

**Economics Legislation Committee**  
ANSWERS TO QUESTIONS ON NOTICE  
Industry, Innovation and Science Portfolio  
2016-17 Supplementary Budget Estimates  
20 October 2016

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**DEPARTMENT:** DEPARTMENT OF INDUSTRY, INNOVATION AND SCIENCE

**TOPIC:** Contract CN3312065 - NISA creative services

**REFERENCE:** Question on Notice (Hansard, 20 October 2016, pages 105–113)

**QUESTION No.:** SI-24

Ms V Cook: We can do them in sequence. I have before me a contract number. Did you say CN3312065?

Senator KIM CARR: Yes.

Ms V Cook: Yes. I can confirm that is for Whybin.

Senator KIM CARR: That was for?

Ms V Cook: That was for creative services as part of the national innovation—

Senator KIM CARR: But creative of what?

Ms V Cook: That was to create the advertising materials for the NISA campaign.

Senator KIM CARR: For the website?

Ms V Cook: That was largely for the advertising. I would have to take that on notice for a breakdown.

Senator KIM CARR: You cannot confirm that that is for the website.

Ms V Cook: I cannot confirm that particular element. I will take that on notice.

Senator KIM CARR: As I say, can we get this over dinner?

Ms V Cook: Certainly.

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Senator KIM CARR: Thank you. With respect to Mitchell and Partners, what was the total budget for that? It is listed here as \$19 million. Originally it was \$16.9 million. There are two figures listed on the AusTender documents.

Ms V Cook: That may have been the contracted amount, but the actual spend on Mitchell was the \$18,759,145.

Senator KIM CARR: Eighteen million dollars.

Ms V Cook: I beg your pardon, the \$14,792,000.

Senator KIM CARR: You are going to tell me what the 65 was after the dinner break. That is what was actually sent.

Ms V Cook: Yes. I will take that on notice.

Senator KIM CARR: You will be able to confirm for me whether or not it was the website construction?

Ms V Cook: I will do my best.

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Senator KIM CARR: There is a question: is that the case?

Ms Beauchamp: Could I just clarify, this was raised at the last estimates. The ANAO had a look at the process and made a decision that it was not of a political nature—

Senator KIM CARR: After the change.

Ms Beauchamp: But in terms of changes to the website, I think our answer to the question on notice is that that is regularly updated.

CHAIR: Senator, it is time for the dinner break.

Senator KIM CARR: Let me just finish this point, because the secretary will need to check the FOI material over the dinner break. What this FOI material indicates is that the department was telling the contractor to change the terminology to make it consistent with the guidelines so that the ANAO

could bring in that report. Is that not the case?

Ms Beauchamp: I will take that on notice, but I am pretty sure that is not the case at all. I think that was clarified through the questions on notice that we provided to the committee some time ago.

Senator KIM CARR: Which is the question on notice?

Ms Beauchamp: I would have to take that on notice as well. My apologies, I will find it.

Senator KIM CARR: I want you to do that, because the subsequent question is this: an answer to question on notice number AI-33, titled 'Ideas Boom' campaign, states that the cost of the design and construction was in house. I presume it means the website. Yet a contract has been issued for nearly \$3 million for, I believe, the same purpose. I would like to know how we reconcile the answer you have given us, which says that the work was done in house, with the contract documents that suggest to me that nearly \$3 million has been paid to another company, supported by this FOI documentation where there is communication between the department and the contractor.

Ms Beauchamp: I think you have confused a number of issues there in terms of the—

Senator KIM CARR: You will have no trouble explaining it to me after the dinner break?

Ms Beauchamp: Indeed.

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Beauchamp: The second question you raised was in relation to the creative materials contract. I will hand over to Ms Cook to give you details.

Senator KIM CARR: Which contract are we talking about here?

Ms V Cook: I will give you the name of the contract again.

Senator KIM CARR: That is the CN3312065, right?

Ms V Cook: That is right. As I said before dinner, Whybin TBWA were contracted to develop the creative materials for the NISA campaign, and that included developing advertising materials for the print, TV and digital out-of-home advertising component of it, the look and feel of the campaign and also the tagline 'Welcome to the ideas boom'. The website was developed and built in house in time for the 7 December launch of the agenda. In early March a decision was made to update numerous aspects of the website, including the look and feel. Given the tagline 'Welcome to the ideas boom' was tracking well through social media and was in fact the focal point of the campaign, we decided to replace the line 'There's never been a more exciting time to be Australian' with 'Welcome to the ideas boom'. However, that line 'There's never been a more exciting time to be an Australian' remains on the website as it still is in policy documents that relate to the agenda. As part of our contract with Whybin TBWA we did ask them, I have since been informed, to do some work to assist us in updating the website. That represents a very small amount of their contract.

