mr White**—Absolutely.

**CHAIR**—Mr Grant, are you finding that that is the case?

**Mr Grant**—The departments are well aware of it. They know they have to contact Finance first, and also the Audit Office early on, to help them through the process. So I think there is a good awareness.

**Mr NEUMANN**—Can you comment on the degree of cooperation? And, finally, on any changes they made as a result of your activity with the department?

**Mr White**—There was a very high degree of cooperation. Everyone realised that there was a fairly short time frame for this campaign. We all had to pull pretty hard to meet the time lines.

**Mr NEUMANN**—Did they make any changes? Did you recommend any changes?

**Mr White**—Not to the campaign materials, as far as I am aware.

**Mr GEORGIU**—Was television considered?

**Mr Manthorpe**—It was, but it was essentially ruled out because of cost considerations.

**Mr GEORGIU**—When was that?

**Mr Manthorpe**—Before we got to the point of going to the ANAO, I think. I was not in my current chair at the time, but my understanding is that that is the case. We wanted to get the best bang for the dollars that we had available, and that did not reach to television.

**CHAIR**—And you could measure website hits, could you, in that particular area?

**Ms Grundy**—That would have been part of the tracking research, yes.

**CHAIR**—I am mindful of how younger generations get their information, and it certainly is from the internet. I would like to know if there was a bias towards that—and sometimes there should and sometimes there probably should not be—and how you are getting feedback on the use of the internet for your campaigns. Can you give me any information on that at this stage or would you take that on notice for me?

**Mr Manthorpe**—I think we might take that on notice and come back to you on that.

**Mr GEORGIU**—Can I just ask a question, Chair?

**CHAIR**—Yes, Deputy Chair.

**Mr GEORGIU**—It came up a couple of times in the previous hearing today and it has come up in this one that the demands of getting a campaign up, complexity and movement et cetera, impact on the sorts of things that you will let go—for example, no Indigenous advertising for binge drinking—and the fact that you all have to pull together. Do you think that possibly that could qualify even the very qualified judgement that you do make? I take you back to the binge-drinking incident, where you said that you would hold off, despite your preferences in terms of accountability and accessibility to have everything brought down together. But the demands of the program actually allow you to let that go through to the keeper without a qualm.

**Mr McPhee**—We segmented the campaign, but the campaign itself had to be supported by the cost benefit and the research et cetera, Mr Georgiou. So it was not that the campaign was not justified. It was the conversion of the campaign into the NESB and the Indigenous elements that we accepted, in the circumstances, should be treated as a separate review opinion. But we would never give an opinion unless we were comfortable that the campaign met the requirements of the guidelines.

**Mr GEORGIU**—Despite the fact that the guidelines in that particular case required accessibility, despite the fact that Indigenous Australians were regarded as a target group, you thought it was fair enough, in terms of accessibility, to authorise the campaign—or whatever we

are calling it nowadays—that, three years after it was thought of, still does not have an Indigenous component?

**Mr White**—We had the undertaking from the department that they would be bringing those materials to us. They did not provide us with a time line. We have a number of times since then discussed those materials with the department and, as you heard earlier, those materials will now be subsumed into phase 2. So we have continued to follow through on this process and will do until they are delivered.

**Mr GEORGIU**—But when you test that this advertising series meets the guidelines, one of them being accessibility, how can you tick off that this meets the guidelines? It is a very real question.

**Mr McPhee**—Because I think, Mr Georgiou, if you look at what we call the scope paragraph, where we explain what we are providing the opinion on, it will refer to the fact that we are referring to the campaign other than the NESB elements.

**Mr GEORGIU**—But if the campaigns are supposed to be accessible campaigns and there is no NESB element and there is no Indigenous element then how can it be accessible and how can you tick off that this meets the accessibility criteria?

