



COMMONWEALTH OF AUSTRALIA

Official Committee Hansard

JOINT COMMITTEE OF PUBLIC ACCOUNTS AND AUDIT

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

WEDNESDAY, 9 SEPTEMBER 2009

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

Wednesday, 9 September 2009

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

Members in attendance: Members in attendance: Senators Barnett, Mark Bishop and Lundy and Mr Bradbury Mr Briggs, Mrs Bronwyn Bishop, Mr Georgiou, Ms Grierson, Mr Neumann and Mr Robert.

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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Committee met at 11.26 am

GRANT, Mr John, First Assistant Secretary, Department of Finance and Deregulation

GRINBERGS, Ms Helen, Assistant Secretary, Coordination and Frameworks Branch, Department of Climate Change

HOLBERT, Mr Robert, Senior Director, Australian National Audit Office

LEWIS, Mr Simon, Deputy Secretary, Department of Finance and Deregulation

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

PARKINSON, Dr Martin, Secretary, Department of Climate Change

VAN VEEN, Ms Laurie, Assistant Secretary, Department of Finance and Deregulation

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

CHAIR (Ms Grierson)—I now open today's public hearing, which examines the Auditor-General's role in scrutinising compliance with guidelines on government advertising campaigns. In June 2008 the government announced new guidelines for its advertising, including a formal scrutiny role for the Auditor-General for all campaigns over \$250,000 to help ensure that the guidelines are being met. The committee has selected four advertising campaigns to examine as case studies to assist our understanding of how the guidelines operate in practice. We will begin today with the climate change household action campaign.

I welcome witnesses from the Department of Climate Change, the Department of Finance and Deregulation and the National Audit Office. I draw witnesses' attention to the written guidance on the conduct of hearings, available at the table. I note for everyone's attention that members of the media are here today. We intend to look at the climate change advertising campaign before we start our inquiry, so I would ask our technical people to get that underway.

A DVD was then shown—

CHAIR—For members' information, that voice-over was used for a radio advertisement as well as for a television advertisement. Perhaps the secretariat could tell us whether this is also available in written form.

Secretary—We do have the scripts.

CHAIR—Could we perhaps get those circulated so members can see the final authorisation.

Mr GEORGIU—Could we get it enlarged? The impact it makes is quite significant, and this does not show the impact it would make if you were watching it on television.

Secretary—Sure.

CHAIR—Okay. We will move to questions. I will start our inquiry today with a question to the Department of Climate Change. How does the department view the guidelines on campaign advertising by the Australian government departments and agencies in advancing the work of your department? If you have any issues regarding those guidelines or your obligations under them, please let us know now.

Dr Parkinson—I think the guidelines that were released have been very valuable in providing guidance to departments about what is and is not appropriate. I would say, though, that in the context of the ‘Think Climate Think Change’ campaign we were in a sense the first substantive campaign that was developed after the ANAO guidelines had been released. The Department of Finance and Deregulation business process guidelines had not at that stage been released, so we worked very closely with ANAO and finance as we put the program together to try to ensure that what we were doing was consistent with the developing thinking. We were very much the guinea pig. I would say that, while we fully satisfied the guidelines that the ANAO had released, we were broadly consistent with what subsequently was released by the department of finance as the process guidelines for the implementation of the program. We were broadly consistent because in a sense there were no guidelines at the time. What we did aligns with what the department of finance subsequently released.

Mrs BRONWYN BISHOP—Who negotiated the guidelines and what standing do the guidelines have vis-a-vis legislation or regulation?

CHAIR—Did you have input into them?

Dr Parkinson—No, we did not.

Mrs BRONWYN BISHOP—It is very important to know what standing they have. We are seeing other examples in other areas of government where there are guidelines in place and audits say those guidelines have no standing, so what standing do your guidelines have and what is the basis of your understanding that they have any standing at all?

CHAIR—They are not your guidelines.

Dr Parkinson—They are not my guidelines. I can defer to finance and ANAO, but I can also—

Mrs BRONWYN BISHOP—Fine, but somebody had to draw them up and you have to believe they are binding.

Dr Parkinson—I absolutely believe they are binding.

Mrs BRONWYN BISHOP—Why?

Dr Parkinson—Because the decisions taken by government were that campaigns could not proceed unless the ANAO certified that we had satisfied the guidelines. The guidelines of the department of finance which came out subsequently were, as I said, not relevant to us—in the sense that they had not existed at the time—but I would interpret those as exactly the same. As CEO, I have an obligation to meet them.

Mrs BRONWYN BISHOP—So you are saying that you accept the guidelines because finance prepared the guidelines and you said, ‘Okay, we’re bound by them.’ Finance was prepared to draw up the guidelines why?

Mr Lewis—The guidelines on campaign advertising document makes clear that agencies subject to the Financial Management and Accountability Act 1997 must comply with the guidelines. They were issued by the Special Minister of State on 2 July 2008.

Mrs BRONWYN BISHOP—How did he issue them? What mechanism did was used?

Mr Lewis—There was an announcement in letters sent.

Mrs BRONWYN BISHOP—There was nothing more backing them up than a letter?

Mr Lewis—It was a decision of government that was announced by the Special Minister of State and it was communicated to all agencies by letter.

Mrs BRONWYN BISHOP—That is acceptable to you, Mr McPhee, as Auditor-General, and right across the board that would be the case?

Mr McPhee—Correct. It is a government policy decision.

Mrs BRONWYN BISHOP—And if the Special Minister of State puts out a letter, that is okay by you in all cases?

Mr McPhee—Cabinet took a decision. That decision applied to all agencies. Agencies were informed of the decision by, probably, the responsible minister.

Mrs BRONWYN BISHOP—I just want to establish that for you, as Auditor-General, it is an acceptable practice right across the board—that is, it does not matter which area it is pertinent to; if there is a decision of government and a letter from SMOS, that is enough.

Mr McPhee—That is the way government policy decisions are normally announced.

Mrs BRONWYN BISHOP—But you are happy with that?

Mr McPhee—Correct.

CHAIR—From what you have said, Mr Lewis, the authority comes from the FMA Act, which gives the power to the government, and for your department, to bind all FMA agencies under that act.

Mr Lewis—The authority comes from a government decision which was taken and, as the responsible minister, the Special Minister of State released the guidelines publicly, made a public announcement at the same time, and there were letters. My recollection was that there might have been letters from the minister as well as letters from the secretary to chief executives. So we went to—

Senator BARNETT—Through you, Chair, could Mr Lewis please table the letters from the minister or ministers and the secretary or secretaries?

Mr Lewis—We will take that on notice. It is a minister's letter.

Mr GEORGIU—Dr Parkinson, could I just come back to the ad. Firstly, could I congratulate the department, because it is a very powerful and emotive ad.

CHAIR—It is now full screen, if you would like it run again.

Mr GEORGIU—That would be nice. Could you play it, because it will only take 20 seconds.

Secretary—There seems to be a technical problem.

Mr GEORGIU—Okay. I will describe it. It is a very effective piece of communication—

Mrs BRONWYN BISHOP—Very! We didn't get it.

Mr GEORGIU—very emotional. It evokes strong images; it has significant threats in it; it has scenes of devastation and decay; and it has a very strong message. Can you tell me why that is not the partisan promotion of a government policy? The guidelines provide that the advertising shall not involve the partisan promotion of government policy. I would have thought that, on any accounting, advertising of that sort with those images, that emotion and that strength is partisan promotion of government policy. I should also say that I do not mind that. I have to declare that I actually do believe in climate change. But why is that message not the partisan promotion of government policy?