Senator KIM CARR: How much?

Ms V Cook: I would have to take the actual amount on notice.

Mr Schwager: I doubt we have actually split it at that level of detail. The creative materials contract was comprehensive, and then during that contract they have done this additional work, so it is highly unlikely that we have a split of what was a very small part of the work.

Senator KIM CARR: I see. But they did work on the website?

Mr Schwager: They did some work on the website, but, again, it was a very small component of the contract.

Senator KIM CARR: What about these other contracts that I have referred to?

Ms V Cook: Is that the media buy one?

Senator KIM CARR: Yes, the media one.

Ms V Cook: That was Dentsu Mitchell. And I believe you would be referring to contract CN3322369.

Senator KIM CARR: Yes, that was one that had two figures on the AusTender site—a \$19 million and \$16 million figure. That is the No. 49 one. If you look at the AusTender website, you will see there is a contract value for \$19½ million dollars, originally \$16.9 million. How do you explain that?

Ms V Cook: I would have to take that particular split on notice but the final figure for the media buy, as I said before dinner, for the Dentsu Mitchell contract was \$14,792,099.

Senator KIM CARR: You have explained that was an underspend and that that has been directed to

the telescopes. If we go back to contract 65, the Whybin one, how much money did they end up receiving?

Ms V Cook: Ex GST, it was \$2, 557,048.

Senator KIM CARR: I have got here a contract value of \$2,812,000. Does that include the GST?

Ms V Cook: My figure was excluding the GST.

Senator KIM CARR: Yes, so the contract value including GST is \$2.8 million because that is what the AusTender document says.

Ms V Cook: That may be right, yes. It is just the difference between the GST being included and excluded.

Senator KIM CARR: But there were two amendments to this contract, one on 20 July and one on 22 April.

Ms V Cook: I would have to take that on notice to come back to you with the reason.

Senator KIM CARR: One was an increase in value and one was a reduction in value. Can you explain to me how that happened?

Ms V Cook: The reduction of value of the media buy would have been because of the election being called.

Senator KIM CARR: On 20 July? Presumably that was halfway through the election.

Ms V Cook: I would have to take that on notice.

Senator KIM CARR: It is after the election in fact. How much my money was actually spent on the website?

Ms V Cook: On the website?

Senator KIM CARR: Yes.

Ms V Cook: The website, as I said just before, was developed and built in-house.

Senator KIM CARR: So there is no value in that?

Ms V Cook: No.

Senator KIM CARR: And you cannot identify what the role of Whybin was in the construction of the website?

Ms V Cook: They were not involved in the construction of the website per se. It was built in-house. They did contribute to the look and feel of the website. That was part of the contract, to develop creative materials for the campaign.

Senator KIM CARR: So that email to Whybin on the FOI 16008, which was directed at Whybin, from the department was on 8 March said:

We noticed that the 'There's never been a more exciting time to be an Australian' line of text has not been replaced on the website (as per email below and mentioned in the phone call this morning). ... Can we please get this resolved urgently.

Why was it necessary to remove that from the website? There was an email sent and a telephone call on that issue and a request to have the words removed urgently. Why was that necessary?

Mr Schwager: If I can respond to that—and if you continue to read the rest of the email that was released under FOI—we identified it as a high priority for us, but we were also pulling together a list of other bugs and issues that needed to be restored, and that we would prioritise that list and get it through to them shortly. I think—

Senator KIM CARR: Sorry—where is that?

Mr Schwager: Continuation of the email.

Senator KIM CARR:

So if we can get a list of bugs and issues that need to be resolved—

Mr Schwager: We will prioritise the list and send it through you shortly.

Senator KIM CARR: That is fine. That does not—

Mr Schwager: Back to what Ms Cook said before, we went through a period where we launched the campaign and we wanted to revise the campaign, at which point we updated it. We were going through a list of prioritised changes to that website. Of that, we asked for the highest priority to go to the tagline, and that tagline was resonating well in social media and we wanted it to reflect that.

Senator KIM CARR: You constructed this website. You have told me that. Why couldn't you, as a department, remove those words?

Ms Beauchamp: There was no need to remove the words, until we had information from the

marketing and the research—

Senator KIM CARR: Put aside why you chose to remove the words. The email was sent to the contractor. Why did they have to remove the words, given that the officers have told me that this was a website constructed by the department?

Mr Schwager: It was constructed by the department. It was done quickly in order for the launch of the NISA be done in December. As part of the campaign, as it developed, we contracted widely and there were a range of creatives for us as we moved into the more mature phase of the campaign. As part of that mature phase of the campaign, we had an existing contract with people to do work for us as part of the creative. Part of that was the redevelopment of the website, or re-prioritisation of bits of the website. We had someone contracted to do the work, and we asked them to get that work done for us.