**Mr McPhee**—Because, in the cases we referred to, as I said before I think I used the words ‘a pragmatic decision’—

**Mr GEORGIU**—Yes, that word worries me. It does worry me on the part of—

**Mr McPhee**—Firstly, the campaign satisfies the requirements; the distribution of the NESB element will come subsequently. There is a serious issue for the Audit Office, which is whether we stand in the way of this program getting off the ground until subsequent developments. The message, mainly from departments, is timeliness—that it is important to get these campaigns off the ground.

**Mr GEORGIU**—That has always been the case and that is part of the reason why you criticised GCU—that somehow they were being impacted on by the demands for timeliness of the campaign. What I am suggesting to you is that the fact that you are in the middle of this process also impacts on the Auditor-General’s objectivity and capacity to make a valid judgment. That is my problem. You have said it was pragmatism, ‘We did not want to stand in the way of the campaign,’ and my response to that is: but part of the assessment of the campaign has to be whether the campaign as delivered is accessible to all Australians.

**Mr McPhee**—And the subsequent steps. We are dealing with that, Mr Georgiou.

**Mr GEORGIU**—But the campaign that you authorised was not accessible to all Australians.

**Mr McPhee**—Our opinion clearly explains that the NESB, for instance, has been excluded from that.

**Mr GEORGIU**—But that is a quite different point. This is very important. Were the things that you cleared compliant with the guidelines in terms of need et cetera? It did not go to the issue of whether or not the program package as a whole was accessible to Australians. Manifestly, it was not. It excluded non-English-speaking background and Indigenous advertising material, which we are still waiting for three years down the track. That may be pragmatic from your perspective but I would say it is betraying one of the principles of accessibility that is embedded in the guidelines. If you could take that on board.

**CHAIR**—Health and Ageing are not here, but we did play the advertisement. The first advertisement, if you remember, really did not have any language. The sound was suppressed and it was very visual. Access is an issue. Some of that was not language dependent and certainly—

**Mr GEORGIU**—What has the fact that the ad did not have any voice got to do with anything?

**CHAIR**—You are saying that it was not accessible to all Australians and that is an opinion. I am putting forward a different opinion that visual images can be very accessible.

**Mr GEORGIU**—It is a fact. That is why they have specific non-English-speaking and Indigenous components of the advertising campaign.

**CHAIR**—That is right. I agree with you Deputy Chair that we do need some answers on holistic approaches to advertising. It seems to be value for money as well.

**Mr McPhee**—If I could just say one thing. I do understand the point Mr Georgiou is making and it is something that maybe the finance department might take on board in terms of the next version of the guidelines—that is, whether or not this approach of segmenting the various components is appropriate. I would like specific guidance on that. It would be helpful.

**Mr GEORGIU**—Has it been segmented before?

**Mr McPhee**—I am saying it would be helpful if the guidance made the point about whether—

**CHAIR**—I agree. You have raised the point before.

**Mr McPhee**—it is appropriate for agencies and the office to provide opinions on segmented elements of the campaign. We have done it on the basis of trying to be reasonable, to get the balance right, in the light of the importance of getting these campaigns out in a timely way.

**Mrs BRONWYN BISHOP**—Please do not use that expression. It is very political.

**Mr McPhee**—I do understand the point and I think there is benefit in some clarity being given to that through the guidelines.

**Mr GEORGIU**—It has always been clear. We are not reinventing the wheel. The basic principle of all the campaigns that were run—not always to time—was that there had to be a non-English-speaking and an Indigenous component and departments were put under the

hammer to deliver that. It is always hard for departments to deliver that because it is not in their main line of vision. Part of the object of these guidelines is to shove that into the faces of the departments and make sure they comply. You take over these guidelines and you segment them.

**CHAIR**—Mr Grant, do you want to add something to that?

**Mr Grant**—There is a review of the guidelines scheduled before June 2010 and we will take that into account.

**CHAIR**—Good. Auditor-General, I just want to clarify if the direct mail component of an advertising campaign is covered by the guidelines?

