



PERFORMANCE AUDIT

19 NOVEMBER 2020

Government advertising 2018-19 and 2019-20

NEW SOUTH WALES AUDITOR-GENERAL'S REPORT

THE ROLE OF THE AUDITOR-GENERAL

The roles and responsibilities of the Auditor-General, and hence the Audit Office, are set out in the *Public Finance and Audit Act 1983* and the *Local Government Act 1993*.

We conduct financial or 'attest' audits of State public sector and local government entities' financial statements. We also audit the Total State Sector Accounts, a consolidation of all agencies' accounts.

Financial audits are designed to add credibility to financial statements, enhancing their value to end-users. Also, the existence of such audits provides a constant stimulus to entities to ensure sound financial management.

Following a financial audit the Audit Office issues a variety of reports to entities and reports periodically to parliament. In combination these reports give opinions on the truth and fairness of financial statements, and comment on entity compliance with certain laws, regulations and government directives. They may comment on financial prudence, probity and waste, and recommend operational improvements.

We also conduct performance audits. These examine whether an entity is carrying out its activities effectively and doing so economically and efficiently and in compliance with relevant laws. Audits may cover all or parts of an entity's operations, or consider particular issues across a number of entities.

As well as financial and performance audits, the Auditor-General carries out special reviews and compliance engagements.

Performance audits are reported separately, with all other audits included in one of the regular volumes of the Auditor-General's Reports to Parliament – Financial Audits.

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In accordance with section 38E of the *Public Finance and Audit Act 1983*, I present a report titled '**Government advertising 2018-19 and 2019-20**'.

A handwritten signature in black ink, appearing to read 'Margaret Crawford'.

Margaret Crawford
Auditor-General
19 November 2020

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Government advertising 2018–19 and 2019–20

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Section one

Government advertising
2018–19 and 2019–20

Executive summary

The *Government Advertising Act 2011* (the Act) requires the Auditor-General to conduct a performance audit on the activities of one or more government agencies in relation to government advertising campaigns in each financial year. The performance audit assesses whether a government agency or agencies have carried out activities in relation to government advertising in an effective, economical and efficient manner and in compliance with the Act, the regulations, other laws and the Government Advertising Guidelines (the Guidelines). This audit examined two campaigns run during the 2018–19 and 2019–20 financial years respectively:

- the 'Cost of Living' campaign run by Service NSW (phases 2 and 3 delivered in 2018–19)
- the 'How Fireproof Is Your Plan?' (Fireproof) campaign run by NSW Rural Fire Service (year two of a three-year campaign delivered in 2019–20).

Section 6 of the Act prohibits political advertising. Under this section, material that is part of a government advertising campaign must not contain the name, voice or image of a minister, member of parliament or a candidate nominated for election to parliament or the name, logo or any slogan of a political party. Further, a campaign must not be designed to influence (directly or indirectly) support for a political party.

Conclusion

Neither campaign breached the prohibition on political advertising contained in section 6 of the Act. While both campaigns met most requirements of the Act, the regulations, other laws and the Guidelines, we identified some instances of non-compliance. Service NSW inappropriately used its post-campaign evaluation to measure sentiment towards and confidence in the NSW Government.

Service NSW used its post-campaign evaluation to measure sentiment towards and confidence in the NSW Government. While neither campaign breached the prohibition on political advertising contained in section 6 of the Act, measuring sentiment towards and confidence in the NSW Government is not an appropriate use of the post-campaign evaluation and creates a risk that the results may be used for party political purposes. This risk is heightened as both phases 2 and 3 of the Cost of Living campaign were run immediately before the NSW state election. We have made this finding previously in our report 'Government advertising 2017–18'.

The campaign objectives and targets set by both agencies were not sufficient to fully measure campaign effectiveness. Service NSW advertised seven rebates in phase 2 of the campaign but only set targets for the awareness and uptake of three of these rebates. NSW Rural Fire Service set objectives and targets to be achieved over the life of the three-year campaign but did not set targets to be achieved for each year of the campaign. While the Fireproof campaign is a three-year campaign, each year of the campaign is subject to a separate approval and peer review process.

Agency analysis shows that both campaigns achieved most of their objectives. There was some overlap in the timing of phases 2 and 3 of the Cost of Living campaign and both phases had similar high-level objectives to increase awareness of rebates, making it difficult to evaluate the effectiveness of each distinct campaign phase. NSW Rural Fire Service conducted a post-campaign evaluation for year two of the Fireproof campaign (2019–20) but although this showed positive results against the overall objectives of the three-year campaign, NSW Rural Fire Service did not set specific targets for year two of the campaign, making it difficult to evaluate effectiveness for that year.

Service NSW was not able to demonstrate that its campaign was economical as it directly negotiated with a single supplier for the creative materials for phase 2. This is contrary to the NSW Government's procurement rules which require agencies to obtain three quotes when using suppliers on a prequalification scheme. Service NSW did not comply with its own procurement policy, which restricts Service NSW employees from entering into discussions with a supplier until the appropriate delegate approves a direct procurement. NSW Rural Fire Service achieved cost efficiencies by re-using creative material developed in the first year of the campaign. NSW Rural Fire Service also received \$4 million worth of free advertising time and space.

The cost benefit analyses prepared by both agencies did not fully meet the requirements in the Guidelines. Both agencies identified an alternative to advertising but did not assess the costs and benefits of that alternative. We have made this finding previously in our report 'Government advertising 2017–18' and in our report 'Government advertising 2015–16 and 2016–17'.

1. Recommendations

By 30 June 2021, the Department of Customer Service should:

1. update its guidance to ensure that post-campaign evaluations are not used to measure sentiment towards the government
2. review its guidance and the new process for campaign review to ensure that they support agencies to comply with all requirements set out in the Act, the regulations and the guidelines including common areas of deficiency such as:
 - the development of campaign objectives and targets that are sufficient to fully measure campaign effectiveness
 - identifying options other than advertising that could be used to achieve campaign objectives and assessing the costs and benefits of these options when a cost benefit analysis is required under the Act.

1. Introduction

1.1 Background

What is government advertising?

Governments use advertising to communicate information about a government program, policy or initiative to members of the public. Government advertising is funded by or on behalf of a government agency and can be distributed through a variety of media, such as radio, television, the Internet, newspapers, billboards or cinemas.

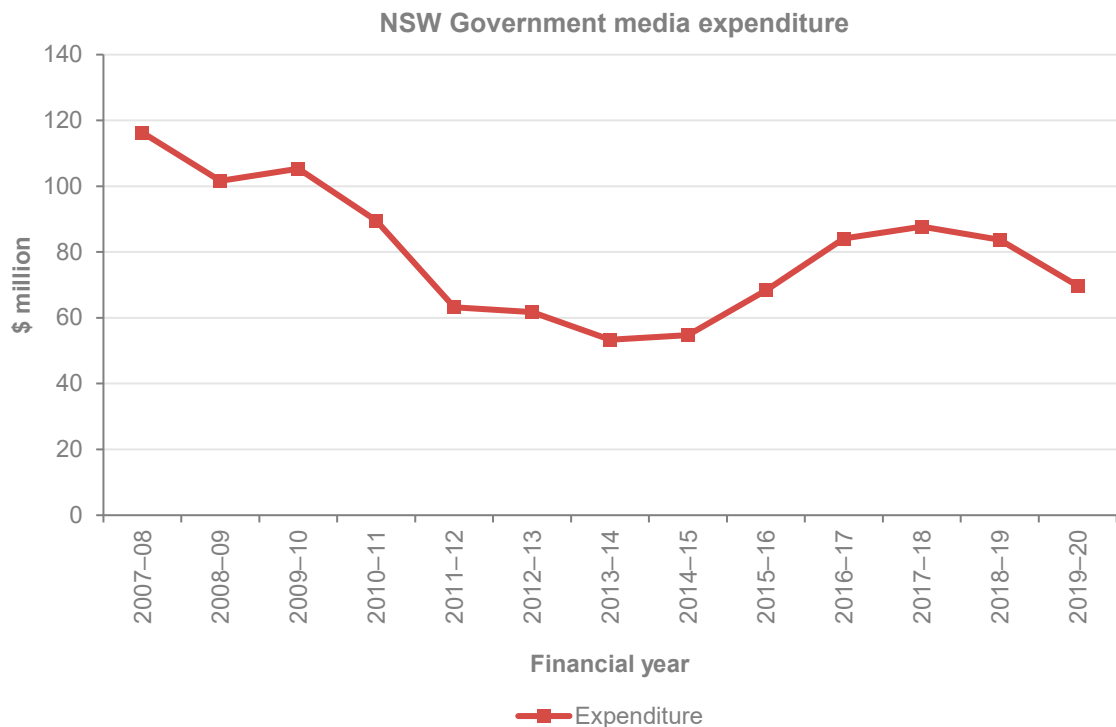
There are three broad categories of government advertising:

- **recruitment advertising** - advertising which promotes specific job vacancies and employment opportunities within a government agency
- **public notices** - advertising which communicates a clear, simple message or announcement and is generally one-off or short-term in nature
- **public awareness advertising** - co-ordinated communications to raise awareness of key issues, such as government initiatives, or social marketing to encourage behaviour change.