Dr Parkinson—It was never intended to be a partisan promotion of government policy.

Mr GEORGIU—Sorry; I did not ask you about your intention. You produced it, you have seen it; tell me why it is not as a product—leaving your intentions aside—eminently classifiable as a piece of partisan promotion of government policy.

Dr Parkinson—We produced an advertisement that had specific goals. The 'Think Climate, Think Change' campaign was developed as part of a longer term strategy to encourage and support behavioural change. That is a strategy that has been bipartisan in the sense that, under the previous government—

Mr GEORGIU—No, I was not speaking about bipartisanship; I was talking about partisanship. I am one of your partisans. Tell me why that is not a piece of partisan promotion of government policy.

Dr Parkinson—Because it is an accurate description of the potential impacts of climate change.

Mrs BRONWYN BISHOP—Hang on! Not for me it is not. That ain't bipartisan.

CHAIR—We'll let Dr Parkinson finish. You were saying it is an accurate description of the potential impacts of climate change.

Mrs BRONWYN BISHOP—Which it is not; it is the government's point of view.

CHAIR—Please keep going, Dr Parkinson.

Dr Parkinson—I would just like to find out: are we about to have a debate about climate change science or are we about to have a debate about that ad?

Mrs BRONWYN BISHOP—No, about your portrayal.

Mr GEORGIU—We are about to ask you to answer questions. We are not having a debate—

Dr Parkinson—I am trying to answer Mr Georgiou's question.

CHAIR—We understand that government advertising will reflect government policy, but the aim is to inform what government is doing, not to have ideological viewpoints.

Mr GEORGIU—Thank you for interpreting my question! My question is straightforward. You have powerful emotive images.

Mrs BRONWYN BISHOP—Which we should find.

Mr GEORGIU—Which one day, undoubtedly, will come up.

CHAIR—They can show it again; it just will not be in full screen. Do you wish to see it again at that size?

Mr BRADBURY—Yes.

CHAIR—We will have a quick look.

A DVD was then shown—

Mr GEORGIU—You are one of the people forming the judgment about why this complies with the guidelines.

Dr Parkinson—That is right.

Mr GEORGIU—The guidelines provide that there should be no partisan promotion of government policy. Partisanship means emotion, affect and the driving home of a message in a very strong way. Why is that not a piece of partisan promotion of government policy?

Dr Parkinson—I think it is directed at increasing the public's awareness of the significance of climate change to Australia and the community. There are a series of illustrations of the potential

impacts. It informs the community about the release of the *Carbon Pollution Reduction Scheme* green paper. Importantly, what it then does is encourage the community to be involved in the process of developing solutions to climate change. That was the end part inviting people to have their say. What was the response to that?

Mr GEORGIU—I repeat the question. Why is that not a piece of partisan promotion of government policy?

Dr Parkinson—I do not see it as partisan. I see it as an accurate descriptor of the significance of climate change to the community.

Mrs BRONWYN BISHOP—What was accurate?

Mr GEORGIU—You have seen those images—deserts and fires. You think that is a calm and rational explanation?

Mr BRIGGS—Are you saying all of those images represent the results of climate change?

CHAIR—It might be helpful if you give us a basis for the information that the advertisement contains.

Dr Parkinson—The ads show a wide range of images of the impact of climate change on the economy. Some of those show the impacts of drought. What do we understand as one of the impacts of climate change in parts of Australia? More frequent, more severe weather events. That includes droughts. It shows fires. One of the things that we understand to be an impact of climate change is more extreme, severe weather events. That includes more severe bushfires. Those are the issues that we went through. That is the rationale that we went through in choosing the images. Let me be clear: I am not trying to dissemble, but I am struggling with the way the question has been framed. You are basically saying to me, ‘Explain to me why that’s not partisan.’ I am saying to you that I think it is an accurate reflection of—

Mr GEORGIU—You are absolutely right. Explain to me how that ad is consistent with the guidelines that says there should be no partisan promotion of government policy. Is your answer that it is factual?

Dr Parkinson—It is factual.

Mr GEORGIU—Is that an answer to the question?

Dr Parkinson—That it is factual?

Mr GEORGIU—It is not partisan because it is factual?

Dr Parkinson—I think that is part of it. I think it is clear, also, that what we are doing is saying to people: ‘Australia faces some serious, difficult choices. There are a series of policy options which government has to decide on, and we are inviting the public to participate in that process.’ This is the whole point of the green paper.

Mr GEORGIU—Mr McPhee, given that you signed off on it as not being a partisan promotion of government policy, why do think that it is not partisan?

Mr McPhee—Just for context, you have raised this issue about the meaning of ‘partisan’ in the past. You asked the office to get some legal advice on this very point, which we have done and provided to the committee earlier this week.

Mr GEORGIU—Thank you.

Mr McPhee—It is interesting to observe the legal advice on this matter. If you will bear with me, the legal advice says: ‘Ordinarily understood, “partisan” carries with it the notion of something being excessively dedicated to a cause or party, or biased, or prejudiced—see the *Macquarie Dictionary*.’ I think that is how we interpret the use of the word ‘partisan’ and that is backed up by the legal advice.

Mr GEORGIU—So it is about excess?

Mr McPhee—And bias.

Mr GEORGIU—Take the first bit: excessive promotion. Can you read that bit back again please.

Mr McPhee—It says, ‘excessively dedicated to a cause or party’.

Mr GEORGIU—So this ad is definitely dedicated to a cause. Where does it fall on the right side of excessive or not excessive? There is no doubt that it is totally dedicated to a cause, so why is it not excessive?

Mr McPhee—The objective of the campaign was to raise awareness about climate change.

Mrs BRONWYN BISHOP—Yes, but you are the person who said excessive or not excessive. The questions stands and it is a valid one: why is that not excessive in your view?

Mr McPhee—Dr Parkinson has given the explanation.

Mrs BRONWYN BISHOP—But you had to tick-off on it.

Mr McPhee—These are the impacts of climate change. I can ask my people to explain the sort of work that we went through.

Mr BRIGGS—But it does more than talk about the effects of climate change. It talks about government policy decisions which have not passed the parliament. It talks about a carbon pollution reduction scheme which has not passed the parliament.

Mr McPhee—Correct. And that is why—

Mr BRIGGS—It may not pass the parliament; we do not know yet.

Mr McPhee—Absolutely.

Mr BRIGGS—So you are advertising something which is not yet law. How is that not a cause and how is it not excessive?

CHAIR—I do not think you can make climate change legal or illegal—

Mrs BRONWYN BISHOP—Yes, you can.

CHAIR—but we certainly have a CPRS green paper.

Mr BRIGGS—Yes, but you do not have a legislative basis. That is a cause.

CHAIR—There is not a requirement.

Mr McPhee—If I may give a response, the objective of the first phase of the campaign was to raise public awareness of the issue of climate change in the context of encouraging participation in the consultation process surrounding the government's Carbon Pollution Reduction Scheme green paper. That is what the purpose was.

Mr BRIGGS—But it does not say that.

Mr GEORGIU—I have got no problem with that. We have got a tangible product that is on the screen. It is emotive. It is argumentative. I agree with the emotion and I agree with the argument, but my question is: why is that not the partisan promotion of government policy? That is what I am trying to get at. You keep on taking it away in another direction. I agree with the ad. I think it is a fantastic ad—congratulations—but it is a partisan ad.