**Mr Grant**—Yes. If there is a direct mail element it is captured under the campaign advertising guidelines.

**CHAIR**—It cannot be stand-alone and separated from the campaign?

**Mr Grant**—That is right, as long as it is directly part of the campaign and that fits into the campaign strategy of this department.

**Mrs BRONWYN BISHOP**—What if the entire campaign is direct mail. Is that also caught?

**Mr Grant**—If it is a campaign.

**CHAIR**—If it is a campaign over \$250,000.

**Mr Grant**—There are agencies such as Centrelink who do direct mail more regularly, and that is not a campaign. It has to be part of a campaign's advertising.

**Mrs BRONWYN BISHOP**—Who decides whether or not it is a campaign?

**Mr Grant**—The department's agencies are responsible for identifying where there is campaign advertising.

**Mrs BRONWYN BISHOP**—So if a department decide they are having a campaign when they are not having a campaign, and it is outside the guidelines, they do not come near anybody?

**Mr Grant**—Yes, Mrs Bishop, that is correct. The point that I would make is if they did something like that which looked like a campaign I am sure it would be picked up quite quickly.

**CHAIR**—Auditor-General, are you sure it would be picked up quite quickly?

**Mr McPhee**—This is an area where we have suggested to Finance that some guidance would be helpful to agencies and to us to pick up the distinction between what we call business-as-usual practices and campaigns. We have flagged that.

**Mr BRIGGS**—Have you looked at how many additional families who could have received, and were not receiving, the 30 per cent and then 50 per cent child care rebate applied post the campaign?

**Mr Manthorpe**—I do not have with me the number who applied post the campaign, but I do have numbers on the extent to which awareness of the 50 per cent among recipients rose.

**Mr BRIGGS**—But my point is: how many people who did not know of their entitlement, as the Auditor-General points out, were then made aware that they were entitled to rebates from the government when they had children in child care already?

**Mr Manthorpe**—I will take that on notice.

**CHAIR**—Do you do any data matching with ATO around that sort of area?

**Mr Kimber**—In administering the child care benefit and the child care rebate, the final child care benefit payments are made based on reconciliation with annual tax data from ATO.

**CHAIR**—So you do do that?

**Mr Kimber**—Yes. Centrelink conducts that in cooperation with ATO.

**CHAIR**—Are there any further questions around the child care tax rebate campaign?

**Mrs BRONWYN BISHOP**—I still want to be sure—

**CHAIR**—Sorry—Ms Grundy, do you want to add something?

**Ms Grundy**—I just want to answer Mr Georgiou's question about the NESB category. There was \$33,021 distributed towards NESB press advertising as part of the media buy.

**Mr GEORGIOU**—Any Indigenous?

**Ms Grundy**—No.

**Mr GEORGIOU**—So there was no Indigenous. What percentage of press spend was that \$33,000? And does that comply with the guidelines for expenditure on NESB, which I recollect was 7 per cent?

**Ms Grundy**—It would be 7.5 per cent.

**Mr Grant**—Sorry, I must correct that. There is no allocation or percentage set aside for NESB or Indigenous in the guidelines or in the guidance.

**Mr GEORGIOU**—Under the previous government and under the government previous to that there was a specific allocation for NESB—how much was it?

**Ms Van Veen**—7.5 per cent.

**Mr GEORGIOU**—7.5 per cent. That has now been washed out of the system. Congratulations.

**CHAIR**—7.5 per cent for—

**Mr GEORGIOU**—The spend.

**CHAIR**—Combined?

**Mr GEORGIOU**—Yes.

**Ms Van Veen**—Guideline 2, in terms of looking at materials being presented in an objective, fair and accessible manner, notes that special attention should be paid to communicating with any disadvantaged individuals or groups which are identified as being part of the designated target audience. The notion is that, to meet the communications needs of those groups, they need to be taken into consideration within the budget.