How much is spent on government advertising in New South Wales?

The NSW Government spent \$83.8 million on advertising in 2018–19 and \$69.8 million on advertising in 2019–20.

Exhibit 1: NSW Government media expenditure from 2007–08 to 2019–20



Source: Audit Office analysis.

How is government advertising regulated?

A regulatory framework which includes both policy and legislation governs NSW Government advertising. Exhibit 2 contains an overview of this regulatory framework.

Exhibit 2: NSW Government advertising regulatory framework

Regulation	Purpose
<i>Government Advertising Act 2011</i> (Act)	Sets out the legal requirements for government advertising
Government Advertising Regulation 2018 (Regulation)*	Sets out exemptions to the Act.
NSW Government Advertising Guidelines 2012 (Guidelines)	Sets out requirements in relation to the style and content, dissemination and cost of government advertising campaigns, as well as the requirements of cost benefit analyses and peer reviews.

* The Government Advertising Regulation 2012 was repealed and replaced by the Government Advertising Regulation 2018 on 21 December 2018.

Note: The Government Advertising Handbook no longer applies. The NSW Government website on government communications explains the legal and policy requirements of government advertising.

Source: Audit Office analysis.

Prohibition of political advertising

Section 6 of the Act prohibits political advertising as part of a government advertising campaign. Government advertising campaigns must not:

- be designed to influence (directly or indirectly) support for a political party
- contain the name, voice or image of a minister, a member of parliament or a candidate nominated for election to parliament
- contain the name, logo, slogan or any other reference to a political party.

In addition, the Guidelines require government advertising campaigns to be politically neutral and clearly distinguishable from party political messages.

Requirements prior to the commencement of a campaign

The Act states that a government advertising campaign must not commence unless the head of the agency has signed a compliance certificate for the campaign. This compliance certificate states that the head of the agency believes the government advertising campaign:

- complies with the Act, Regulation and Guidelines
- contains accurate information
- is necessary to achieve a public purpose and is supported by analysis and research
- is an efficient and cost-effective means of achieving its public purpose.

The Act defines further requirements for campaigns which are likely to exceed a total cost of \$50,000 or \$1.0 million. The Government Advertising Regulation 2018 revised these thresholds to \$250,000 and \$1.0 million which apply for campaigns approved after 21 December 2018. These are summarised in Exhibit 3.

Government advertising campaigns likely to cost over \$250,000 (or \$50,000 if approved prior to 21 December 2018) are subject to peer review before the campaign commences. The peer review process changed in 2019–20.

In 2018–19, the Department of Premier and Cabinet managed the peer review process. For campaigns approved in 2018–19, the peer review process involved two or three public sector employees with expertise in marketing and communications assessing the proposed advertising campaign according to a set of criteria outlined in the Guidelines.

From 2019–20, the Department of Customer Service manages the peer review process. This was a result of machinery of government (MoG) changes which moved the functional group managing the peer review process from the Department of Premier and Cabinet to the Department of Customer Service. Peer review is a two-stage process:

- **Budget approval** - government agencies submit an advertising budget proposal to the Department of Customer Service Campaign Effectiveness Team. The Campaign Effectiveness Team review the budget proposal and make recommendations to the Delivery and Performance Committee of Cabinet (DaPCo). DaPCo is responsible for approving campaign budgets.
- **Campaign review** - after DaPCo approves a campaign budget, the Department of Customer Service Effectiveness Team conduct a review of the proposed campaign. The Campaign Effectiveness Team assess the need for the proposed advertising campaign, the creative and media strategy (including objectives and target audiences) and how the agency will manage the campaign.

The Act requires an agency wishing to run a government advertising campaign that is likely to cost over \$1.0 million to complete a cost-benefit analysis before the campaign commences. A cost-benefit analysis aims to evaluate the net economic cost or benefit of the campaign and indicate to decision makers how the campaign will affect the wellbeing of NSW residents.

Exhibit 3: Requirements before an advertising campaign can commence

Advertising cost	Compliance certificate	Budget approval by DaPCo**	Campaign review	Cost-benefit analysis
<\$250,000	✓			
\$250,000* to \$1.0 million	✓	✓	✓	
>\$1 million	✓	✓	✓	✓

* Prior to 21 December 2018, the threshold for peer review was \$50,000.

** The budget approval process was introduced for campaigns approved in 2019–20. Prior to 2019–20, campaign budgets over \$1,000,000 were approved by the Cabinet Standing Committee on Communications and Government Advertising.

Source: Audit Office analysis.

About this audit

The Act requires the Auditor-General to conduct a performance audit on the activities of one or more government agencies in relation to government advertising campaigns in each financial year.

In conducting the audit, the Auditor-General must determine whether a government agency or agencies have carried out activities in relation to government advertising in an effective, economical and efficient manner and in compliance with the Act, the Guidelines and other laws.

The 2018–19 and 2019–20 government advertising campaigns examined in this audit are listed in Exhibit 4.

Exhibit 4: Government advertising campaigns examined in this audit

Year	Campaign title	Responsible agency	Expenditure
2018–19	Cost of Living (phases 2 and 3)	Service NSW	\$4,030,769 (phase 2) \$926,032 (phase 3)
2019–20	How FireProof Is Your Plan?	NSW Rural Fire Service	\$1,401,750.06

Source: Audit Office analysis.

Appendix two contains details about each campaign.

Appendix three contains further details about this audit.

2. Cost of Living campaign

In 2018–19, Service NSW delivered phases 2 and 3 of the 'Cost of Living' campaign. The Cost of Living advertising campaign aimed to build awareness of the help available to ease the cost of living for people under financial pressure including awareness of specific rebates that can be claimed. As part of the Cost of Living program, Service NSW developed a webpage designed as a single portal to access more than 40 NSW Government savings, rebates and initiatives (which originated from over 12 different agencies). It also launched the Cost of Living service which includes face to face meetings and phone interviews to help people claim rebates from the NSW Government. Phase 2 of the campaign ran from September 2018 to August 2019. Phase 3 of the campaign ran from January 2019 to July 2019. The budgets for phases 2 and 3 were \$4.127 million and \$934,800 respectively. See Appendix two for more details on this campaign.

Service NSW complied with most requirements of the Act, the Regulations and the Guidelines. Campaign materials that we reviewed did not breach the prohibition on political advertising contained in section 6 of the Act. However, Service NSW used its post-campaign evaluation to measure sentiment towards, and confidence in, the NSW Government. This is not an appropriate use of the post-campaign evaluation and creates a risk that the results may be used for party political purposes. This risk is heightened as both phases 2 and 3 of the Cost of Living campaign were run immediately before the NSW state election.

The post-campaign evaluation shows that the campaign was effective in achieving most of its objectives. However, in phase 2, Service NSW did not set targets for all of the rebates it advertised. There was some overlap in the timing of phases 2 and 3 of the Cost of Living campaign and both phases had similar high-level objectives to increase awareness of rebates, making it difficult to evaluate the effectiveness of each distinct campaign phase.