CHAIR—Mr McPhee, you suggested that your audit staff had to look at each frame and make some decisions. Would they be happy to talk us through the process of their consideration of this advertisement?

Mr McPhee—I am happy to do that. Let us not overlook the importance of principle 3b in the guidelines, which says:

... governments may legitimately use public funds for information programs or education campaigns to explain government policies, programs or services and to inform members of the public of their obligations, rights and entitlements ...

So it is a function of government.

Mr GEORGIU—That has always been there. That has got nothing to do with these guidelines. They have always existed. They existed under the Howard government. They existed under the preceding Labor government. That is not distinctive. It is distinctive that the government has put in place a set of guidelines that state there shall not be partisan promotion of government policy. That is what we are after, not whether advertising is a legitimate function.

CHAIR—We have had some definitions of ‘partisan’. We have had expressions of the view that the ad is emotive and excessive. They are certainly individual views.

Mr BRADBURY—I note that in the written format and also in the advertisement there were references to a telephone number and a URL. Could you please provide some further details about what those links were? Where does the URL take you? What is the purpose of that telephone number?

Dr Parkinson—We were trying to achieve three things with the campaign. In particular, the third part of that was encouraging the community to be involved in providing input to government in the policy development process—that is, the ‘have their say’ part of it. The URL and the telephone number were parts of that. The URL took you to the Think Climate Think Change webpage. The telephone number took you to a call centre. It is interesting to have a look at the results of that, because it was very successful in achieving what it set out to do. Over 2,000 Australians registered through the online and call centre approaches to attend the CPRS green paper information sessions. An additional 530 expressed interest in attending. We received 1,026 submissions to the green paper, some from business groups, some from individual firms and some from individuals who had participated in the process. We received 364,000 unique visits by Australians to the website, and 74½ thousand revisited at least once. We had 1,250 emails and 1,600 calls to the call centre with people basically expressing their views.

Mr BRADBURY—Over what period?

Dr Parkinson—For the committee’s benefit, the evaluation of the campaign is available on our website. I made a prior commitment to Senators Johnston and Abetz in Senate estimates hearings that we would be releasing that, and that is now available. The Have Your Say Campaign hotline ran from 21 July to 31 October, the email address ran from 20 July to 31 October and the public consultations were spread out over 18 July to 1 September and were in a range of cities and towns across the country.

CHAIR—Can you give us some comparison about that sort of engagement? Is that what you would normally expect from an advertising campaign? Is it more? Have you had experiences to compare that with?

Dr Parkinson—I have not had personal experience to compare that with, but the feedback I have had from various people is that we have had a pretty overwhelming response in terms of people wanting to engage on the topic. When I say engage I mean expressing opinions across the whole spectrum. Some of our discussions and public consultations have seen people express quite diverse views about the science of climate change, the appropriateness of the policy responses and the like. But that was the aim. It was to invite people to have their say. You will recall the green paper. The green paper put out a set of options around a range of different design issues and said to the public, ‘This is the government’s predisposition, but these are other ways in which we can handle particular elements of this.’

CHAIR—To finalise that area, over what period and at what cost was that campaign?

Dr Parkinson—That was all picked up in previous Senate estimates testimony and also in the evaluation report. We had an initial budget of \$13.95 million and we actually spent \$8.8 million

in the end. The television advertising ran from 20 July to 16 August, radio from 20 July to 23 August, print from 20 July to 1 November and online from 20 July to 31 October.

CHAIR—Mr Briggs, do you have a follow-up question?

Mr BRIGGS—Yes. At the end, as Secretary Parkinson has just pointed out, it encourages you to go to a website. Did you review the website?

Mr McPhee—I will refer that to my team.

Mr Holbert—That was the home page of the Department of Climate Change. It was only reviewed for the context of the linkage.

Mr BRIGGS—So you did not actually look at the front page—

Mr Holbert—We did not review the department's website.

Mr BRIGGS—When other ads for other campaigns say 'please go to our website', do you intend to review those websites, or are you just reviewing the appropriateness of the link?

Mr Holbert—It depends whether the website is part of the campaign or a normal operational website.

Mr BRIGGS—Say the scenario is that the government runs a series of ads on economic stimulus and at the end of them they refer you to www.economicstimulus.gov.au. Would you review www.economicstimulus.gov.au because it was referred to?

Mr Holbert—Not simply on the grounds that it was referred to. It would depend on the nature of the site—whether it was an operational part of normal department business.

Mr BRIGGS—Even though Dr Parkinson says the ad is designed—and I accept that—to get people to engage through the website, you would not then review the website that the ad is designed to get them to go to?

Mr BRADBURY—I am assuming that the green paper itself was not reviewed either. There has to be a limit to the extent to which you cascade through the linkages. I think it is evident that the purpose of this campaign was to encourage people to participate in the consultation process. Frankly, what I have heard here today only vindicates that that objective has been satisfied.

Mr BRIGGS—And we are shocked that you have come to that conclusion, I must say, David. But getting back to the question—

Mr GEORGIU—Are we going to go on interviewing one another?

Mr BRIGGS—My point is that you have an ad campaign that is designed to get people to go to a website, which is in effect what Dr Parkinson said—is that right?

Dr Parkinson—That is right.

Mr BRIGGS—to engage. That is fair enough. But you are not then actually reviewing it, accepting that that is actually the advertising's effect.

Mr McPhee—We look at the campaign and within the scope of the campaign. But I have to say, Mr Briggs, this issue of where the boundaries are is a matter we are discussing currently with the finance department. One of the interesting things about the guidelines as they are today is that they were based on the committee's own work some time ago and on our previous audit report. So the world is changing and—

Mr GEORGIU—They were brought in 12 months ago, really.

Mr McPhee—They were brought in 12 months ago, but what I am saying is that they are based on a—

Mr GEORGIU—They were not brought down in 1880.

Mr McPhee—model from some time. I am trying to make the point that media is changing every year. The point that you raise about linkage to websites and where the boundaries are is absolutely a contemporary issue in this space of government advertising and campaign advertising. As I said, we are communicating with Finance about this very issue as to where the boundaries quite reasonably are. In some cases it can be a straightforward link; in others it can take you into other material, and we are not going to review total websites in the context of looking at an individual campaign.

Mr BRIGGS—I will just finish off on this.

CHAIR—Senator Barnett and Mr Robert are both waiting to ask questions.

Mr BRIGGS—Going back to the economic stimulus ad: within your current scope, without changing the guidelines, what if at the end of that ad it had 'www.pm.gov.au' rather than 'economicstimulus.gov'? I would argue that that would be party promotional, even though it is a government website.

Mr McPhee—I hesitate to get involved in hypotheticals, but I am happy to explain to you what we have done in practice—and I would ask my people to help me here—giving one or two examples of the linkage situation and what we have done, if you are comfortable with that, Chair.

CHAIR—Thank you. That would be helpful.

Mr White—I think we have discussed in the past that where agencies have presented website material to us for review as part of a campaign we have been happy to review it on that basis.

Mr BRIGGS—But they do not have to, do they, unless it goes over a limit, which most websites will not?

Mr White—Agencies need to be able to design, develop and then designate what they actually consider to be part of a campaign. They then present that to us to look at.

Mr BRIGGS—My point is that it is a clever way to get around the rules that you are ticking-off on. We saw that with the economic stimulus website. They were referring to it in government advertising, which you had to tick-off on, but you did not have to tick-off on the subsequent website, which then had a video of the infrastructure minister saying, ‘Hi.’ We have talked about the role of politicians before. My point is that it is a way to have partisan advertising without you having to say no to it.