**Mrs BRONWYN BISHOP**—But before there was the specific requirement and there is not any longer.

**Ms Van Veen**—Yes.

**Mrs BRONWYN BISHOP**—That is the point the deputy chair was making. You may wish to comment on this, but I am still concerned about the relationship between the guidelines and Finance and between the guidelines and the Auditor-General. Finance writes the guidelines—correct?

**Mr Grant**—Yes, we did—for consideration by the government.

**Mrs BRONWYN BISHOP**—The last agency—and I will see if this agency wishes to comment—said that they would consult with you to see whether they were complying with the guidelines. I believe that to be the Auditor-General's job and, indeed, you two can be in conflict. How can you reconcile that position, particularly as you are just about to review the guidelines and write them again?

**Mr Grant**—Part of the process is for departments and agencies undertaking campaign advertising to contact the Communications Advice Branch. The Communications Advice Branch provides assistance to those departments and agencies through the process. In addition to that, the Communications Advice Branch provides secretariat services to the interdepartmental committee on communications, which provides advice to agencies as they go through the process.

**Mrs BRONWYN BISHOP**—That is fine. I do not have a problem with that. What I do have a problem with is that it seems to be that the Communications Advice Branch is rapidly becoming a censor, and a major censor. I think we are going to see this developed more and

more, and I am worried about it and about the power being exercised by Finance on freedom of speech.

**Mr Grant**—Mrs Bishop, the answer is no, the Communications Advice Branch is not a censor, and I do not believe it is seen that way. It does provide advice. Sometimes that advice is accepted and sometimes it is not.

**Mrs BRONWYN BISHOP**—Are the people who are going to be censoring members' and senators' communications coming out of your Communications Advice Branch or are they in a different branch of Finance?

**Mr Grant**—I am not even aware of that particular requirement in the submission.

**Mrs BRONWYN BISHOP**—I do not see how you could not be aware of it. Would you find out for me where that censorship is going to be taking place in Finance?

**Mr Grant**—I will take that on notice.

**CHAIR**—Mr Manthorpe, it has been raised that access is defined as accessing disadvantaged groups and therefore groups that are harder to reach. You said there was a spend on NESB. Is the direct mail based on every Australia Post delivery household or is it an AEC list? What is it based on?

**Mr Manthorpe**—It would have been based on a Centrelink database—

**CHAIR**—So it was only to recipients.

**Mr Manthorpe**—Recipients of child care benefit and child care tax rebate; that is right.

**CHAIR**—What if you were doing a generic one—what is it based on?

**Mr Manthorpe**—To every householder in Australia?

**CHAIR**—Yes.

**Mr GEORGIU**—It would cost a fortune!

**CHAIR**—It would cost a fortune. Normally a direct mail is done on existing databases. It would not be usual practice to do a direct mail generically, would it?

**Mr Manthorpe**—No, not in our portfolio. There might be other portfolios where that kind of thing is required.

**Mr GEORGIU**—Just as a quick observation, we have an accessibility requirement that in one case, the Indigenous population, has been totally ignored. We have an accessibility requirement in the case of non-English speaking and Indigenous audiences—and they do have families and they do access child care. We have a spend of \$33,000. Could I suggest that

somebody take this on board and think about disadvantage and differential access in terms of what departments are slipping back into doing, which is ignoring these people. I think that is appalling.

**CHAIR**—That concludes our examination of the child care tax rebate campaign. I thank the witnesses from the Department of Education, Employment and Workplace Relations.

[11.05 am]

**MCPHEE, Mr Ian, Auditor-General, Australian National Audit Office**

**PALMER, Ms Rachel, Senior Director, Performance Audit Services Group, Australian National Audit Office**

**WHITE, Mr Michael, Executive Director, Australian National Audit Office**

**FITZPATRICK, Mr Kevin, Acting Second Commissioner, Australian Taxation Office**

**STYMAN, Ms Fay, Assistant Commissioner, Strategic Communications, Australian Taxation Office**

**GRANT, Mr John, Division Manager, Procurement Division, Department of Finance and Deregulation**

**VAN VEEN, Ms Laurie, Assistant Secretary, Communications Advice Branch, Department of Finance and Deregulation**

**CHAIR**—We will now move to the small business and general business tax break campaign. New witnesses, from the Australian Tax Office, are with us. Does anyone wish to make a statement before we look at the campaign? As no one wishes to make a statement, we will proceed to the campaign.