Senator KIM CARR: Why couldn't you do it, if it was so urgent? You are an EL1. It was an EL1 that did it. Why cannot you just say, 'I want that fixed straightaway'?

Mr Schwager: Technically, I do not know the answer to that.

Senator KIM CARR: Sorry?

Mr Schwager: I actually do not know the technical answer to that. I know we had—

Senator KIM CARR: Why don't you take that on notice and find out what the technical answer is? But it does not fit with the documents I have before me—why you did not control that website, given that you created it.

Ms Beauchamp: Sorry, we did control the website. We had a contract around the creative materials. The creative contract were advised to change the creative content in the context of the market information that we had in terms of the new tagline.

Senator KIM CARR: So that was said at 12 o'clock. The original was sent at eight o'clock. Four hours later, they had not done it—why not? Given this was an urgent request, why did it take so long?

Mr Schwager: I would suggest that this is an ongoing piece of work, and they realised four hours after that we had asked for a prioritised change to be made and they had not made it. We just followed that up with a request to get it done.

Senator KIM CARR: Why not—why didn't they do it, an urgent request?

Mr Schwager: I would have to take that up with them.

Senator KIM CARR: I am asking you. Can you provide us with an answer? Why didn't they do it?

Mr Schwager: I will take that on notice.

Senator KIM CARR: There are two things you have to tell me: why you could not do it as departmental officers—you have EL1s and EL2s preparing this stuff; surely you have enough people around who can fix it— and why it took your contractor so long to fix it.

Mr Schwager: I will take that on notice.

Senator KIM CARR: You are going to tell me it had nothing to do with the Auditor-General, aren't you?

Mr Schwager: Yes, I am going to tell you that none of what we have just discussed has anything to do with the Auditor-General.

Senator KIM CARR: That is fair enough. Righto, we will not go over that again.

Ms Beauchamp: I think we should put on the record what the Auditor-General did say—which is available on our website—in terms that the use of the original tagline was not considered political. Would you like us to table that report, the ANAO report?

Senator KIM CARR: I am familiar with the report, but I am suggesting to you that there is an intermediate stage and that is you pleading up the website. Question on notice A133 says that there was \$664,000 of the tender spent and that the contract was worth over \$2 million. What happened to the extra money?

Mr Schwager: Sorry, I have the answer. A133—can you direct me to what you were reading?

Senator KIM CARR: Let me find the original again and we will go through that if you like.

Mr Schwager: I just could not order those figures you were using. Sorry, Senator.

Senator KIM CARR: This is item No. 14 of the answer.

Mr Schwager: Yes.

Senator KIM CARR: If you list it through there—various costs. This is the tender arrangement. It

mentions the tender document.

Mr Schwager: Yes.

Senator KIM CARR: That is where I am drawing those figures from. The total contract, you have advised me, was worth nearly \$3 million—\$2.812 million.

Mr Schwager: Senator, I think—

Senator KIM CARR: There is a discrepancy there between the figures you provided in February and the tender contract of \$2.8 million. How do we account for the difference?

Mr Schwager: They are different contracts for difficult services.

Senator KIM CARR: Sorry. It is listed here: AusTender No. CN3310265. That is under item 14 of AI33. It is the same contract.

Ms Beauchamp: Senator, was 10265 or 12065?

Senator KIM CARR: I am talking CN3312065. That is the one we have been working from.

Ms Beauchamp: Yes.

Senator KIM CARR: And that is the one that I read to be of the contract value originally 2.495; total value \$2,812,753.11. You may tell me this was a point in time how much was spent, given that the answer was from 11 February. Would that account for it?

Mr Schwager: Just give me one moment.

Senator KIM CARR: You spent \$600,000 by the end of January, but the contract was for \$2.8 million by the end of July.

Ms V Cook: Senator, that could go to the fact—while Mr Schwager is looking at the details—that the media buyer was in fact split. The first phase was a digital media buy only, which was, I believe, in the order of \$482,086. I do not know if that explains it.

Senator KIM CARR: Why do not you take that on notice—

Ms V Cook: We will.

Senator KIM CARR: and help me understand what the discrepancy is.

Senator Sinodinos: Are there a lot of these that could be taken on notice?

Senator KIM CARR: When the officers cannot answer the question, that is the point, taking them on notice, and that is what is happening here.

Senator Sinodinos: I know, but they are fairly detailed questions, I do not know whether they—

Senator KIM CARR: Minister, it is a surprising process in estimates where they give me an answer and I ask another question. That is what is happening here.