Mr White—There are separate requirements for the management and use of materials on websites within the Commonwealth government. That is outside the bounds of the campaign advertising reviews. We do not look to cross into territory that is managed by someone else.

Mr McPhee—It is a contemporary issue. I am not sure what Finance’s view would be, but we say that it is an area that we need to have a closer look at, and maybe the guidelines could be improved in this area.

CHAIR—Finance want to comment on that as well.

Mr Lewis—I support the comments of the Auditor-General. It is an area we are looking at right now. It is not an easy area because we do risk traversing on areas covered by other government policies. There is already a government policy in relation to websites. They are subject to the requirements of the Web Publishing Guide, which is maintained by the Australian Government Information Management Office. Departments typically maintain websites that include content about government policies, programs, initiatives and activities. Those websites would not usually constitute a campaign. We are aware that occasionally there might be elements of a campaign which become relevant. So we are seeking to explore that with agencies and advise the minister in relation to what might sensibly be included, particularly in regard to the kind of process we have here. Under the campaign advertising processes, it requires certification from the chief executive, it requires certification from the Auditor-General, and there is a significant process.

Mr BRIGGS—What is your timeframe on the review?

Mr Lewis—It is well advanced.

Senator BARNETT—I just want to follow up in regard to the website. I am astounded that the Auditor-General’s office has not looked at the content of the website. Nevertheless, if you did look at it and you found that there was material on that website that was deemed to be an electoral matter, would you then refer it to the Australian Electoral Commission? I ask that in light of the fact that, two days ago, the Australian Electoral Commission deemed the Australian government to be in breach of the Commonwealth Electoral Act with respect to signage at schools because they saw it as electoral matter. That is why we are surprised and concerned that you are not reviewing such material on that website.

Mr McPhee—It is a question of boundaries. What is the campaign and what is the website? You are probably aware that we tabled a report earlier this week about our work in relation to

campaign advertising reviews. Paragraphs 4.28 and 4.29 deal with this very issue and highlight that it is an area that needs attention. I do want to say to you that it is not reasonable for us to look at a campaign with a link that goes to another website, and then review the whole website for adherence to government policies. We would never finish the work in a reasonable period of time. You would understand that.

CHAIR—Both departments are acknowledging that there is scope there for further attention because of the possibility that has been raised.

Mr McPhee—Correct.

Senator BARNETT—I have got two other questions for Dr Parkinson relating to the evidence that supports the views that you have on your website, the evidence that supports the propositions which you said in your earlier comment are facts. I would like you to take this on notice and provide this committee with the evidence, supporting material, information, and whatever you have, which says that the information on that advertisement is fact. I would like you to take that on notice.

Dr Parkinson—Can I just clarify that, Senator. The IPCC fourth assessment report indicates that warming in the climate system is now unequivocal and that most of the warming over the last 50 years was very likely due to human influences through activities—

CHAIR—Dr Parkinson, I am going to allow you to take that on notice. We are not here to debate the evidence for climate change. You can take that on notice. We are here to scrutinise the guidelines and their application. Perhaps you could talk about how the content was chosen, who had a say in what content went into the advertisement, the text and the images. That may help to clarify some of those issues.

Dr Parkinson—Absolutely, but I would like to make one point very quickly. Senator Barnett, are you asking for a copy of all of the scientific evidence, or are you asking us to go through and respond to particular questions about the implications of climate change?

Senator BARNETT—You have put up several propositions on that ad, some of which—whether you agree or disagree—are controversial. I assume you have evidence to support the propositions in that ad, and I would like you to table the evidence. I am happy for you to take it on notice.

Dr Parkinson—I am happy to do so, but I am asking you how much you want.

Senator BARNETT—Well you go through the ad and you look at the propositions. We have a transcript here and you can refer to that.

CHAIR—It might be for you to judge what are the most significant propositions. I am sure you have a copy of the Garnaut report, the reports of the Intergovernmental Panel on Climate Change, et cetera. Have you concluded, Senator Barnett?

Senator BARNETT—I have a final question. I apologise because I do have to go, but I want to ask this question. Did you do any opinion polling or market analysis prior to preparing the ad? If so, I and the committee would like a copy.

Dr Parkinson—I said earlier that we had released the evaluation report on the campaign. That picks up some of the key messages out of that polling. It talks about the way in which firms were chosen and the sorts of issues they examined. I am happy to provide you with a copy of that.

Senator BARNETT—I do not think that refers to the opinion polling prior to the advertisement being prepared.

Dr Parkinson—Let us be clear that we never undertake opinion polling. We do market research.

Senator BARNETT—You can call it whatever you want; we know what it is.

Dr Parkinson—I am sorry, Senator, but you do not know what it is.

Senator BARNETT—Please expand on that. Let us have a copy of it.

Mrs BRONWYN BISHOP—Show us and we will make a judgment.

CHAIR—Let us allow Dr Parkinson to answer.

Dr Parkinson—I am happy to provide you with the campaign report and, if you will allow me, I will reflect on whether it is appropriate to provide the underlying research. As I have said, the key research is actually reflected in this report, but I think there will be precedent issues which I will have consult with others on.

Senator BARNETT—Under the rules of the parliament, I am not sure that you have a defence for not providing that report and that market analysis to this committee.

Dr Parkinson—I will take the question on notice.

Senator BARNETT—Please consider that very carefully.

CHAIR—Dr Parkinson has taken the question on notice.

Dr Parkinson—I reiterate, it is reflected in the report, which is publicly available.

CHAIR—We were going to talk through what involvement agencies had in deciding the content for the advertisement campaign. Can you talk us through that.

Dr Parkinson—We worked up with the creative team—

CHAIR—We do not know who the creative team is.

Dr Parkinson—You do. It is M&C Saatchi.

CHAIR—Okay.

Dr Parkinson—We worked through with M&C Saatchi the key messages we wanted to convey and the responses we wanted in terms of encouraging people to respond. Saatchi put to us some text and some images. We went through those and decided which ones were appropriate and which were not appropriate.

CHAIR—Dr Parkinson, do you mean people within your department?

Dr Parkinson—Yes, my department. We worked through those images. I can give you an example of the sort of thing we found in going through them. There was a picture of some people at a barbecue, but it was clearly an American photo. It was those sorts of images that we were looking at.

Mr GEORGIU—I would have thought there would be enough shots of Australians at barbecues!

CHAIR—After all, put another prawn on! Please, go on.

Dr Parkinson—We had taken the research that had been undertaken for us by Woolcott Research about concepts and we turned that into—

Senator BARNETT—Can you table that please?

Mrs BRONWYN BISHOP—That is what we want, the Woolcott Research.

Dr Parkinson—I will take that on notice.

CHAIR—Thank you.

Dr Parkinson—Then we put together the ads and showed them to the minister's office. The reaction we got from there was that the ads were a bit fast—that is, the visuals were coming through too fast.

Mrs BRONWYN BISHOP—You mean subliminal?

Dr Parkinson—No—

CHAIR—Please keep going.

Dr Parkinson—When we did some of the concept testing, we got a range of opinions back. Some people thought the use of male voices were too authoritarian; others thought the visuals were too rapid. We put it up to the minister and the minister's office and we got some feedback from them which basically confirmed the sorts of views that we had better go with the female

voice rather than the male voice and whether it was possible to slow it down because the images were was too flickery.

