

Senate Finance and Public Administration Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

Prime Minister and Cabinet Portfolio

Department of the Prime Minister and Cabinet

Budget Estimates Hearings 2003-2004, 26-27 May 2003

Question: PM72

Outcome 1, Output 4.4

Topic: Government Communications

Direct on Notice

Senator Faulkner asked: Were agencies previously been charging more than twice the hourly rate? Is this because their client was the Commonwealth or because of some other reason? What was the multiplier on the notional head hour charged by Whybin TBWA for "The Chains" advertising campaign?

Answer: I am advised that prior to November 1998, the Commonwealth operated a centralised system for the contracting of creative agencies that was run by the then Office of Government Information and Advertising, the predecessor to the Government Communications Unit. The agencies were remunerated using a formula of three times hourly rates. The formula enabled agencies to be remunerated for direct costs (salaries and other direct expenses) and overhead costs associated with the particular campaign.

The process was restructured in December 1998 in favour of a decentralised system whereby departments contracted and managed the agency relationships. Creative agency remuneration was no longer formula driven but left to individual departments to negotiate fees and charges.

For the New Tax System Community Campaign that ran in 2000, I am advised that Whybin TBWA's fees were based on a retainer and negotiated by the Australian Taxation Office.