



**THE HON FRAN BAILEY MP**

**MINISTER FOR SMALL BUSINESS AND TOURISM**

PO BOX 6022  
PARLIAMENT HOUSE  
CANBERRA ACT 2600

Mr Tim Fischer AC  
Chairman  
Tourism Australia Board  
GPO Box 2721  
SYDNEY NSW 1006

Dear Mr Fischer

Thank you for the letter from Mr Scott Morrison of 13 June 2006 seeking my approval for Tourism Australia to enter into contracts with both M&C Saatchi and Carat for the provision of creative and media buying services for the period 1 July 2006 to 30 June 2007.

These contracts are of a significant value. I need to be reassured that the taxpayer is receiving value for money with these substantial investments. I understand that an internal evaluation of performance is underway at the moment, but will not be complete until mid-July. I also understand that no independent evaluation has yet been undertaken. In order for me to make a properly informed decision on these contracts for the full 2006-07 financial year, I request that Tourism Australia provide me, by 31 August 2006, with:

- 1) a fully completed internal assessment of the 2005-06 contracts with M&C Saatchi and Carat;
- 2) an assessment completed by an independent expert on whether or not the creative and media buying activities for 2005-06 represented value for money; and
- 3) detail of mechanisms instituted by Tourism Australia to monitor and manage the contract for 2006-07 – particularly how Tourism Australia will ensure that purchases made by M&C Saatchi and Carat represent value for the taxpayer's dollar. I would expect to see an appropriate mix of internal assessments and independent review.

To avoid disruption to the current international marketing campaign, I am prepared to approve a total of \$20 million of expenditure at this stage, to enable time for you to supply the material requested above and for me to make a decision in relation to the remainder of the funds.

I will only provide such an interim approach on this one occasion, and only because of the importance of maintaining the momentum of the current campaign. In future years, I would like Tourism Australia and the Department to work together to ensure that such

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major contracts reach me in a timely fashion and with all the supporting material I need to make a decision.

I would like to note that this process should be the start of a general improvement in process surrounding approval of major contracts.

For this year, I look forward to receiving the additional information I have requested, at which point I will be in a position to consider funding for the remainder of 2006-07.

Yours sincerely

A handwritten signature in cursive script, appearing to read 'Fran Bailey', written in black ink.

FRAN BAILEY  
29/06/06