Service NSW was not able to demonstrate that its campaign was economical as it directly negotiated with a single supplier for the creative materials in phase 2 (total cost \$731,480). This is contrary to the NSW Government's procurement rules which require agencies to obtain three quotes when using suppliers on a prequalification scheme where the estimated cost is more than \$150,000. Service NSW did not comply with its own procurement policy, which restricts Service NSW employees from entering into discussions with a supplier until the appropriate delegate approves a direct procurement.

The cost benefit analysis for phase 2 did not accurately assess the benefits of the campaign as Service NSW did not know which rebates would be included in the advertisements at the time the cost benefit analysis was developed. The cost benefit analysis for phase 2 did not assess the costs and benefits of alternatives to advertising.

Campaign materials we reviewed did not breach section 6 of the Act

The audit team reviewed campaign materials developed as part of the paid advertising campaign including radio transcripts, digital videos and display. The audit team did not review the use of social media outside paid social media content as section four of the Act defines government advertising as the dissemination of information which is funded by or on behalf of a government agency. See Appendix two for examples of campaign materials for this campaign.

Section 6 of the Act prohibits political advertising as part of a government advertising campaign. A government advertising campaign must not:

- be designed to influence (directly or indirectly) support for a political party
- contain the name, voice or image of a minister, a member of parliament or a candidate nominated for election to parliament
- contain the name, logo, slogan or any other reference to a political party.

The audit found no breaches of section 6 of the Act in the campaign material we reviewed.

Post-campaign evaluations measured sentiment towards and confidence in the NSW Government

The post-campaign evaluation for phases 2 and 3 measured levels of confidence with the statement 'the NSW Government has your best interests at heart', despite the fact this was not a stated objective of the campaign. This is not an appropriate use of the post-campaign evaluation, which should measure the success of the campaign against its stated objectives. The post-campaign evaluation for phase 3 found that exposure to the campaign improved sentiment towards the government amongst those who did not have confidence in the NSW Government.

Service NSW advised that it was important to measure the sentiment of the advertising including the wording 'best interests' as it did not want the whole of government brand to be detrimental to customer engagement with applying for the rebates.

Following phase 2, Service NSW conducted analysis of media sentiment using the key words 'cost of living' and the names of the Premier, Treasurer and Minister for Customer Service. The analysis presented the level of positive, negative and neutral media sentiment. The Government Advertising Guidelines 2012 list the purposes that government advertising may serve which do not include improving the perception of the government. The inclusion of this analysis in Service NSW's post-campaign evaluation creates a risk that the results may be used for party political purposes.

Section 10 of the Act restricts agencies from carrying out a campaign after 26 January in the calendar year before the Legislative Assembly is due to expire and before the election for the Legislative Assembly in that year. Service NSW authorised a media agency to book media in line with the media plans for the campaign. The media plans for the campaign show that Service NSW did not authorise or plan to run any advertisements between 27 January 2019 and 23 March 2019.

Service NSW did not set targets for all rebates advertised in phase 2

Service NSW did not set targets for four of the seven rebates that were advertised as part of phase 2 of the campaign. These rebates were the Family Energy Rebate, Appliance Replacement Offer, National Parks Concession Offer and the Pensioner Travel Voucher. As a result, it was unable to evaluate whether the advertisements for these rebates were effective. Service NSW advised that at the time the campaign went to peer review, when campaign objectives are set, it did not know which rebates would be included in the advertisements.

Service NSW stated in its submission to the Department of Premier and Cabinet that it may change the creative content for phase 2 as it announced new initiatives and rebates. The peer review process should have ensured that Service NSW set targets for any additional rebates or savings it intended to advertise before that advertising commenced to ensure a strategic approach to the campaigns that clearly demonstrated anticipated benefits were in place.

The post-campaign evaluation for phase 2 shows that the advertising campaign met most of its objectives










Service NSW set overall campaign objectives and specific targets for some rebates advertised as part of phase 2 of the campaign. The objectives, targets and results for phase 2 are shown in Exhibit 5. In phase 2, Service NSW established baseline data on levels of awareness of government rebates during the peer review process. The baseline level of awareness for government rebates was 44 per cent. The level of awareness for specific rebates was 46 per cent for the Compulsory Third Party (CTP) green slip refund, and 21 per cent for both Active Kids and Toll Relief.

Post-campaign evaluation reports for phase 2 show that the campaign met its objective to raise awareness of NSW Government rebates, achieving a 16 per cent increase in awareness from 44 per cent to 51 per cent. The campaign did not meet its target to increase awareness of the CTP green slip refund by ten per cent.

Service NSW did not report the results of the uptake of the CTP green slip refund, Active Kids and Toll Relief in its post campaign effectiveness report submitted to the Department of Premier and Cabinet. However, other post-campaign evaluation documentation, which Service NSW advise was submitted to the Department of Premier and Cabinet, show that these targets were met.

Service NSW did not report to the Department of Premier and Cabinet on whether it achieved the target of a ten per cent increase of average monthly visits to the Cost of Living webpage. Service NSW reported that it had achieved an average of 11,753 visitors to the webpage per day during the campaign. These average daily results indicate that the target was met.

Exhibit 5: Phase 2 - campaign objectives, targets and results

Campaign objectives and targets	Does the post-campaign evaluation show that the target was met?
1. a) Increase awareness of rebates from the NSW Government by ten per cent.	
b) Increase average monthly visits to the Cost of Living webpage by ten per cent.	 *
2. Increase awareness of rebates and savings by ten per cent for:	
• CTP green slip refund	
• Active Kids	
• Toll Relief.	
3. Increase awareness that NSW Government initiatives relating to the cost of living are available via Service NSW by ten per cent.	
4. Increase the uptake of rebates and savings for the CTP green slip refund, Active Kids and Toll Relief by ten per cent.	 *
Key	 Yes  Not fully

* Some issues with reporting on target.

Source: Service NSW. Audit Office analysis.








The post-campaign evaluation for phase 3 shows that the advertising campaign met most of its objectives

Service NSW set overall campaign objectives and specific targets for the two rebates advertised as part of phase 3 of the campaign. The objectives, targets and results for phase 3 are shown in Exhibit 6.

In phase 3, Service NSW established baseline data on levels of awareness during the peer review process. The baseline level of awareness for government rebates was 44 per cent. This is the same baseline that was used to measure performance for phase 2 of the campaign. Service NSW did not set baselines for awareness and uptake of Energy Switch and Creative Kids as these were new services.

Post-campaign evaluation reports for phase 3 show that the campaign met its objective to raise awareness of NSW Government rebates by ten per cent, achieving a 30 per cent increase in awareness from 44 per cent to 57 per cent. The overall increase in message take-out was met with 43 per cent agreeing with the message that the NSW Government is taking steps to ease the cost of living. The campaign achieved awareness and uptake targets for the specific rebates included in phase 3, except for awareness of Creative Kids which achieved 28 per cent awareness, falling short of the 30 per cent awareness target.

Exhibit 6: Phase 3 - campaign objectives, targets and results

Campaign objectives and targets	Does the post-campaign evaluation show that the target was met?
1. Increase message takeout that 'The NSW Government is taking steps to help ease the cost of living in NSW' by ten per cent for those who can recall the campaign.	
2. Increase awareness that the NSW Government has a range of rebates and savings by ten per cent.	
3. Generate awareness with NSW residents aged 18+ of:	
• Energy Switch (15 per cent awareness)	
• Creative Kids (30 per cent awareness).	
4. Create uptake of Energy Switch and Creative Kids (8,356 clicks on the Energy Switch website and 107,938 Creative Kids vouchers downloaded with 70 per cent conversion).	
Key	 Yes  Not fully

Source: Service NSW. Audit Office analysis.