*A PowerPoint presentation was then given—*

**CHAIR**—Please talk us through the time line, costs and effectiveness of this campaign.

**Mr Fitzpatrick**—The business tax break was announced in February 2009. That announcement was made in addition to the announcement in December 2008 of a temporary investment allowance. In the budget of May 2009, the Treasurer announced an extension to the business tax break affecting businesses with turnover of less than \$2 million. Under that announcement, they are entitled to the 50 per cent tax deduction. The previous announcements related to tax deductions of 30 per cent and 10 per cent.

The legislation giving effect to the 50 per cent tax deduction received royal assent on 22 May. We conducted advertising in the media from, I think, July. In August, we did a mail-out to business taxpayers to promote awareness of the time limit to the tax deduction and, of course, to ensure that they were aware of what was required for them to get a tax deduction.

**CHAIR**—Do you have figures for us on the take-up of that?

**Ms Styman**—Yes. Awareness levels increased from 41 per cent prompted to 58 per cent unprompted. That increased to 80 per cent when prompted and unprompted were combined. Awareness had previously been reasonably high because there was a lot of publicity around the

measures, especially the post-budget increase to a 50 per cent tax deduction. Subsequent to that, we conducted the campaign, which included digital press, magazine and direct mail. The consequence of that was an unprompted awareness of 58 per cent.

**Mr GEORGIU**—What was the total spend and what were the components?

**Ms Styman**—The total spend was \$3.7 million.

**Mr GEORGIU**—What were the components?

**Ms Styman**—Do you want the breakdown?

**Mr GEORGIU**—Yes, please.

**Ms Styman**—For newspapers it was roughly \$546,000; magazines, \$198,000; there was no radio; digital, \$450,000; NESB, \$210,685; Indigenous, around \$16,834; print handicapped, \$16,000. That was it.

**Mr GEORGIU**—Can you tell us when you generated the Indigenous and NESB, please? Or did they go out as part of the major campaign?

**Ms Styman**—They went out as part of the major campaign, yes.

**Mr GEORGIU**—Can I ask the Auditor General what happened to those?

**CHAIR**—Could I ask ANAO to talk through their involvement in the process, as well?

**Mrs BRONWYN BISHOP**—Did you give us the cost of direct mail-out?

**Ms Styman**—Sorry; direct mail was \$1.238 million.

**Mrs BRONWYN BISHOP**—Was that personalised or was it generic?

**Ms Styman**—It was personalised. It was part of the BAS mail-out list, so we were able to personalise that.

**CHAIR**—So is that a database people with a turnover of less than something? How did you decide who was on that?

**Ms Styman**—It was to everybody who lodges a business activity statement plus those micro businesses and sole traders who do not lodge a business activity statement—we were able to identify them. There are about 250,000 of them, and we mailed it to those people as well. It was personalised.

**Mrs BRONWYN BISHOP**—So how many BAS do you get a month?

**Ms Styman**—In total, a quarterly mail-out is something like 2.5 million.

**Mr GEORGIU**—Can I ask the Auditor-General, please, about people from non-English speaking backgrounds and Indigenous people?

**Mr White**—I think we completed that review slightly later than the English material but we did review it and have provided a review report on it.

**CHAIR**—Could you talk us through what involvement you had, ANAO?

**Mr GEORGIU**—Sorry, can I just pursue this matter? Has the Auditor-General formed a view about the relationship between the guideline relating to accessibility and the proportion of that spend that should go to non-English speaking background and Indigenous audiences so that the accessibility criteria should be met—even on a rough basis?

