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Win for business on compliance costs

Fiona Buffini

The federal government has signalled further modifications to the sweeping financial services reforms to make them more workable, in response to business complaints about their cost.

Parliamentary secretary to the Treasurer Chris Pearce is working on "a series of proposed refinements" to improve the operation of the Financial Services Reform Act,

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which was introduced a year ago. And the Australian Securities and Investments Commission admits there may be a need for changes to the way it implements the law.

The reforms, known as FSR, aim to help consumers compare financial products and evaluate financial advice. However, industry critics argue that it has produced a moun-

tain of paperwork that consumers will never read.

Mr Pearce said areas where the law may not be working include the lengthy disclosures required for telephone sales, the amount of disclosure material advisers must give clients, and disclosure rules that do not distinguish between simple and complex financial products.

Banks and fund managers have spent \$200 million to gain new

licences and train staff to comply with the changes while two major companies, QBE and IAG, have said increased regulatory requirements are costing them more than \$50 million a year.

"It is important to ensure that any proposed changes reduce compliance costs for industry rather than impose further burdens," Mr Pearce told *The Australian Financial Review*. Continued page 10

Wage surprise muddies the rates debate

Laura Tingle and Kean Wong

Higher but undramatic private wages growth has fuelled the controversy over whether official interest rates should be increased next week.

The wage price index released by the Australian Bureau of Statistics yesterday surprisingly showed private sector wages grew by only 0.9 per cent in the December quarter.

Total hourly rates of pay excluding bonuses grew 1 per cent – the highest quarterly reading in two years – and public sector wage growth was strong at 1.3 per cent.

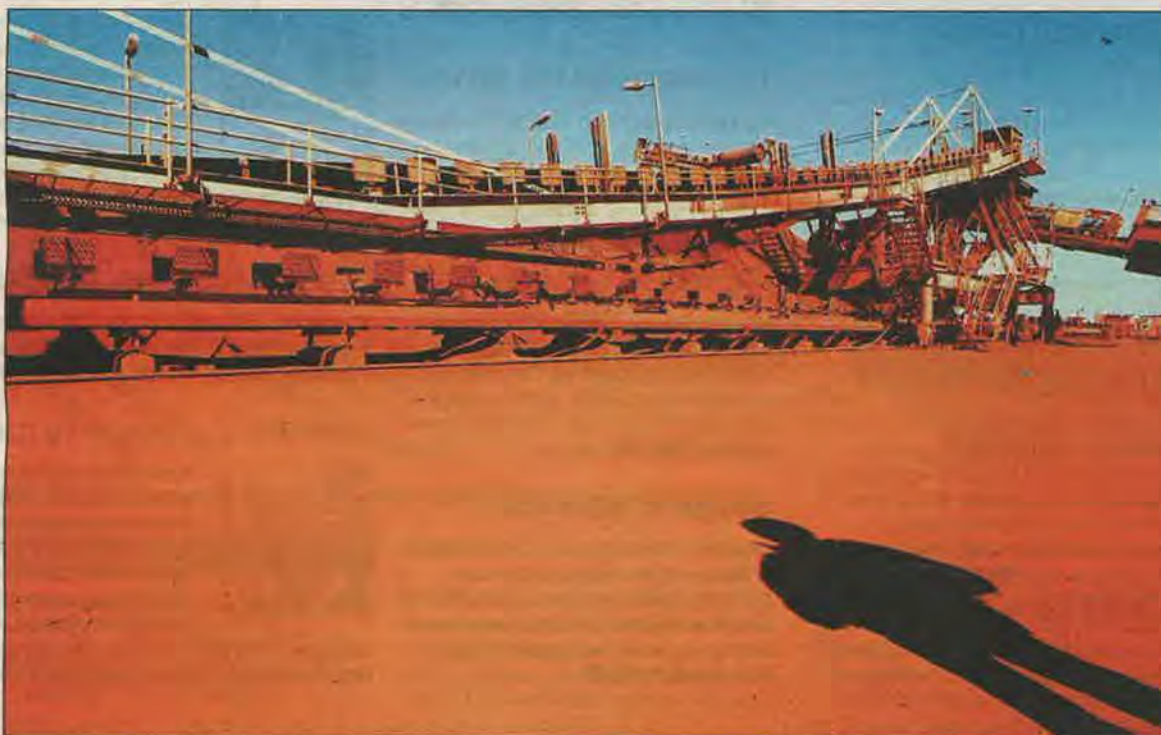
A small business survey also reported a "clear trend" of rising wages.

But overall, the quarterly wages growth was less than predicted and the increase in the annual rate from 3.5 per cent to 3.6 per cent did not reflect a disturbing pace.

Reserve Bank of Australia governor Ian Macfarlane raised expectations of a rate rise when he told the House of Representatives economics committee last Friday that it was important to take pre-emptive action on wage inflation in an environment dominated by skills shortages and production bottlenecks.

Following yesterday's data, some market economists have joined MPs on the committee in challenging the wisdom of a rate rise when the economy is already slowing, particularly given the sharp jump in world oil prices on Tuesday night.

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Red gold... iron ore producers have won a massive 71.5 per cent price rise from Japanese steel mills.

Photo: MICHELE MOSSOP

Rio cashes in on commodities boom

Stephen Wyatt SHANGHAI and Yvonne Ball

Rio Tinto has won significant price increases for iron ore and has cemented expectations of continuing strength in commodity prices due to strong global economic growth and China's demand for raw materials.