The timing of campaign phases meant that it was difficult for Service NSW to evaluate each distinct campaign phase and reduced opportunities to incorporate learnings from previous phases

Service NSW commenced planning for phase 2 of the campaign while phase 1 was still underway. This limited the opportunity for Service NSW to incorporate learnings from phase 1 into phase 2. There was some overlap in the timing of phase 2 and the start of phase 3 of the campaign, making it difficult to evaluate the effectiveness of each distinct campaign phase. Both phases 2 and 3 had the same high-level outcome objective to raise awareness of rebates by ten per cent. The baseline measures that were used to evaluate performance for phase 3 were the same as those used to evaluate phase 2. As a result, Service NSW was not able to separately evaluate these two phases of the campaign. This is important given the budgets for phases 2 and 3 were \$4.127million and \$934,800 respectively.

Service NSW allocated 7.5 per cent of its media budget to communications with culturally and linguistically diverse (CALD) and Aboriginal audiences

The NSW Government CALD and Aboriginal Advertising Policy requires that agencies spend at least 7.5 per cent of an advertising campaign media budget on direct communications with CALD and Aboriginal audiences. Service NSW authorised a media company to book media in line with the media plans for the campaign. The media plans for phases 2 and 3 of the campaign indicate that Service NSW met this requirement, with 7.5 per cent of the budget allocated to these audiences in phase 2 and 10.4 per cent in phase 3.

The post campaign evaluation for phases 1 and 2 of the Cost of Living campaign contained a recommendation to look at other opportunities to reach CALD audiences. Effective communication with CALD audiences was particularly important in phase 3 of the campaign, where they made up 30 per cent of the target audience for the Creative Kids advertisement. The post-campaign analysis for phase 3 showed that the campaign performed well with some, but not all CALD audiences. The post-campaign analysis also showed low awareness and uptake with Aboriginal audiences. Pre-campaign focus groups in phase 3 found Aboriginal audiences had a negative reaction to the campaign tag line 'NSW Government is helping with the cost of living' however this tagline was still used in some advertisements in phase 3.

The cost-benefit analysis (CBA) for phase 2 did not accurately assess the benefits of the campaign and did not assess the costs and benefits of alternatives to advertising

Under the *Government Advertising Act 2011*, agencies are required to prepare a CBA when the cost of the campaign is likely to exceed \$1 million. The CBA conducted by Service NSW for phase 2 includes \$8 million in benefits attributed to the advertisements for the Energy Switch tool and \$6.9 million in benefits attributed to the advertisements for Creative Kids vouchers. These benefits should not have been included in the CBA for phase 2 as they were not included in this phase of the campaign. The CBA did not estimate the benefits of some other rebates and savings advertised in phase 2 of the campaign. This means that the CBA did not accurately assess the benefits of the campaign. Service NSW advised that at the time the CBA was developed it had not selected the rebates to be included in the campaign.

The Government Advertising Guidelines require agencies to consider options other than advertising to achieve the desired objective including a comparison of costs and benefits. The CBA developed as part of phase 2 identified using existing NSW Government communication channels as an alternative to advertising but did not assess the costs and benefits of this alternative.

This is a repeat finding from two previous government advertising audits. The report 'Government Advertising: 2015–16 and 2016–17' found that both agencies subject to the audit did not meet the requirements in the guidelines to consider alternatives to advertising. The report made a recommendation to the Department of Premier and Cabinet to work with Treasury to ensure the requirements of the guidelines are fully reflected in the 'Cost-Benefit Analysis Framework for Government Advertising and Information Campaigns'. The report 'Government advertising 2017–18' found that one agency subject to the audit did not identify to what extent the benefits could be achieved without advertising, nor did it consider alternatives to advertising which could achieve the same impact as the advertising campaign.

Service NSW negotiated with a single creative agency in phase 2, making it difficult to demonstrate value for money

Agencies are required to obtain three quotes when procuring a creative agency on the prequalification scheme if the estimated cost of the creative content is greater than \$150,000. In phase 2 of the campaign, Service NSW extended the contract with the creative agency used for phase 1 of the campaign and did not obtain three quotes despite the cost of the creative content for phase 2 being \$731,480. The requirement to obtain three quotes was met in phase 1 when initially selecting this creative agency.

Service NSW's procurement policy details that direct negotiation may be appropriate where there is a compelling reason to renew or rollover a contract beyond temporal or convenience reasons or in the cases of a genuine emergency. In its briefing to the Chief Executive, Service NSW stated that this contract extension was sought due to the time-sensitive nature of the project and that if work was delayed by a tender process, Service NSW may not be able to meet marketing milestones and this could result in limited customer uptake. This reason is not a genuine emergency and is not compelling as it does not explain what consequences would occur if it did not meet the marketing milestones or if there was limited customer uptake.

Service NSW's procurement policy also states that under no circumstances must Service NSW employees enter into discussions with a supplier until the delegate has formally made their decision to enter into direct negotiation. Service NSW briefed the Chief Executive of Service NSW in relation to extending the contract on 5 September 2018. The briefing states that the creative agency had already begun developing creative content for phase 2 and Service NSW had already received quotes from the creative provider for the proposed work prior to 5 September 2018. Procurement sign-offs were not completed until 7 September 2018. The engagement of the creative provider prior to appropriate approvals was contrary to Service NSW's procurement policy.

The economy of the campaign may have been limited by not meeting the procurement requirements in phase 2. It is possible that the creative provider may have offered a more competitive rate if it was aware that Service NSW was seeking quotes from other creative providers. Additionally, it is possible that another creative provider could have provided better value for money.

In phase 3 of the campaign, the estimated cost of the creative exceeded \$150,000 however Service NSW chose to contract two different creative agencies, and the cost for each agency fell below the threshold to obtain three quotes. Agencies are permitted to obtain one quote when using a creative provider on the prequalification scheme if the cost is between \$50,000 to \$150,000. Service NSW advised that it contracted two creative providers as two different project teams were responsible for the rebates, each with separate marketing budgets.

Service NSW allowed sufficient time for cost-efficient media placement

During the peer review process, the Department of Premier and Cabinet advised agencies about the time they should allow to ensure cost-efficient media placement. For example, the Department of Premier and Cabinet advised that agencies book television advertising six to 12 weeks in advance and that agencies book radio advertising two to eight weeks in advance.

Service NSW allowed sufficient time between the completion of the peer review process and the commencement of the first advertising. Service NSW signed the agreement with the approved Media Agency Services provider with sufficient time to achieve cost-efficient media placement for all types of media used in this campaign.

The campaign may have been misleading for some people who were not eligible for rebates

Advertisements we reviewed focused on the amount of savings that could be obtained from rebates, for example 'Save up to \$285', and ended with a statement 'To save, visit service.nsw.gov.au. This directed viewers to the Cost of Living website which contains eligibility information. However, the advertisements in phases 2 and 3 we reviewed did not contain any details on the eligibility for these rebates and not all advertisements stated that eligibility criteria apply. Service NSW advised that the eligibility criteria for each rebate is extensive and that it was not possible to include this in the creative material.

Post-campaign evaluations in phase 3 recommended that advertisements for Creative Kids should indicate eligibility (e.g. age criteria) as statements on savings have the potential to be misleading when not all viewers will be eligible for rebates. Social media analysis conducted following phase 2 showed ineligibility or inability to claim rebates or refunds caused anger for some respondents.

Some advertisements in phase 2 stated 'we've got something for everyone'. However, as rebates were subject to eligibility criteria, it is possible that some residents in NSW would not be eligible for any rebates as part of the Cost of Living initiative. As such, this statement has the potential to be misleading.