**Mr White**—I suppose we were aware of the original percentages and that sort of rule-of-thumb type of approach but we are looking to the underlying research giving the agencies some information about what they need to do and the expense they would need to incur to ensure they cover those areas.

**Mr GEORGIU**—So, in your judgment, have \$47,000 and \$17,000 met the needs of communicating a through-point or whatever message to Indigenous and non-English speaking Australians?

**Mr White**—Correct.

**Mr GEORGIU**—Can I see the papers that embody that, and form the basis of that conclusion, please.

**CHAIR**—ATO, can you break down those who you mailed out to—those who are on the database—to NESB and Indigenous groups?

**Ms Styman**—No, we cannot.

**Mr GEORGIU**—Can you tell us what proportion you spent on campaigns by the ATO to advise Australians about changes to tax et cetera on the basis of communicating with non-English speaking and Indigenous small business people.

**Mr Fitzpatrick**—Is this more generally?

**Mr GEORGIU**—Historically.

**Ms Styman**—On campaigns it was compliant with the previous government's 7.5 per cent quota.

**Mr GEORGIU**—That was, of course, just a rule of thumb. We have got scientific since then.

**Ms Styman**—The other issue relating to this campaign is that at the tax office we do a lot of below-the-line public relations activity. We have an Access and Diversity Unit set up, who have extensive networks into the community. So they offer briefings—

**CHAIR**—What did you call that unit?

**Ms Styman**—The Access and Diversity Unit. They offer briefings to the community and to the non-English speaking media and they also conduct seminars—as well as our business-as-usual channels, which include around 14 regular monthly programs on SBS radio.

**CHAIR**—So my Indigenous small business community in Newcastle would be accessed?

**Ms Styman**—Yes. We also have CAAMA radio and other Indigenous radio channels as well.

**Mr GEORGIU**—Presumably, though, that was not good enough to get across to the English-speaking community so you needed to spend \$3-plus million to communicate with them through newspapers et cetera.

**CHAIR**—Does your access unit also do ethnic community centres?

**Ms Styman**—Yes, we do, and we provide briefings.

**Mrs BRONWYN BISHOP**—I want to explore the way a campaign might begin, and Finance's involvement. Have you been asked to do any work on what a new ETS tax regime might look like?

**Mr Fitzpatrick**—I am not aware of any—

**CHAIR**—It is outside this group's area—

**Mrs BRONWYN BISHOP**—No, it is very relevant. It is about communications.

**Mr Fitzpatrick**—In relation to tax implications of an ETS, we have certain areas where we would normally, in the development of any policy advice to government, work with Treasury and the relevant departments in providing advice in the development of any policy or, later, any design of laws.

**Mrs BRONWYN BISHOP**—So you have been in some discussions with them.

**Mr Fitzpatrick**—As we would with any advice to government which affects tax.

**Mrs BRONWYN BISHOP**—At what point would you be talking to Treasury about communications that might be wanted to be sent out generally? At what stage would you engage with Finance?

**Mr Fitzpatrick**—We would not be engaging generally until law had been proposed at least, and certainly we would not engage in any communication until law has been enacted.

**Mrs BRONWYN BISHOP**—There is a proposed law at the moment. Are you engaging with Finance at the moment?

**Mr Fitzpatrick**—In relation to advertising campaigns?

**Mrs BRONWYN BISHOP**—Communications and advertising, yes.

**Mr Fitzpatrick**—I am not aware, Mrs Bishop.

**Mrs BRONWYN BISHOP**—Are you aware, Ms Styman?

**Ms Styman**—Only if we are conscious of the fact that legislation is before the parliament. It might be a courtesy call over to the department of finance to say we may have reason for a campaign—just to give them early heads up.