Mrs BRONWYN BISHOP—What was the reason for the male voice being rejected? Was it not soft and seductive enough?

CHAIR—Please continue, Dr Parkinson.

Dr Parkinson—I will pass on the seductive bit—everyone to their own taste. It was considered authoritarian and monotone.

CHAIR—Let's not be too emotive here.

Mrs BRONWYN BISHOP—You wanted this to be a soft, fluffy message.

Mr BRIGGS—There are some females who sound authoritarian.

Dr Parkinson—I was ambivalent about whether it was a male or female voice, and I knew that I was not in an area where an economist had any particular comparative advantage. I was happy to respond to those suggestions and that is reflected in the final version.

CHAIR—So that is the process?

Mr GEORGIOU—You said that—

CHAIR—Mr Robert is waiting.

Mr ROBERT—I will defer to the deputy chair.

Mr GEORGIOU—You said that you went to the minister's office and sought their comments and input, and made changes to the advertisement on the basis of that.

Dr Parkinson—That is right.

Mr GEORGIOU—Can I refer you to—

Dr Parkinson—Just to clarify—

Mr GEORGIOU—No, I do not need clarification. Can I refer you to the ANAO report on ministerial and departmental roles.

Mr BRIGGS—Do you mean the advertising guidelines?

Mr GEORGIOU—No, *Campaign advertising review* makes it clear that ministers and their officers are not to be involved in any way other than briefing. We know what you said.

CHAIR—Dr Parkinson, you were saying you took information and the responses were consistent with that information. Is that what you said also?

Mr GEORGIU—No, he did not say that. Don't reinterpret. Don't put words into his mouth.

CHAIR—No, I am just reiterating what he said.

Mr GEORGIU—He said he went to the minister's office, showed them the ads and there were comments made about the speed of the film and about the voices, and changes were made. Auditor-General, is that consistent with what you believe about non-involvement by ministerial officers?

Mr McPhee—I have never said non-involvement. Can you refer me to the particular reference?

Mr GEORGIU—Paragraph 4.13 says:

Ministers are responsible for authorising campaign—

I am not making this up. It says:

While Ministers do not have responsibility for campaign development, they have a legitimate interest in the development of campaigns in their portfolios. It is reasonable that Ministers be briefed ...

That is what you believe is reasonable under your own guidelines. We have the minister's office intervening, commenting on and getting changes in advertisements. Is that part of the guidelines for ministerial non-involvement?

CHAIR—To be fair, Deputy Chair, that whole section should be read out. You have read part of a statement and the full statement is important. It reads:

Ministers are responsible for authorising campaign development in their portfolios, consistent with normal financial management processes, and for authorising the launch of a campaign. While Ministers do not have responsibility for campaign development, they have a legitimate interest in the development of campaigns in their portfolios. It is reasonable that Ministers be briefed at strategic stages of campaign development.

Mr GEORGIU—Is what happened there consistent with that?

Mr McPhee—The issue that we have been promoting strongly is that the decisions on the implementation of these campaigns are the decisions of the department. For instance, we did not want ministers deciding to run television before the research had been done. The case as to whether the guidelines have been satisfied or not has to be made on its merits not on the basis of government decisions. That is the point we have been making. We have never said it is inappropriate for ministers' offices to be consulted on campaigns. The important factor from our perspective is who has the decision making responsibilities. The guidelines are very clear about the secretary's responsibilities in terms of campaign design and implementation. We have been very clear all the way through about that matter.

Mr GEORGIU—I refer you to page 49 of your report, where it says:

This separation of roles and responsibilities is important, particularly ...

Is that from the ANAO?

Mr White—I think that was a quote from one of our original submissions to you, just as the original one was a direct quote from the department of finance's business process guidance on campaign advertising guidelines.

Mr GEORGIU—It goes on:

... I have expressed the view to key stakeholders that neither Ministers nor their officers should be taking decisions, or giving directions in relation to campaign design and implementation except in the extraordinary circumstances ...

Dr Parkinson—Mr Georgiou, could I clarify exactly what happened because I think we have jumped a step here.

Mr GEORGIU—I was just listening to what you said.

Dr Parkinson—I was trying to say that when we concept-tested the television commercial, a common criticism was that the pace of the visuals was too fast, which made it difficult to absorb. That was the flickering point. A number of people thought that the male voice was authoritarian, monotone and 'government'—that is, it sounds like another government ad.

Mrs BRONWYN BISHOP—Well it is. Why should that not be the objective? I can go back to my seductive woman thing!

CHAIR—Keep going, Dr Parkinson.

Dr Parkinson—When the minister's office saw the ads, they had a similar reaction. They did not direct me; nobody directs me. They had already been told by us that this was a reaction to the ads, so it was an on-balance judgment. They came back and basically said: 'We have a similar sort of response. We think the ad's going too fast. It comes across too quickly and you're not able to capture it.' On reflection, I decided to ask for changes. It was my decision, not the minister's and not the office's.

CHAIR—Are you saying, Dr Parkinson, that the discussions were confined to the feedback you already had on the advertisement? Were you given any other directives by the minister to change the campaign in any way?

Dr Parkinson—I was not given any directives by the minister or the minister's office. More importantly, were I given directives, I would not have accepted them because of these guidelines, which I think are very valuable.

Mr ROBERT—I have a few quick questions—because I need to go and speak on eligible termination payments. On the written words, if you have them in front of you:

And economists warned to protect our economy we must act now.

We're developing a carbon pollution reduction scheme.

I think we all accept that word 'now' means we need to act within the coming months. Obviously when it goes on to the next line, which is 'carbon pollution reduction scheme', the word 'act' is referring to be CPRS. The way the words are structured, their proximity, it can be taken no other way. Are we happy to accept that, Mr McPhee?

Mr McPhee—You are coming at me fairly quickly but I am conscious this was in the context of the green paper at the time and it was raising awareness. I do not think decisions were made and it was an awareness policy.

Mr ROBERT—Granted, but let us accept that we must act now. We are developing a carbon pollution reduction scheme. In light of the green paper, the concept of acting, that active verb, is in relation to the CPRS?

Mr McPhee—It is in terms of the serious issue of climate change affecting this country.

Mr ROBERT—Great, I am happy with that. The only question I have—'and economists warned to protect our economy we must act now'—so economists are warning we must act now. There are many economists who are warning that we should wait until Copenhagen. So the question is: how is the line 'and economists warned to protect our economy we must act now' objective and not a causal link, whereas there are many economists—perhaps as many, perhaps more; I do not think anyone really knows—who are saying, 'Let's wait until after Copenhagen'?

Mr McPhee—I think it is open to interpretation as to what 'now' means. It may mean in this year, in this five years, in this 10 years. This issue is growing—

Mr ROBERT—Granted, and I realise the pen is mightier than the sword, but this is all about ensuring that government advertising is not partisan or causal. Can we disagree then, by putting the words 'we must act now', that does make it a little unclear?

Mr McPhee—I am sure there would be economists who have warned that we must act now.

Mr ROBERT—I am sure there are, but about making this non-partisan would indicate that it would need to be balanced.

CHAIR—It is very difficult for the subjectives, is it not?

Mr ROBERT—That is the only point I would make, Chair, that as we go forward and get better, these are things we need to look at—and I need to go and speak about termination payments.

CHAIR—Thank you. Mrs Bishop, you wanted to ask questions.