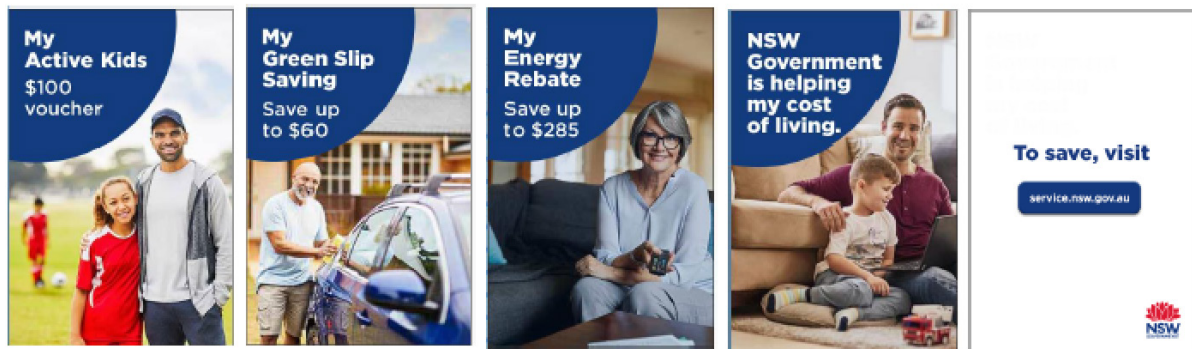
The campaign included statements that underestimated the savings that some customers could obtain

The Guidelines require accuracy in the presentation of all facts, statistics, comparisons and other arguments. The Guidelines also require that all claims of fact included in government advertising campaigns must be able to be substantiated.

In phase 2, the possible savings customers could obtain for two rebates or savings exceeded the amounts stated in the advertising campaign. Exhibit 7 shows some advertisements in phase 2 which stated, 'My Green Slip Saving Save up to \$60'. However, the State Insurance Regulatory Authority website shows that savings for some types of motor vehicles under the 2017 CTP scheme exceed \$60. The State Insurance Regulatory Authority website states that the average saving under this scheme has been \$129. Service NSW advised that these advertisements were designed for regional markets and that it used different advertisements for metropolitan areas which contained different amounts of savings.

Some advertisements in phase 2 stated, 'My Toll Relief save up to \$700'. The Service NSW website states that drivers can obtain free vehicle registration if they have spent \$1,352 or more in tolls in the previous financial year. The cost of registration for some vehicles exceeds \$700. This means the savings detailed in the advertisement were lower than what some customers could actually save.

Exhibit 7: Examples of Cost of Living campaign materials from phase 2



The cluster secretary signed the compliance certificate instead of the head of Service NSW

Under the Act, the head of an agency must sign a compliance certificate prior to commencement of the campaign. In phase 2 of the campaign, the Secretary of the former Department of Finance, Services and Innovation signed the compliance certificate. At the time the campaign was approved, Service NSW was part of the Finance, Services and Innovation cluster. The *Public Sector Employment and Management (Service NSW Division) Order 2013* established Service NSW as an executive agency of the Division of the Government Service responsible to the Premier. Given this, the Chief Executive of Service NSW was responsible for signing the compliance certificate for phase 2.

Service NSW advised that at the time the campaign was approved, the Chief Executive of Service NSW reported to the Secretary of the former Department of Finance, Services and Innovation and that the former Department of Finance, Services and Innovation was the parent budget holder of the campaign. This is a minor non-compliance with the Act.

3. How FireProof Is Your Plan? campaign

NSW Rural Fire Service conducted the 'How FireProof Is Your Plan?' (Fireproof) campaign. The Fireproof campaign is a three-year campaign which ran in 2018–19 (year one), 2019–20 (year two) and is planned for 2020–21 (year three). This audit examined year two of the campaign (2019–20).

The Fireproof campaign is a public safety campaign encouraging people to plan and prepare for bush fires across the summer period. The campaign aims to improve the quality of bush fire planning and preparation in the community and decrease the impact of fires on the community when they occur.

The Fireproof campaign (year two) complied with most requirements of the Act, the Regulations and the Guidelines. The campaign materials that we reviewed did not breach the prohibition on political advertising contained in section 6 of the Act. NSW Rural Fire Service set objectives and targets to be achieved over the life of the three-year Fireproof campaign. Post-campaign evaluation shows that the Fireproof campaign was effective in achieving increases against its three-year objectives during year two. However, NSW Rural Fire Service did not set targets to be achieved for each year of the campaign, making it difficult to evaluate the effectiveness of year two of the campaign. NSW Rural Fire Service achieved cost efficiencies by re-using creative material developed in the first year of the campaign. NSW Rural Fire Service received \$4 million worth of free advertising time and space. The cost benefit analysis for the Fireproof campaign did not assess the costs and benefits of alternatives to advertising.

Campaign materials we reviewed did not breach section 6 of the Act

The audit team reviewed campaign materials developed as part of the paid advertising campaign for example radio advertisements, television commercials and digital displays. The audit team did not review the use of social media outside paid social media content as section four of the Act defines government advertising as the dissemination of information which is funded by or on behalf of a government agency. Examples of campaign materials are shown in Appendix two.

Section 6 of the Act prohibits political advertising as part of a government advertising campaign. A government advertising campaign must not:

- be designed to influence (directly or indirectly) support for a political party
- contain the name, voice or image of a minister, a member of parliament or a candidate nominated for election to parliament
- contain the name, logo, slogan or any other reference to a political party.

The audit found no breaches of section 6 of the Act in the campaign material we reviewed.

NSW Rural Fire Service did not set targets for the second year of the campaign

The second year of the Fireproof campaign (2019–20) had the same objectives as the first year of the campaign (2018–19), however no specific targets were set for the second year. The advertising submission for the first year of the campaign (2018–19) details the targets for each objective as an increase of ten per cent against the baseline data to be achieved by March 2021, at the end of the three-year campaign.

The second year of the Fireproof campaign (2019–20) was one of the first campaigns approved under the new budget and peer review processes introduced by the Department of Customer Service in 2019–20. The new process for peer review introduced a new template for campaign submissions. The former template for campaign submissions contained more prompts for agencies to ensure the submission contained sufficient detail of campaign objectives, baseline measures, targets, dates for measurement and detail on how they would measure objectives. Despite this, the peer review process should have identified that NSW Rural Fire Service did not set targets for the second year of the campaign.

The 2016 Guidelines for Implementing NSW Government Evaluation Framework for Advertising and Communications requires campaign objectives to be SMART (specific, measurable, achievable, realistic and timed). NSW Rural Fire Service did not meet this requirement for year two of the Fireproof campaign.



Post-campaign evaluations showed increases against four out of five objectives, however there were no specific targets

NSW Rural Fire Service set three campaign objectives at the time it submitted the second year of the campaign (2019–20) to the Department of Customer Service for peer review. However, the post-campaign effectiveness report submitted to the Department of Customer Service measured campaign effectiveness against five campaign objectives. The objectives in the post-campaign effectiveness report were the same objectives set for the first year of the campaign, which is appropriate as this was a repeat campaign.

NSW Rural Fire Service achieved increases against four of their five objectives. However, as noted above there were no specific targets (such as percentage increases) against which performance of the 2019–20 campaign could be measured. Despite this, at the end of the second year, the Fireproof campaign had already achieved some of the targets that NSW Rural Fire Service had set for the end of the third year of the campaign. The post-campaign research showed that both audience recall and exposure to the campaign increased significantly from the prior year. The campaign objectives and results are shown in Exhibit 8.

For those people who already have a bush fire plan, the campaign aimed to increase the number of those plans which have included two or more elements from the Guide to Making a Bush Fire Survival Plan. Elements from the Guide to Making A Bush Fire Survival Plan include actions such as deciding what to take with you if you leave, ensuring you have the right equipment for defending your home and allocating responsibilities to members of a household. The post-campaign evaluation showed that the campaign did not achieve an increase against this objective for people who planned to stay and defend their property rather than leave.

Exhibit 8: Campaign objectives and results

Campaign objectives	Does the post-campaign evaluation show increases against the objective?
1. Continue to increase the number of people that have discussed and/or written a plan with regards to what they will do in the event of a fire.	✓
2. Of those who indicate they have a plan, increase the number of people who have included two or more elements from the Guide to Making a Bush Fire Survival Plan:	
• for those who plan to leave	✓
• for those who plan to stay and defend.	—
3. Increase the frequency in completing preparation activities around a person's property.	✓
4. Increase the number of people who correctly assess it is their responsibility to complete preparation activities and enact their plan without direct intervention from emergency services.	✓
5. Visits to MyFirePlan website.	✓
Key	 Yes  No

Source: NSW Rural Fire Service. Audit Office analysis.