Mr Schwager: Senator, just to clarify, as you will see from the answer on 14, the contract CN3312065 is listed as, 'Evaluation market research services ORIMA research'.

Senator KIM CARR: Yes.

Mr Schwager: And I think—

Senator KIM CARR: There is another tender contract there. It does not change the substance of what I am saying to you. If you are saying it is less than \$600,000 at the end of January, I want to know what happened to the 2.8. Did you spend 2.8 million or thereabouts—a little over \$2 million—in the period from January to July?

Ms V Cook: You are referring as we just discussed to the Whybin TBWA campaign?

Senator KIM CARR: I am referring to the contract value for Whybin \$2.8 million, 1 December to 30 June 2016.

Mr Schwager: We spent \$2.557 million on that contract.

Senator KIM CARR: So there was an underspend?

Ms V Cook: I believe we are taking it on notice but, as I said before, the first phase of the campaign was digital, which would have been less expenditure to develop in terms of creative material. The second phase of the campaign, where the payments would have come later and the bulk of that particular—

Senator KIM CARR: Let's just say you will take it on notice—

Ms V Cook: goes to the TV—

Ms Beauchamp: Can I just clarify: I think we have answered the question about, with the election being called there was going to be an underspend; the funds were redirected to the other budget priority around the

AAO. But of course there would be elements of all of that campaign that would have been

underspent, given the calling of the election. This contract was part of that underspend that would have been put towards the budget paper 2.

Senator KIM CARR: Madam secretary, I appreciate that. But we will see how much that is, because I understood you to have been advising me earlier that you had acquitted the full amount. No?

Ms V Cook: No.

Senator KIM CARR: What was the final acquittal contract for this contract?

Ms V Cook: For this particular contract?

Senator KIM CARR: Yes.

Ms V Cook: I think I did mention it before. The final was \$2,557,048. That was excluding GST.

Senator KIM CARR: So we include GST. How much is the amount?

Ms V Cook: I might have to get out a calculator.

Senator KIM CARR: That is the point I am getting at. That is roughly the total value of the contract.

Ms V Cook: Yes.

Senator KIM CARR: So it is not underspend. If that is excluding GST, the total value of this contract is \$2.8.

Ms Weston: Senator, if you add GST, which is about 10 per cent, it is not going to get you to that.

Senator KIM CARR: Take it on notice and we will see how we go with it. Thank you. Could I turn to some other matters in the cross-portfolio.

## **ANSWER**

Please also refer to answer SI-58.

Please see [Attachment A](#) for list of contracts for the NISA campaign, including descriptions and variations.

In relation to CN3312065, the majority of the final total was expended after 31 January 2016. This was in the lead up to and during the main phase of the campaign, which ran from 7 February 2016 – 8 May 2016.

In relation to changes to innovation.gov.au, the provider was working on the back end of the website on a series of updates to the site. The department did not make content changes itself during this time because it was more efficient and practical for the provider to make the content changes. There was no particular reason that the provider did not follow through on the urgent request, hence the follow up phone call by the departmental official.

Attachment A—NISA Contracts (AusTender listing)

Activity	Organisation	AusTender	Contracted Totals (inc GST)	Total Expended (inc GST)
Developmental and concept testing research to inform the campaign	AMR Interactive	CN3312189 – 21/12/2015	455,840	1,054,768
		CN3325412 – 07/03/2016 Variation: CN3325412-A1 – 12/05/2016 Variation: CN3325412-A2 - 20/07/2016	758,846	
Benchmarking, tracking, and evaluation market research	ORIMA Research	CN3312940 – 24/12/2015	455,290	411,290
Development and production of creative materials	WHYBIN \ TBWA	CN3312065 - 21/12/2015 Variation: CN3312065-A1 - 22/04/2016	4,020,540	2,812,753
Legal services—due diligence checks of businesses for inclusion in campaign	Russell Kennedy Lawyers	CN3341974 incl Variations: 28/06 & 20/07/16	10,425	26,613
		CN3338241 incl Variations: 2/06 & 20/07/16	11,578	
		Not Listed on AusTender*	4610*	
Staffing assistance (ICT)	OPC IT	CN3312079 - 21/12/2015 Variation: CN312079-A1 – 04/08/2016	65,000	58,328
Media buy spend for phase one and phase two of the NISA advertising campaign	Mitchell and Partners Australia	Phase 1: CN3322369 - 22/02/2016	549,964	530,295
		Phase 2: CN3322349 - 22/02/2016 Variation: CN3322349-A1 - 20/04/2016	19,510,000	15,741,014
			<b>25,842,093</b>	<b>20,635,061</b>