Mrs BRONWYN BISHOP—I want to follow up on the other line of questioning that was being pursued by the deputy chair. On page 50 of the campaign advertising review, it says:

Consistent with this—

and that is what the deputy chair was reading out before—

the Auditor-General now asks that Chief Executives of agencies provide the ANAO with a written representation that:

... the purpose of the campaign has been informed by the departmental analysis and research, and my certification reflects my views which are independent of any Ministerial or Cabinet directions in relation to campaign design and implementation as it relates to method, medium and volume of advertising.

Yet the descript we heard from you, Dr Parkinson, about how the minister told you, ‘I don’t quite like the voice. I want to have a sexier, female voice, not a hard authoritarian government type voice,’ very much goes to that question of certification.

Dr Parkinson—Mrs Bishop, you are putting words in my mouth.

Mrs BRONWYN BISHOP—I am reading the Auditor-General’s words.

Mr McPhee—Perhaps I could explain the words now and then Dr Parkinson may wish to add his perspective. This is a more recent development. The reason we say, ‘The Auditor-General now asks’ is that this has been part of our journey with the guidelines. I have explained previously that we have learnt along the way with our own processes, as we have learnt with the guidelines. So ‘now’, whereas we would not have sought this from Dr Parkinson and his department at that time because this is part of the evolution.

Mrs BRONWYN BISHOP—Okay. So let us get it straight. If this commercial were coming to you now, Dr Parkinson would not get a certification from you because he was influenced by the minister in the presentation and type of advertisement.

Mr McPhee—We have never said that all wisdom resides in the departments.

Mrs BRONWYN BISHOP—No, but you do say all wisdom resides in the Auditor-General. I have heard it a lot recently.

Mr McPhee—No, I do not say that. The clear point I want to underline here is the word ‘directions’—independent of any ministerial or cabinet directions. It is different from ‘consult’. I think it is quite appropriate to consult widely and that may include—

Mrs BRONWYN BISHOP—I am sorry: going to the minister and the minister saying that he wants to change the nature of the add is not consulting.

CHAIR—Dr Parkinson has already given the context, Mrs Bishop.

Dr Parkinson—I am sorry, Mrs Bishop: you are misrepresenting what I said.

Mrs BRONWYN BISHOP—How?

Dr Parkinson—What I said was that we had—

CHAIR—Keep going, Dr Parkinson. You are repeating information you have already given to us, which we accept on good faith. Continue and say it on the record now and then we will move on.

Dr Parkinson—Thank you. We had undertaken concept testing of the ads. The reaction that we got had been that people thought that the visuals were too fast and that the male voice was too authoritarian and monotone. We got feedback from the minister's office when they looked at that—and we had advised them that this was one of the reactions to the ads—that they could understand that. It was my judgment that—as I said, as an economist, I am not a media specialist—if people were having this sort of reaction that it makes sense to change the ad and I did. I authorised the change.

CHAIR—Thank you, and you also said that had you been directed on issues by the minister, you would still have made your own decision.

Dr Parkinson—I was never directed by the minister. I was never directed by her office and were it to be directed I would not have undertaken—

Mrs BRONWYN BISHOP—But you did change it.

Dr Parkinson—Of course I changed it. That was on the public record before we even came in here.

Mr BRIGGS—Were all the changes the minister's office suggested made or were there other changes they suggested where you went, 'No, I'm not changing that.' How were they conveyed?

Dr Parkinson—There were discussions about how language might be framed: what is the right way to frame this? I said that I decided this was the way I wanted to do it.

Mr BRIGGS—And that was in discussion with the minister or was it through emails, writing or phone calls?

Dr Parkinson—No, with the minister's chief of staff and it was fine. There was very clear understanding from the minister's office that these were my decisions. There was never any pressure.

Mr BRIGGS—I am just trying to understand the process. So you sat down with the minister's chief of staff and the minister's chief of staff said, 'Look, we've watched this and we think the female voice would be better,' or whatever, which you agreed with.

Dr Parkinson—Yes.

Mr BRIGGS—And then you talked about what was the right language.

Dr Parkinson—Basically, the language issue came down to whether we were trying to compress too much into a short period of time.

Mr BRIGGS—Sure, I understand.

CHAIR—We are labouring the point here. We have been over this evidence several times.

Mrs BRONWYN BISHOP—Mr Lewis, in the introduction to the guidelines item 2 says:

Government information and advertising campaigns with expenditure in excess of \$250,00, must be reviewed.

Does that mean that the information and advertising are both necessary to have a valid campaign? In other words, I can find somewhere, if I look, where Finance has made a distinction between what is advertising per se and what is conveying information. Because your guidelines use the word ‘and’—‘government information and advertising campaigns’—does that mean that the advertising campaign must be about conveying information only, or can they just have an ad?

Mr Lewis—I might ask Mr Grant to help me with the definition.

Mr Grant—The focus is quite clearly on advertising campaigns —

Mrs BRONWYN BISHOP—It says here ‘information and advertising’.

Mr Grant—Advertising campaigns generally try to push some information out to the public and the information may be to inform the public about their rights and obligations or it may be to illicit a response. The actual information in detail is often included in other mechanisms. The campaign aims to illicit a response.

Mrs BRONWYN BISHOP—No, that was not my question. We are in an area where the specific nature of guidelines is very much a public issue at the moment. When Finance lays down a rule, we have to understand what your rule is. This is a very topical issue. When the guidelines say in writing that government information and advertising campaigns must go to the Auditor-General, to me that says that they must be campaigns that have information and advertising, and cannot be what you have described elsewhere as ‘just advertising, not meaning to inform’. Do you mean by the guidelines that all advertising must be meant to inform?

Mr Grant—It is a very broad question that you have asked. Perhaps paragraph 13 of the guidelines gives some indication of the suitable uses of government campaign advertising—

Mrs BRONWYN BISHOP—I am aware of that. I am asking you about what is right up front in the introduction where you say ‘government information and advertising campaigns’. To me, that says that all advertising campaigns must be meant to inform and you cannot just have an advertising campaign which is not specifically informing people of something that they need to know. You make that distinction elsewhere, as Finance, so it is very important that Finance is consistent.

Mr Grant—I may need to take that on notice because, as I said, the purpose of a campaign is to inform. The information may be to impart information that elicits a response or that provides people with some understanding.

Mrs BRONWYN BISHOP—It says ‘inform’ and you, Finance, make the distinction. You have set the precedent.

CHAIR—Mrs Bishop, he will take it on notice—

Mrs BRONWYN BISHOP—Can I finish. The reason this is important is that we have Finance laying down the guidelines and we have a department wishing to put an ad out which is obviously not going to be to the disadvantage of the government or it would not be doing it, and we have the Auditor-General in a very political role being told he has to tick off that the guidelines have been followed. Yet, Finance, here and now, cannot tell me what that guideline specifically means and you have to take it on notice. We are in a problem area, are we not?

Mr Lewis—I think I am struggling to understand your question. That is the heart of the problem I have. Advertising campaigns by their nature will be conveying information. I do not think we were trying to—

Mrs BRONWYN BISHOP—Are they? Elsewhere you make a distinction. You say that there can be things which are designed to be advertising and not meant to inform.

CHAIR—Mrs Bishop, it has been taken on notice. I think there is a point that governments inform in all sorts of ways as well as advertising—

Mrs BRONWYN BISHOP—I presume you say that to other people.

CHAIR—Mr Lewis, would you like to continue?

Mr Lewis—There is just one last point I would like to make.

Mr ADAMS—She is just being rude to people.