NSW Rural Fire Service achieved cost efficiencies by reusing creative content developed in the first year of the campaign

Total creative and production costs incurred in year one of the campaign were \$1.08 million. Rather than commissioning new creative materials, NSW Rural Fire Service re-used the same creative content in year two of the campaign. NSW Rural Fire Service incurred \$100,000 in creative and production costs in year two of the campaign and achieved cost-efficiencies by reusing the same creative developed in the prior year.

NSW Rural Fire Service allowed sufficient time for cost-efficient media placement and received free media placements

The Department of Customer Service advises agencies to work with media contacts to book media in advance to ensure a cost-efficient placement. Prior to 2019–20, the Department of Premier and Cabinet provided suggested timeframes for agencies to book media as part of the peer review process. For example, it advised agencies to book television six to 12 weeks in advance and book radio advertising two to eight weeks in advance. NSW Rural Fire Service allowed sufficient time for a cost-efficient media placement.

NSW Rural Fire Service received \$4 million of free advertising time and space donated by media companies due to the extent and impact of the 2019–20 fire season.

The cost benefit analysis (CBA) did not assess the costs and benefits of alternatives to advertising

Under the *Government Advertising Act 2011*, agencies are required to prepare a CBA when the cost of the campaign is likely to exceed \$1 million. As part of the CBA, the Government Advertising Guidelines require agencies to consider options other than advertising to achieve the desired objective including a comparison of costs and benefits.

The CBA for the Fireproof campaign (year two) notes that the proposed campaign is one component of a broader community engagement strategy which has been developed over time and is based on research and evaluation. The CBA considers two options to achieve the objectives of the campaign. The first option is community engagement activities without an advertising campaign and the second option is community engagement activities alongside an advertising campaign. The CBA does not identify and assess the costs and benefits of both of the options in order to assess the most cost-efficient option.

This is a repeat finding from two previous government advertising audits. The report 'Government Advertising: 2015–16 and 2016–17' found that both agencies subject to the audit did not meet the requirements in the guidelines to consider alternatives to advertising. The report made a recommendation to the Department of Premier and Cabinet to work with Treasury to ensure the requirements of the guidelines are fully reflected in the 'Cost-Benefit Analysis Framework for Government Advertising and Information Campaigns'. The report 'Government advertising 2017–18' found that one agency subject to the audit did not identify to what extent the benefits could be achieved without advertising, nor did it consider alternatives to advertising which could achieve the same impact as the advertising campaign.

Section two

Appendices

Appendix one – Responses from agencies

Response from Department of Customer Service



Customer
Service

McKell Building – 2-24 Rawson Place, Sydney NSW 2000
Tel 02 9372 8877 | TTY 1300 301 181
www.nsw.gov.au

Office of the Secretary

Our reference: COR-07257-2020

Ms Margaret Crawford
Auditor-General
NSW
GPO Box 12
SYDNEY NSW 2001
By email: mail@audit.nsw.gov.au

Dear Ms Crawford

Report on the Performance Audit– Government Advertising 2018-19 and 2019-20

Thank you for your recent letter and the opportunity to respond to the Performance Audit of Government Advertising 2018-19 and 2019. I welcome your findings that the two campaigns assessed did not breach the Government Advertising Act and generally met the regulatory requirements.

The Department of Customer Service (DCS) is committed to ensuring all agencies continue to comply with the NSW Government advertising regulatory framework. We accept all recommendations in principle and will implement actions as outlined below to further strengthen our robust whole of government guidance and processes.

By 30 June 2021, the Department of Customer Service will:

- 1. update its guidance to ensure that post-campaign evaluations are not used to measure sentiment towards the government.**

DCS response:

- Current guidance reflects that campaigns should be apolitical in line with section 6 of the *Government Advertising Act 2011*. This is already reinforced through DCS guidance and peer review.
- Understanding customer needs and views is important to enable agencies to ensure services, programs and communication are delivered effectively.
- Prior to 30 June 2021, the nsw.gov.au website will be updated to ensure such evaluation directly connects to campaign objectives.

- 2. review its guidance and the new process for campaign review to ensure that they support agencies to comply with all requirements set out in the Act, the regulations and the guidelines including common areas of deficiency such as**

- **the development of campaign objectives and targets that are sufficient to fully measure campaign effectiveness.**

DCS response:

- In April 2020, DCS introduced a campaign objective template as part of the peer review process for FY 20/21 campaigns. This template ensures all objectives are measurable and targets are set prior to campaign commencement.
- Prior to 30 June 2021, DCS will provide further guidance to agencies on setting appropriate campaigns objectives. Through peer review of all campaigns greater than \$250,000 DCS will continue to ensure objectives are set appropriately by agencies using the best available insights and benchmarks and, for repeat campaigns, there is strong evidence of campaign effectiveness before subsequent phases are approved.
- **identifying options other than advertising that could be used to achieve campaign objectives and assessing the costs and benefits of these options when a cost benefit analysis is required under the Act.**

DCS response:

- DCS has further reviewed the responses of agencies examined in the audit and the regulatory and policy guidance on government advertising.
- DCS considers that there is sufficient policy in place, in the NSW Government Advertising Guidelines and NSW Treasury's guidance on the preparation of cost benefit analyses (CBA), on the need to undertake an options analysis.
- The compliance with this framework (and internal procurement policies) is a matter for agency heads.
- Prior to 30 June 2021, DCS will however consult with agencies about the issues related to this finding and remind agencies of this policy requirement through its regular communications with agencies (website, newsletters and peer review).

If you would like more information, please contact Isobel Scouler, Director, NSW Government Brand and Campaigns.

Yours sincerely



Emma Hogan
Secretary

Date: 10/11/20

Response from Service NSW



Ms Margaret Crawford
Auditor-General for New South Wales
Level 19, 201 Sussex Street
Darling Park Tower 2
SYDNEY NSW 2000

Dear Ms Crawford

Thank you for the opportunity to respond to the Performance Audit *Government Advertising 2018-19 and 2019-20* report, which assessed whether Service NSW was effective, economical and efficient and compliant in delivering of Phase 2 and 3 of our 'Cost of Living' advertising campaign in 2018-19.

I am pleased that the report concludes both phases of our campaign largely fulfilled their objectives and complied with the regulatory requirements. Since the time period audited, the Cost of Living program has continued to expand, offering over 70 rebates and savings. Altogether, these programs have saved the people of NSW over \$3 billion. This campaign was instrumental in the continuing success of this program, driving significant increases in uptake and awareness of the range of rebates and savings available.

While there are many variables that drive our customers' choices, our goal is to present timely and engaging information about how Service NSW can help make their lives easier. The response across diverse demographics indicates we were able to deliver that. This is echoed in our final campaign evaluation report, which revealed that in many instances the media strategy exceeded its targets. This report included metrics on all advertised savings and rebates; however, several of these metrics were not set until after the peer review process, as the list of savings to be included was not yet finalised.

The campaign process also researched sentiment to establish whether customers considered the key messages to be trusted and believable. As with this campaign, we will ensure future campaigns continue to comply with DCS guidelines, including those on measuring sentiment.

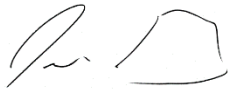
Service NSW has also reflected on the insights gained over the course of this campaign. Thank you for highlighting some of these in the report. I am pleased to advise that our planning for future campaigns has taken these into consideration.

Service NSW will provide our full support to the Department of Customer Service on any actions arising from this audit, and we look forward to conducting future campaigns under the new cluster arrangements resulting from Machinery of Government changes last year.

I would like to again thank you and your team for your work on this audit and the insights it has provided.

GPO Box 7057 Sydney NSW 2001 • [service.nsw.gov.au](https://www.service.nsw.gov.au) • 13 77 88 • info@service.nsw.gov.au • ABN 37 552 837 401

Yours sincerely,

A handwritten signature in black ink, consisting of a stylized 'D' followed by a series of loops and a final horizontal stroke.