**Mrs BRONWYN BISHOP**—Mr Grant, were you aware of—

**Mr Grant**—Perhaps historically, and I would expect in the future, the way it has worked is when a department or agency has identified the need for an advertising campaign—

**Mrs BRONWYN BISHOP**—Have they identified the need in any discussions with you yet?

**Mr Grant**—Not in this area, no. Not that I am aware of.

**Mrs BRONWYN BISHOP**—Could you check and see if there is any record either Tax or Finance has of that?

**Mr Grant**—They have not identified with my communications advice branch any advertising in this area.

**Mrs BRONWYN BISHOP**—So, no preliminary discussions?

**Mr Grant**—Not in relation to tax that I am aware of, no.

**Mrs BRONWYN BISHOP**—About the ETS, I mean—which is a tax. Have there been any discussions at this early stage? I am trying to understand where that stage begins.

**Mr Grant**—It begins when—

**Mrs BRONWYN BISHOP**—We are just dealing with this example, so have you had any discussions on the ETS with Tax?

**Mr Grant**—No.

**Mrs BRONWYN BISHOP**—Anyone else?

**Mr Grant**—As part of the budget process, my communications advice branch does have a look at proposals. It provides advice to our budget group in relation to proposals that are put before them.

**Mrs BRONWYN BISHOP**—With regard to having a communications or advertising campaign?

**Mr Grant**—That is right, in relation to—

**Mrs BRONWYN BISHOP**—So you have had that as a result of that process?

**Mr Grant**—I could not answer that question, Mrs Bishop. It's—

**Mrs BRONWYN BISHOP**—Perhaps you could just check and come back to me.

**Mr Grant**—I cannot answer that question. But it is not government policy that I am aware of. There has been no decision—

**Mrs BRONWYN BISHOP**—Well, there is a policy. It is up there in the Senate. I think you are aware of it.

**Mr Grant**—I am aware of the legislation being there but in terms of communication campaigns, you have to have legislation through and you also have to have financial authority for it.

**Mrs BRONWYN BISHOP**—Yes, but what I am trying to establish is at what point—

**Mr GEORGIU**—With respect, you do not have to have legislation.

**Mrs BRONWYN BISHOP**—do you start to have discussions? You do not need legislation in place to have those discussions.

**Mr Grant**—We would have discussions with departments and agencies when they identify a communication campaign is to be—

**Mrs BRONWYN BISHOP**—That is why I am asking has there been any such discussion. But go away and check for me and come back to me. That will be fine.

**Mr GEORGIU**—Can I just clarify that there is no requirement in the guidelines for there to be legislation through the parliament in order to have a communication campaign. If I am wrong, I would be very grateful if you told me.

**Mr Grant**—It has to have government authority.

**Mr GEORGIU**—But that is not legislation.

**CHAIR**—You have not had the opportunity to answer that original question of talking through the process of how you interacted with ATO on this campaign.

**Mr White**—We obviously were advised earlier on in the piece that a campaign was being considered. There were some draft creative materials undergoing testing. We had a number of meetings with the ATO as those materials were put through the testing processes and as we received other materials to assist in clearing the campaign and provided the initial review report on, I think, 16 July.

**CHAIR**—Did you recommend any changes or were there any discussions around areas that needed changing in any way.

**Mr White**—We did have a deal of discussion in terms of the actual creatives themselves as we obviously needed to get across the standing of the piece of legislation and what it was conveying as a message. I do not believe there were any changes to the material subsequent to advice.

**Mr GEORGIU**—Can you explain that. The creatives in this case were fairly limited. What did you actually discuss with respect to the creatives? It just seems like a straightforward ad.

**Mr White**—Looking at the creatives, we just wanted to make sure we understood the message that was being provided by the materials.

**CHAIR**—Do you mean just the materials that we have seen in the presentation here on the screen? Is that what you mean by creatives?

**Mr White**—Correct.

**Mr GEORGIU**—What would you have done if you had not understood the message.

**Mr White**—We would go back to the ATO and ask them to explain to us what it means.

**Mr GEORGIU**—Could I ask ATO who determined the budget for this? Where did the determination and clearance of the amount to be spent on this campaign come from?