CHAIR—Please proceed, Mr Lewis.

Mr Lewis—The last point is that we are looking to try and make sure the guidelines and guidance are as clear as possible to all concerned. As you would already be aware, there is an intention that the guidelines be reviewed and considered by the government prior to mid next year anyway. In that context—

Mrs BRONWYN BISHOP—You mean prior to the election.

CHAIR—Mr Lewis, all of this today is helpful to make these guidelines even more clear. Could you also continue and explain the Department of Finance and Deregulation’s role in a campaign like this? What role did you have in this campaign?

Mr Lewis—I can give the general response and I can give the specific response. I think we touched on this at our last hearing. I will deal with that element first and then we might deal with the general role. Because this was the first campaign, and it actually happened during the transition, we were not set up in Finance. My IDC on communications had not actually met. I think its first meeting was in early August and this campaign was launched in mid-July. The

campaign guidelines had been issued in early July, so the normal Finance role that is currently conducted in relation to campaigns did not occur in relation to this campaign for that time and reason. Our general role is an advisory role. We provide advice to the minister and we provide advice to agencies. In so doing, we work closely with agencies. We also work closely with the Auditor-General and part of this is to make sure that agencies understand the guidelines that they are subject to.

CHAIR—Did you look at value for money as well when you looked at the costing?

Mr Lewis—Yes, that is in the guidelines.

Mr GEORGIU—Dr Parkinson, you have told us about the relationship between the campaigns and the Auditor-General's people. If, in the process of developing a campaign, the Auditor-General or his representatives say, 'This isn't going to meet the guidelines,' what happens? I do not mean to make it hypothetical.

Dr Parkinson—I would be more comfortable making it hypothetical because I do not have the experience. I would want to know what the issue is. Is it something relatively minor or of a technical nature that can be easily fixed, or is it something more fundamental? If it is more fundamental, then clearly you would have to think about what other ways you could achieve the objectives. If it is actually the Auditor-General saying that the objectives you are pursuing are inappropriate then that would be a very cautionary comment.

CHAIR—The Auditor-General might have had that experience and he might like to comment.

Mr GEORGIU—Can the Auditor-General tell us why that does not make him a decision maker who participates intimately in the decisions to do things in particular ways?

Mr McPhee—Very easily. We have an obligation to raise with agencies any concerns we may have about their campaign, against the guidelines. At the end of the day, the agencies can take their own decision and be accountable for it. My obligation is to provide a report on whether I believe that the agency has complied with the guidelines or not. My opinion is not part of the decision-making process for the campaign; it is a review opinion on whether the campaign meets the guidelines. As I have said before to secretaries and ministers, if I were to qualify an opinion because the campaign did not meet the requirements in my view, it is still open to government to say: 'That's fine. We'll do something else,' or 'We'll proceed.'

Mr GEORGIU—That really explains it to me, but you have said two different things in my judgment. Your end certificate is fine. I have no problems with that. The product is presented and you say whether it complies or does not comply in your judgment. But your involvement in the process from beginning to end, involves you in making co-decisions with the departments. That is what I do not understand.

Mr McPhee—Not at all. Let me give an analogy with the financial statement audit—the one that has been around for hundreds of years. The same issue arises. An agency is preparing a set of financial statements and it is proposing to adopt an accounting policy that we believe is in breach of accounting standards. We quite properly give the department early advice as to our view on that accounting policy—that is, we do not think that policy abides with the standard. At

the end of the day, the department can apply that policy and we will form an opinion. It is unheard of for an auditor not to give early warning on significant matters that affect the audit opinion. It is part of the standards that the auditors work with and it is absolutely the right way to go.

Mr GEORGIU—Is there a better analogy than conventions that are hundreds of years old and are clearly understood? This process is dynamic and interactive, and people's judgments influence decisions. The effect of the Auditor-General or his staff being involved in the ongoing process of monitoring what happens is to make him a de facto decision maker. The roles are blurred.

Mr McPhee—I am pleased that agencies are respectful of the views of the office and take a second look at the matters we raise. I can tell you: it does not always happen. Let me give you an accounting example, which is history now. You remember the issue about how to account for the GST.

Mr GEORGIU—Yes.

Mr McPhee—The previous government did not believe it was a Commonwealth government revenue. We in the Audit Office maintained that it was a revenue of the Commonwealth and should have been accounted for. We held that view; the government of the day did not agree and went on and accounted for it in the way they wished to—that is fine, they signed the account saying, 'These are okay by us.' The audit opinion said, 'We agree with these accounts except for the accounting treatment on the GST' and we qualified the government's accounts. That is a classic case of how the system works and, in principle, it is exactly the same in this advertising world. We would raise the flag for the agency to consider; the agency can take its own call.

CHAIR—Given that you are making that advice and giving that feedback through the process, I assume you have had to do that, and has there been any campaign you would not approve at this stage, after advice given?

Mr McPhee—We have been satisfied on the way through, but we have raised issues, as we have talked about previously in this hearing.

Mr BRIGGS—You said there was one previously. You said there was a campaign which did not go ahead—

Mr McPhee—There was a campaign—Mrs Bishop was asking the question—and we provided advice. It was something about teachers and teaching.

Mr GEORGIU—I have been reflecting on your analogy. Yes, governments or, more accurately, Treasury departments can ignore your advice. But in this particular case if your advice is ignored by the department, you do not certify and the campaign does not go forward. There is a huge difference.

Mr McPhee—I would still provide an opinion if the campaign is presented to us and the secretary signs and says, from his or her perspective, 'This certificate is okay.' I would still provide my own opinion, but it would be qualified.

Mr GEORGIU—But without your imprimatur the campaign does not go forward.

Mr McPhee—I think it is the decision of the minister then. I would need to check the guidelines, because it has not happened. But it is not conclusive.

Mr GEORGIU—But it takes a totally different power relationship, where you have got the power to say, ‘I told you about that before. You did not listen. The campaign is not going to be certified.’ That is what we are talking about: the intermeshing of functions, which does create real problems.

Mr McPhee—The previous campaign we referred to did not proceed.

Mr GEORGIU—Sorry—I was not referring to a campaign.

CHAIR—But you made the point, Auditor-General: had it proceeded against the advice and warnings you provided, you would still then audit and your opinion would be known.

Mr GEORGIU—But it would not go forward.

CHAIR—It could go forward, couldn’t it?

Mr McPhee—It is hypothetical, because it has not happened yet.

CHAIR—It is hypothetical; it has not happened. You did release your summary report on the activities under these guidelines in 2008-09. We have only just received that yesterday and we will look at it in a further hearing with you, but are there any matters you wish to stress from that report while we are still able to take some evidence? Is there anything in that report that you want to stress to us today, or are you happy to wait until another hearing for that?

Mr McPhee—It is raising some of the issues that we have come across. I think it just reinforces the point that I really want to make about the evolution of the guidelines and of our approach. It is to be expected. But, as you know, I firmly believe that our involvement through this review process has brought a level of discipline and rigour that has not been evident in the past. You could hear from Dr Parkinson’s evidence here today that the process is a sound process.

Mr GEORGIU—We do not really dispute that, or I do not dispute that—

CHAIR—We welcome it.

Mr GEORGIU—I am sure that the process is more disciplined than it has been. My concern is that it actually undermines the function of the Auditor-General—

Mrs BRONWYN BISHOP—Hear, hear!

Mr GEORGIU—not that it does not improve the operation of departments, but that it implicates the Auditor-General in ongoing decisions and actually makes him sign off on what is an intrinsically political exercise. I just want to make myself clear.