Damon Rees
Chief Executive Officer
Service NSW

10/11/2020

Response from NSW Rural Fire Service



NSW RURAL FIRE SERVICE

Ms Margaret Crawford
NSW Auditor-General
GPO Box 12
SYDNEY NSW 2001

Your ref: D2022690/PAXX
Our ref: DOC20/203041

Dear Ms Crawford

26 OCT 2020

Performance Audit – Government Advertising 2018–19 and 2019–20

Thank you for your letter of 13 October 2020 regarding the Performance Audit of the NSW Rural Fire Service 'How Fireproof Is Your Plan' public awareness campaign.

The Service's advertising and public awareness campaigns have been a critical component in improving community safety, particularly during the devastating bush fire season of 2019-20.

The recent fire season was unprecedented in terms of fire danger, fire activity and the impact on the community. It also saw a remarkable response from the community, responding to our efforts to ensure people planned and prepared.

During the past season, the proportion of people with some form of plan for a bush fire increased from the benchmark of 70 percent to 77 percent at the conclusion of the season. Importantly, the campaign also underlined the critical long term approach to improving community safety, such as through these activities. Since the introduction of the Prepare Act Survive campaign in 2009, the rate of planning has increased from 30 percent.

The NSW RFS notes the outcomes of the performance audit and will seek to incorporate the findings of the audit into future campaigns.

Thank you again for the opportunity to respond to the report, and to your team's engagement with the NSW RFS during the audit.

Yours sincerely


Rob Rogers AFSM
Commissioner

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NSW Rural Fire Service
Locked Bag 17
GRANVILLE NSW 2142

Street address
NSW Rural Fire Service
4 Murray Rose Avenue
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Appendix two – About the campaigns

Cost of Living (phases 2 and 3) campaign summary

	Phase 2	Phase 3
Objectives	<ul style="list-style-type: none"> increase awareness of rebates from the NSW Government by ten per cent increase average monthly visits to the Cost of Living webpage by ten per cent increase awareness of rebates and savings for CTP green slip, Active Kids and Toll Relief by ten per cent increase awareness that NSW Government initiatives relating to the cost of living are available via Service NSW by ten per cent increase the uptake of rebates and savings for CTP green slip, Active Kids and Toll Relief by ten per cent 	<ul style="list-style-type: none"> increase message takeout that 'The NSW Government is taking steps to help ease the cost of living in NSW' by ten per cent for those who can recall the campaign increase awareness that the NSW Government has a range of rebates and savings by ten per cent generate awareness by NSW residents aged 18+ of Energy Switch (15 per cent awareness) and Creative Kids (30 per cent awareness) create uptake of Energy Switch and Creative Kids (8,356 clicks on the Energy Switch website and 107,938 Creative Kids vouchers downloaded with 70 per cent conversion)
Timing	<p>Phase 2 9th September 2018 – 1st June 2019</p> <p>Phase 2 extension 9th September 2018 – 31st August 2019</p>	2nd January 2019 – 20th July 2019
Target audiences	<p>Primary target audience - NSW residents with a household income less than \$80,000</p> <p>Secondary target audience - CALD and ATSI audiences</p>	<p>Target audience for Energy Switch - NSW population aged 18+ who own or rent a home</p> <p>Target audience for Creative Kids - NSW parents with kids aged between 6–17</p>
Media channels	Television, press, radio, digital, digital	Press, digital
Total planned budget (ex GST)	\$4,127,306.76 (including \$353,000 in supporting activity costs)	\$934,800
Actual media and other spend (excl. GST)	<p>Actual media spend \$3,137,763</p> <p>Creative \$793,557</p> <p>Research and evaluation \$99,448</p>	<p>Actual media spend \$707,232</p> <p>Creative \$139,000</p> <p>Research and evaluation \$79,800</p>
Total cost (ex GST)	\$4,030,769	\$926,032

Exhibit 9: Example of digital advertisement from the Cost of Living (phase 2) campaign

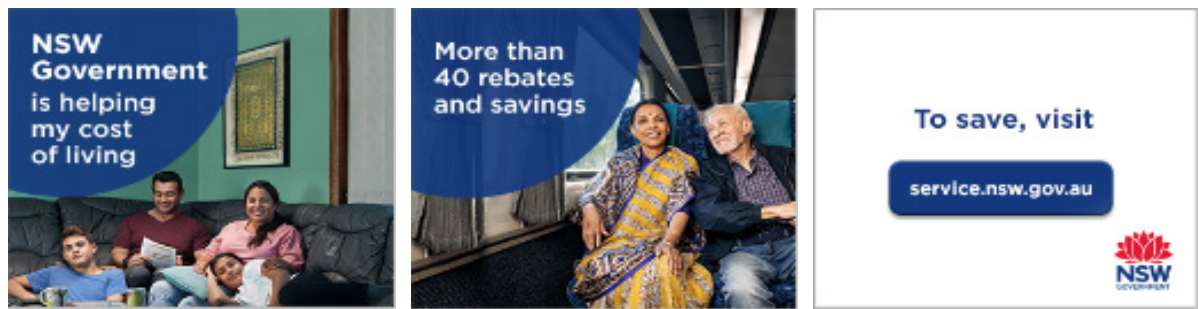


Exhibit 10: Example of 30 second radio advertisement from the Cost of Living (phase 2) campaign

SFX: Busy family home.

Woman: NSW Government is helping reduce my cost of living.

SFX: TV in background.

Man: My energy savings have reduced my power bills.

SFX: Train noise.

Woman 2: My transport savings makes getting around more affordable.

SFX: Street noise.

Man 2: My car's running costs are now lower.

FVO: More than 40 cost of living rebates and savings on the Service NSW website. For help go online, book a free one hour appointment, or call 13 77 88.

FVO: Authorised by NSW Government Sydney.

Source: Service NSW.

Exhibit 11: Example of digital advertisements from the Cost of Living (phase 2) campaign

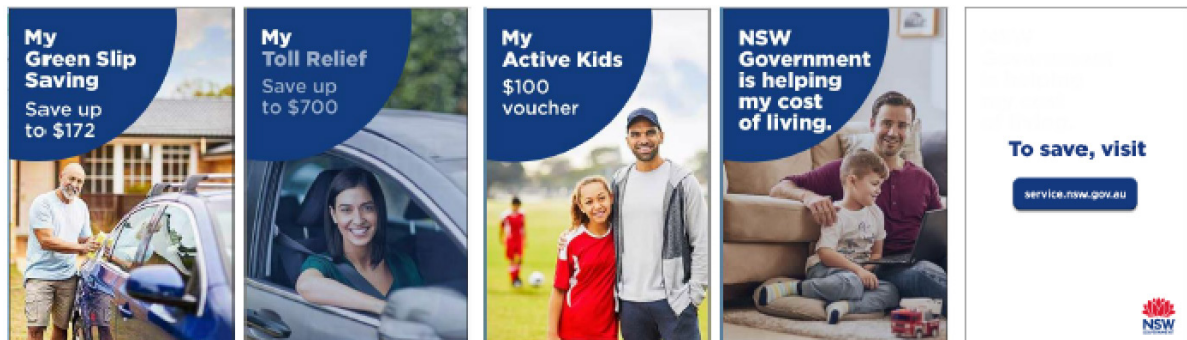


Exhibit 12: Example of Energy Switch advertisements from the Cost of Living (phase 3) campaign



Exhibit 13: Example of Creative Kids advertisements from the Cost of Living (phase 3) campaign



How FireProof Is Your Plan? (year 2) campaign summary

Objectives	<ul style="list-style-type: none"> Continue to increase the number of people that have discussed and/or written a plan with regards to what they will do in the event of a fire. Of those who indicate they have a plan, increase the number of people who have included two or more elements from the Guide to Making a Bush Fire Survival Plan. Increase the frequency in completing preparation activities around a person's property. Increase the number of people who correctly assess it is their responsibility to complete preparation activities and enact their plan without direct intervention from emergency services. Visits to MyFirePlan website.
Timing	September 2019 – March 2020
Target audiences	<p>Primary target audience is people aged 25–54 living in identified at-risk areas. This audience is typically more likely to have more to lose during a fire, such as family or financial interest in a property.</p> <p>Secondary target audiences include those not directly at threat of bush fires, but with a potential to be exposed, such as travellers.</p>
Media channels	TV, outdoor, radio, direct mail, print, social, digital
Total planned budget (ex GST)	\$1,500,000
Total cost (ex GST)	\$1,401,750.06

Exhibit 14: Example poster from the How Fireproof is Your Plan? campaign 2019–20



Source: NSW Rural Fire Service.