**Ms Styman**—I guess that was part of the communications strategy that we put together looking at a phased approach and the cost of each element in each phase.

**Mr GEORGIU**—And it went to the minister? Was it internal ATO?

**Ms Styman**—Originally, the original budget was part of the economic stimulus package and it was costed on a phased approach to the implementation of this measure.

**Mr GEORGIU**—So the overall budget was determined by who? For the whole package.

**Ms Styman**—The ATO gave a rough estimate.

**Mr GEORGIU**—To whom?

**Ms Styman**—To Treasury officials.

**Mr GEORGIU**—So Treasury authorised it—or the Treasurer?

**Ms Styman**—There was a cabinet decision, I think.

**Mr GEORGIU**—It was a cabinet decision.

**Mr Fitzpatrick**—Just to clarify that, the tax office internally would have approved the expense that we had on the particular campaign. How much did we spend?

**Ms Styman**—Three point seven.

**Mr GEORGIU**—Could I ask the Auditor-General, given that you have now examined the materials and languages other than English, do you intend to put a report forward to the relevant minister saying that this complies?

**Mr White**—We put a review report forward on 22 July for the materials and languages other than English.

**Mr GEORGIU**—How do you actually assess those? Do you have the language competence to do that?

**Mr White**—No, there is a range of ways of doing it—that is, either through a separate independent person back-translating those materials to ensure that the message is accurately translated in the first place or having a review by an independent person to agree the translations as they stand.

**Mrs BRONWYN BISHOP**—Mr McPhee, through the process since it has been in operation and you have become a sign-off person, how many hours of the Auditor-General's Office have been required to do this task to date and how many full-time equivalents are required to do the work. Also, could you put a cost on what percentage of your budget you spent on doing this work? That would be helpful to have. I guess you have not got it now.

**CHAIR**—Mr Grant, I too have a request. The old 7.5 per cent quota: would you run that against these campaigns.

**Mrs BRONWYN BISHOP**—Was that a 'yes'?

**Mr McPhee**—We have given reasonable indications before of those and we have provided some information in the report we provided to parliament but I am more than happy to break that down for you.

**Mrs BRONWYN BISHOP**—That would be very helpful.

**CHAIR**—Mr Grant, would you run that 7.5 per cent across the four campaigns we looked at today?

**Mr Grant**—We will take that on notice.

**CHAIR**—The four campaigns that are part of our inquiry.

**Mr Grant**—Yes.

**CHAIR**—And see whether that 7.5 per cent spend is happening—

**Mr GEORGIU**—Would you run it across all the campaigns, please?

**CHAIR**—All the campaigns? How many have there been now?

**Mr GEORGIU**—Don't know, don't care.

**CHAIR**—I know that. That is fine. If you can do that it will be interesting, because it is a point that was raised today. I think we all agree about some holistic approaches. We would probably need to talk to advertising agencies about the approaches they now adopt to access disadvantaged groups and hard-to-reach target audiences. If there are no other questions, we will bring this to a conclusion.

**Mr Grant**—I would like to come back to Mrs Bishop's question on when CAB gets involved? The initial developmental research is usually undertaken by the department or agency, and that is the stage at which we get involved.

**CHAIR**—At that initial stage.

**Mr Grant**—Yes, that is right.

**Mrs BRONWYN BISHOP**—In that case, perhaps Mr Fitzpatrick or Ms Styman can come back to me as to whether any of that conceptual work has been done by the tax office concerning the ETS tax.

**Ms Styman**—Yes, I will.

**Mrs BRONWYN BISHOP**—By whatever name it is called.

**CHAIR**—On behalf of the committee, I thank all the witnesses who have given evidence today. We have given you directly our additional questions; the secretariat may wish others, but I think that the ones we have put to you are probably sufficient to keep you busy for a while. I declare this public hearing closed.

**Committee adjourned at 11.26 am**