CHAIR—And that is your opinion.

Mr GEORGIU—Yes. I am not querying that undoubtedly the process has improved. I used to be on the old one. I have no doubt that the process has been improved. But that is not the point that we are making. That is the point that you make in response, but that is not our concern.

Mr McPhee—So, Mr Georgiou, are you making a distinction between our role in the review of these campaigns and our ability to do a performance audit, which could kick off within the same time frame and the same context if I decided?

Mr GEORGIU—Absolutely.

Mr McPhee—It is just part of a spectrum of audit work that we do.

Mr GEORGIU—Yes, that is my view.

Mrs BRONWYN BISHOP—I would like to agree with the deputy chair. I said it before, and I still hold the view, that this is engaging you in a very political process and therefore it diminishes the standing of the office, and I think it is wrong—just as I thought the Grech inquiry was wrong.

CHAIR—I would express a different opinion, and that is that I think the Australian public would be grateful that there is the Australian National Audit Office and that they are able to bring some integrity to these processes that will obviously make it more accountable and certainly more publicly accountable. Before I close our hearing today, I just want to know—

Mr GEORGIU—I do not want to close; I have questions to Mr McPhee.

CHAIR—We are going to lose quorum.

Mr GEORGIU—That has never bothered us before.

CHAIR—Has the Department of Climate Change or the Department of Finance and Deregulation found this onerous on staff? Have you had to respond to staff needs or training? What have been the implications for you in terms of fulfilling the obligations of this new regulation and process?

Dr Parkinson—I cannot speak in terms of comparing the ease or otherwise of campaigns previously because I was not involved with them. But I would say as an observation that it definitely puts a series of hoops which are quite serious to meet and which require considerable effort from staff from departments to meet.

CHAIR—Is that a good thing?

Dr Parkinson—As I said at the outset, absolutely—from my point of view. It has consequences, and the Auditor-General has in a sense alluded to some of those—and a case that I am not aware of. But I think it is actually to everyone's benefit that there is a high degree of integrity to process. I would just say in the context of the climate change campaign that we were

very, very mindful of the integrity which the ANAO would bring to the table and the way in which we would have to satisfy their very high standards. I have been incredibly impressed with the professionalism that Mr McPhee and his officers brought to the table, as I was very impressed and appreciative of the assistance from the Department of Finance and Deregulation.

Mr GEORGIU—We are really impressed by your impressiveness.

Dr Parkinson—I am easily impressed.

CHAIR—Could Finance and Deregulation comment on the level of activity that this has required for our department and staff?

Mr Lewis—I would reinforce the point that it is certainly a demanding process. There is no doubt about that. The process is rigorous and involves significant effort on behalf of all the stakeholders. We are inviting feedback from the agencies that are interacting with us. We are finding that those who are engaged with us on a regular basis—so they are dealing in repeat business—are getting more used to the processes and therefore are more efficient at dealing with the requirements of the guidelines, including through the IDC as well as the separate processes that they are engaged in with the ANAO. We are looking to see what we can do to make them more efficient in future. Obviously, we have to maintain the integrity of the guidelines and the guidance, but we are seeking to work with agencies to try to make those processes work better. One of the problems that we do deal with—and the deputy chair would be familiar with this—is just some of the consequences of trying to deal with schedules, meeting availability and people trying to move quickly on advancing their campaigns. So we do sometimes have to deal with some of the stuff out of session, but we do not deal with any substantive matters out of session.

CHAIR—What has the impact been on expenditure for government advertising?

Mr Lewis—We have a report that will be coming out later this month, I believe, which will give the results for the full year. We, of course, have put out a half-year report already. This is quite a fulsome report. We are still working on it with agencies. It will go right into the detail of spend by individual category of consultant.

CHAIR—When will that come out?

Mr Lewis—I think by the end of the month is our target.

CHAIR—Good, that will be within our inquiry. We will look forward to that.

Mr Lewis—If you have any particular comments in relation to the report, obviously we would be interested in the feedback.

CHAIR—Thank you.

Mr GEORGIU—Can I just thank the Auditor-General, who is doing a fantastic job, for his report—

Mr McPhee—Thank you.

Mr GEORGIU—It is always tough doing this. I actually did enjoy reading the report. For the first time, I understood the difference between ASAE 3000 and the two levels. Can you tell me why you chose the lesser level of assurance?

Mr McPhee—ASAE 3000?

Mr GEORGIU—Yes. I am referring to paragraph 2.17 in the report. Why did you choose limited assurance engagement on advertising rather than reasonable assurance engagement?

Mr White—On the different levels of assurance that are available, the reasonable level is akin to what you would see—

Mr GEORGIU—Why did you choose one rather than the other?

Mr White—Between financial statements and something like this. In terms of doing this and in terms of the time frames, the cost and in advance of the actual playing of the ads, we are limited to conclude on some areas.

Mr GEORGIU—So you did limited assurance engagement because you could not do reasonable assurance engagement?

Mr White—Not in the time frames allowed.

Mr GEORGIU—Okay. That is interesting.

CHAIR—And part of that are the time frames you have mentioned too, Mr Lewis.

Mr Lewis—Yes.

Mr GEORGIU—If it was possible for an expert of some sort to say that that ad is partisan in the sense that it is emotive and partisan in the sense that it is a very strong ad, would you believe that that would rule that ad out?

Mr White—If that had been provided to us before we had provided our review report, we certainly would have looked into it and considered the position taken by the expert. But at the time of providing it, we were unaware of that position.

Mr GEORGIU—That is fair enough. My concern is that the intensity and affect of those campaign ads—and I am not just talking about yours, by the way—on issues which are politically significant are almost axiomatically going to be across the line of partisanship. That is my view.

CHAIR—That is your view. In our inquiry, I think we are going to look at the power of advertising in terms of emotional responses and subliminal messages. I think we do need more information in this inquiry on advertising techniques. We have discussed that with the Audit Office before in terms of their expertise across that. Mr Briggs, do you have a question?

Mr BRIGGS—On the website issue, you talk about looking at the guidelines very soon, Mr Lewis. Will that be by the end of year, next month or by the next election?

Mr Lewis—I would need to come back to you on that one, partly because it is certainly beyond just our area of interest. The website policy, as I mentioned, is coordinated on behalf of the Commonwealth by the Australian Government Information Office but the owner of the policy includes PM&C. So there is a bit of consultation on that issue which is not actually prominent in our area.

CHAIR—We have flagged some of the complexities involved once you are on the net and in a website, and how you can go anywhere. That is something obviously we are going to get more information on.

Mr BRIGGS—Indeed. Auditor, are you involved in that?

Mr McPhee—We are raised in this issue, so I am sure we will be consulted. But at the end of the day, they are the minister's guidelines—

Mr BRIGGS—It was an interesting coincidence that, after we had a discussion about this a couple of months ago, I noticed a video had disappeared from the economic stimulus site the next day.

CHAIR—Thank you very much, it has been a particularly helpful and useful inquiry today. On behalf of the committee, thank you to all the witnesses who have given evidence today. If there are any additional questions that the committee wishes to put to you, although I think we have covered almost everything today, we will send them to you. I am sure you will provide that information in a timely manner. That concludes today's hearing.

Resolved (on motion by **Mr Georgiou**):

That this committee authorises publication, including publication on the parliamentary database, of the transcript of the evidence given before it at public hearing this day.

Committee adjourned at 12.55 pm