Exhibit 15: Example ten second live read radio script from the How FireProof Is Your Plan? campaign

Bush fire season is here. Ask yourself... how fireproof is your plan? Find out from New South Wales RFS at myfireplan.com.au.

Source: NSW Rural Fire Service.

Exhibit 16: Example of digital advertisement from the How FireProof Is Your Plan? campaign



Source: NSW Rural Fire Service.

Appendix three – About the audit

Audit objective

This audit assessed whether the selected government advertising campaigns were carried out effectively, economically and efficiently and in compliance with the *Government Advertising Act 2011*, the regulations, other laws and the Government Advertising Guidelines.

Audit criteria

We addressed the audit objective with the following audit criteria:

1. Were the selected government advertising campaigns carried out effectively, economically and efficiently?
 - a) Campaign documentation is complete.
 - b) The agencies complied with the *Government Advertising Act 2011* and relevant policies, requirements and guidelines in creating their documentation.
 - c) The campaign objectives are reasonable and measurable.
 - d) The advertisement meets the campaign need and delivers on its objectives.
 - e) The agencies' analysis demonstrates that the campaign is effectively targeted to meet the needs of its audience.
 - f) The agencies' analysis demonstrates that the campaign represents value for money.
 - g) The agencies deliver campaigns within the planned timeframe, with the anticipated amount of resources and within approved budget.
2. Did the selected advertising campaigns comply with the *Government Advertising Act 2011*, the regulations, other laws and the Government Advertising Guidelines?
 - a) The campaign is compliant with the *Government Advertising Act 2011*, the Government Advertising Regulation 2018, the NSW Government Advertising Guidelines and the NSW Government Advertising Handbook.
 - b) The campaign is compliant with any other relevant laws, regulations and requirements.

Audit scope and focus

This audit examined the Service NSW 'Cost of Living' (phases 2 and 3) advertising campaign conducted in 2018–19 and the 'How FireProof Is Your Plan?' advertising campaign conducted in 2019–20.

Audit exclusions

The audit did not:

- examine government advertising framework issues unless directly relevant to in-scope campaigns (peer reviews, cost benefit analysis, post campaign evaluations)
- examine the use of social media by agencies outside of paid social media spend for selected campaigns
- question the merits of government policy objectives.

Audit approach

Our procedures included:

1. Interviewing:
 - select staff from Service NSW, Department of Customer Service and NSW Rural Fire Service involved in campaign development and approval to discuss government advertising procedures and assess agency views on the effectiveness, efficiency and economy of the campaign
 - Department of Customer Service staff to discuss their observations of the selected campaigns, role in the campaign approval process, and understanding of the application of the Government Advertising Act and Guidelines.
2. Examining:
 - a) campaign materials and documentation
 - b) documents evidencing internal controls/processes designed to ensure compliance with the Government Advertising Act, Regulations and Guidelines
 - c) DCS or cabinet approval of campaign budget (for campaigns approved in 2019–20)
 - d) documentation regarding targeting of intended audience, including any research, analysis or testing of message and medium (including targeting CALD and Aboriginal audiences)
 - e) peer review reports
 - f) compliance certificates
 - g) cost-benefit analysis
 - h) post-campaign evaluations.
3. Analysing data:
 - a) evidence of monitoring and evaluation regarding quality of advertising and public awareness of subject matter
 - b) campaign expenditure.

The audit approach was complemented by quality assurance processes within the Audit Office to ensure compliance with professional standards.

Audit methodology

Our performance audit methodology is designed to satisfy Australian Audit Standard ASAE 3500 Performance Engagements and other professional standards. The standards require the audit team to comply with relevant ethical requirements and plan and perform the audit to obtain reasonable assurance and draw a conclusion on the audit objective. Our processes have also been designed to comply with requirements specified in the *Public Finance and Audit Act 1983* and the *Local Government Act 1993*.

Acknowledgements

We gratefully acknowledge the co-operation and assistance provided by the Department of Customer Service, Service NSW and NSW Rural Fire Service.

Audit cost

The estimated cost of this audit including overheads is \$145,000.

Appendix four – Performance auditing

What are performance audits?

Performance audits determine whether state or local government entities carry out their activities effectively, and do so economically and efficiently and in compliance with all relevant laws.

The activities examined by a performance audit may include a government program, all or part of an audited entity, or more than one entity. They can also consider particular issues which affect the whole public sector and/or the whole local government sector. They cannot question the merits of government policy objectives.

The Auditor-General's mandate to undertake performance audits is set out in section 38B of the *Public Finance and Audit Act 1983* for state government entities, and in section 421D of the *Local Government Act 1993* for local government entities.

Why do we conduct performance audits?

Performance audits provide independent assurance to the NSW Parliament and the public.

Through their recommendations, performance audits seek to improve the value for money the community receives from government services.

Performance audits are selected at the discretion of the Auditor-General who seeks input from parliamentarians, state and local government entities, other interested stakeholders and Audit Office research.

How are performance audits selected?

When selecting and scoping topics, we aim to choose topics that reflect the interests of parliament in holding the government to account. Performance audits are selected at the discretion of the Auditor-General based on our own research, suggestions from the public, and consultation with parliamentarians, agency heads and key government stakeholders. Our three-year performance audit program is published on the website and is reviewed annually to ensure it continues to address significant issues of interest to parliament, aligns with government priorities, and reflects contemporary thinking on public sector management. Our program is sufficiently flexible to allow us to respond readily to any emerging issues.

What happens during the phases of a performance audit?

Performance audits have three key phases: planning, fieldwork and report writing.

During the planning phase, the audit team develops an understanding of the audit topic and responsible entities and defines the objective and scope of the audit.

The planning phase also identifies the audit criteria. These are standards of performance against which the audited entity, program or activities are assessed. Criteria may be based on relevant legislation, internal policies and procedures, industry standards, best practice, government targets, benchmarks or published guidelines.

At the completion of fieldwork, the audit team meets with management representatives to discuss all significant matters arising out of the audit. Following this, a draft performance audit report is prepared.

The audit team then meets with management representatives to check that facts presented in the draft report are accurate and to seek input in developing practical recommendations on areas of improvement.

A final report is then provided to the head of the audited entity who is invited to formally respond to the report. The report presented to the NSW Parliament includes any response from the head of the audited entity. The relevant minister and the Treasurer are also provided with a copy of the final report. In performance audits that involve multiple entities, there may be responses from more than one audited entity or from a nominated coordinating entity.

Who checks to see if recommendations have been implemented?

After the report is presented to the NSW Parliament, it is usual for the entity's audit committee to monitor progress with the implementation of recommendations.

In addition, it is the practice of Parliament's Public Accounts Committee to conduct reviews or hold inquiries into matters raised in performance audit reports. The reviews and inquiries are usually held 12 months after the report received by the NSW Parliament. These reports are available on the NSW Parliament website.

Who audits the auditors?

Our performance audits are subject to internal and external quality reviews against relevant Australian and international standards.

The Public Accounts Committee appoints an independent reviewer to report on compliance with auditing practices and standards every four years. The reviewer's report is presented to the NSW Parliament and available on its website.

Periodic peer reviews by other Audit Offices test our activities against relevant standards and better practice.

Each audit is subject to internal review prior to its release.

Who pays for performance audits?

No fee is charged for performance audits. Our performance audit services are funded by the NSW Parliament.

Further information and copies of reports

For further information, including copies of performance audit reports and a list of audits currently in-progress, please see our website www.audit.nsw.gov.au or contact us on 9275 7100.

OUR VISION

Our insights inform and challenge government to improve outcomes for citizens.

OUR PURPOSE

To help parliament hold government accountable for its use of public resources.

OUR VALUES

Pride in purpose

Curious and open-minded

Valuing people

Contagious integrity

Courage (even when it's uncomfortable)

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