Rio joins Brazilian giant CVRD in securing price rises of 71.5 per cent from Japan's leading steel mills.

The mills are attempting to lock in supplies in the face of stiff competition from China for commodi-

MARKET ACTION

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ties. It is expected that the world's largest miner, BHP Billiton, will secure a similar price rise.

"This price increase reflects unprecedented demand for our products, driven by continuing

growth in steel consumption, particularly in China," the chief executive of Rio Tinto's iron ore unit, Sam Walsh, said.

The strong rise in contract iron ore prices came as exchange-traded commodities enjoyed a rally in London and New York. Crude oil surged through \$US51 a barrel, while copper hit a 16-year high and zinc advanced to an eight-year high. Gold rallied over \$US430 an ounce to a two-month high.

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Queer eye for the tax guy in ATO revamp

Mark Davis Political correspondent

Diana Ferrari, JAG, Morrissey, Mambo – and now the Australian Taxation Office.

The ATO has spent \$1.65 million engaging one of Sydney's most fashionable brand and design consultants, Landini Associates, to give it a corporate makeover.

The project aimed to create a new "brand personality" for the ATO as trustworthy, committed, fair and professional and was linked to taxation commissioner Michael Carmody's goal of making the tax system "easier, cheaper and more personalised" for taxpayers.

But the ATO had to drop one element of the fresh "corporate identity" proposed by Landini – a new logo and slogan – when the Prime Minister's Department issued a "no logos" edict to all federal government departments and agencies halfway through the project.

Documents obtained by *The Australian Financial Review* under freedom of information legislation show Landini Associates proposed several new logos and slogans as part of a project during 2003 and 2004 to "provide a strategic framework for branding" for the ATO.

Landini even presented concept designs for a stylish refurbishment of Mr Carmody's personal office and a new facade for the ATO's head office in Canberra.

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Queer eye for the tax guy in ATO revamp

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While the logo and facade were not pursued, the ATO has been rolling out other elements of the proposed new brand system, including new designs, typefaces and colour palettes for publications and cleaner layouts and signage in its public shopfronts.

Landini's design and architectural work for other clients has included fit-outs for fashion boutiques and restaurants, designing service stations for oil majors Mobil and Shell and carrying out a corporate rebranding project for Macquarie Telecommunications.

Presentations to ATO executives said the corporate identity project would create a more contemporary "ATO marque" that would communicate the organisation's values while making it easier for stakeholders to navigate their way through everything from a Tax Office shopfront to the annual Tax Pack income tax forms.

As part of the project Landini Associates drew up three new logos and 10 possible slogans (or "descriptors") for the ATO, including "Serving Australia", "Building the future" and "Sharing wealth".

It tested these alternatives with about 130 taxpayers, business executives and ATO staffers, and recommended a logotype that tested as "bold, contemporary and outstanding" and as implying "a no-nonsense organisation that won't put up with non-compliance".

The slogan recommended was "Managing revenue for Australia" after options like "Sharing wealth"

were rejected by business executives in the test groups as suggesting "their hard-earned money was being used for socialist purposes".

But the logo and descriptor were not proceeded with after the secretary of the Department of the Prime Minister and Cabinet, Peter Shergold, told all public service chiefs in mid-2003 to use a uniform "Australian Government" logo with the coat of arms and the name of their department or agency in a conservative typeface.

An ATO spokesman said yesterday that the agency had gone ahead with the consultants' recommendations for adopting consistent typefaces, colour schemes and other design principles in published materials, signage, public access areas and on the website.

He said the logo element of the plan had not involved any significant spending and had only been subject to preliminary testing. There had been "very little money" spent on changes to buildings or interior designs as a result of the project.

Tax commissioner Michael Carmody's strategy was to make the tax system easier, cheaper and more personalised and the new brand system would contribute by making public contact areas more accessible and publications and other materials easier to understand.

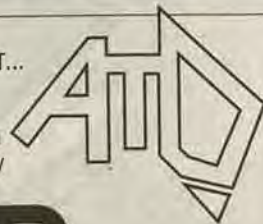
"It has probably saved us quite a deal of money and will save us money over time by getting a more consistent approach to our published materials. We look at it as an investment in improving the relationship with the community," the spokesman said.

TAXING QUESTION

How the tax office settled on a new logo

1 The former logo

- Familiar and easily understood to represent Australia BUT...
- Seen as outdated and clumsy
 - Recessive and weak
 - Does not include an understanding of modern Australia
 - Indicates an organisation stuck in the late 20th century



2 Tested and found to be ...

- Bold, contemporary and outstanding
- Not wishy-washy
- Basis for more design work



3 Classic - evolutionary, authoritative, clean BUT...

- Regarded as meaner and less substantial than '2'
- Looks untrustworthy, shifty and tricky



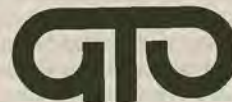
4 Accessible - revolutionary, contemporary, friendly BUT...

- Seen mostly as indecipherable
- Seen also as 'Greek symbols'
- Unclear and unapproachable
- Rejected outright



5 Iconic - revolutionary, logo as symbol, contemporary, proprietary BUT...

- Not tested



6 Recommended final version based on '2'



7 But the winner is ... The eventual logo after a government edict



Australian Government

Australian Taxation Office