

AUDITOR-GENERAL'S REPORT

PERFORMANCE AUDIT

Government Advertising

Department of Premier and Cabinet
Department of Commerce



The Legislative Assembly
Parliament House
SYDNEY NSW 2000

The Legislative Council
Parliament House
SYDNEY NSW 2000

In accordance with section 38E of the *Public Finance and Audit Act 1983*, I present a report titled **Government Advertising: Department of Premier and Cabinet, and Department of Commerce**.

A handwritten signature in black ink that reads 'Peter Achterstraat'.

Peter Achterstraat
Auditor-General

Sydney
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Foreword

Governments may legitimately use public funds for information programs or education campaigns to explain policies, programs or services, and to inform members of the public of their obligations, rights and entitlements.

Of all the things that agencies spend public funds on, advertising is one that creates political controversy and attracts public debate. The important role played by government advertising can be undermined by ongoing criticism that it serves party political interests.

Our first performance audit of government advertising in 1995 found that guidance to agencies needed to be improved.

In response to community criticism around advertisements appearing in the lead up to the March 2007 state election, we decided to again review guidance material and a sample of campaigns to test the robustness of the approval process.

This audit provides an overview of the current guidance available to NSW public sector agencies. The report captures best practice criteria and reporting frameworks used in other jurisdictions that help agencies make judgments about party political content. These practices would be equally applicable here.

Peter Achterstraat
Auditor-General

August 2007

Executive summary

The focus of our audit

Over the last decade more and more use has been made of the media to inform the community of government services and programs.

Today, government agencies have sophisticated communication plans that use television, radio and print media as well as mail outs, letter box drops, the internet and telephone call centres to increase awareness in their target audience.

In 2006-07, the NSW Government spent \$111.7 million on government advertising. Twenty-seven per cent of this expenditure was on routine advertising for job vacancies and tenders (referred to as non-campaign), and 73 per cent was spent on specific advertising campaigns.

Governments may legitimately use public funds for education or information campaigns to explain government policies, programs or services. Yet there is much controversy and debate around government advertising and its ability to promote the incumbent government and influence voter behaviour.

We previously examined government advertising in 1995 and made a number of recommendations for government to improve guidance to agencies and strengthen the approval process.

In this audit we wanted to find out:

- what has been spent on government advertising
- whether the current guidelines for government campaign advertising are sufficient to prevent the use of public funds for party political purposes.

We did not seek to form an opinion on whether any past campaigns contained party political content. Rather, we tested the current review and approval process to see if it was adequate to prevent advertisements containing party political content.

Audit opinion

Since our performance audit in 1995 the government has improved guidance for agencies and introduced a more robust framework for approving advertising campaigns. Greater rigour has been introduced into the process by requiring campaigns to be peer reviewed and approved by Cabinet.

This new approach aims to improve the effectiveness and value for money of government advertising.

We have seen an increase in the amount spent on placing advertisements in the media leading up to the March 2007 state election. Although this may be justified, it contributes to the perception that government advertising may be promoting the incumbent government.

We found that the current guidelines are not adequate to prevent the use of public funds for party political purposes.

There are two reasons for this. Firstly, there are no general principles to ensure campaigns do not contain material that serves party political interests. Secondly, there are no criteria to help agencies judge whether a campaign could be seen to promote the incumbent government.

The Department of Commerce has drafted guidelines that, if adopted, would go some way towards helping agencies avoid the appearance that advertising campaigns may serve party political interests. These guidelines should be updated in line with recommendations in this report and released to agencies as soon as possible.

We also found it difficult to obtain information on the total amount spent on advertising campaigns. This is because there is no central record of the total expenditure, only the cost of placing advertisements in the media.

Greater transparency around what is spent would support more accurate and informed debate.

Key audit findings

How much is spent on government advertising?

In 2006-07, government agencies spent \$111.7 million on advertising media placement, an increase of 21 per cent from 2005-06. This comprised \$30.2 million on non-campaign and \$81.5 million on campaign advertising.

There is no central record of the total amount spent on advertising across government that includes the costs of research, development, production and placement. The total amount spent is not reported and although agencies evaluate the impact of some campaigns, there is no consistent reporting on their effectiveness.

In 2002, the government introduced practices to reduce the total amount spent on government advertising. As a result, expenditure decreased by \$19.7 million or 19 per cent between 2001-02 and 2003-04. However, total expenditure has increased by 32 per cent since then. The Department of Commerce reports that some of this increase may be due to a rise in media placement rates.

Expenditure on non-campaign advertising continued to decline up until 2005-06, but has since increased by 48 per cent. Campaign advertising has steadily increased since 2003-04 by nearly 37 per cent.

Do government guidelines help prevent advertising for party political purposes?

Since our performance audit in 1995 the government has improved guidance for agencies and introduced a more robust process for approving expenditure on campaign advertising.

However, the current guidelines are not adequate to prevent the use of public funds for party political purposes. The Department of Commerce has drafted new guidelines for government advertising which go some way to address these issues.

We also found that the review and approval process could be further strengthened. For example, there were variations in the amount and type of documents forwarded to Cabinet and the way in which the outcomes of peer review have been reported. This may mean that Cabinet does not know whether agencies have considered issues raised by peer review.

We also have concerns about the number of campaigns approved by the Minister for Commerce under delegation rather than approved by Cabinet. Since the delegation took effect in December 2005, 69 per cent of campaigns were approved out of session. This undermines the premise that campaign advertising is important enough to warrant Cabinet oversight.

Recommendations

Improve transparency

We recommend that the Department of Commerce:

- publish a whole-of-government report on government advertising each year that includes: (page 20)
 - total expenditure on campaign advertising
 - total expenditure on non-campaign advertising
 - a list of campaigns over \$50,000 by agency, the total cost of each, and an indicator of those that have been peer reviewed
 - case studies of the impact of a sample of campaigns.
- post on its website each month a list of the campaigns approved by Cabinet or under delegation by the Minister for Commerce, and the proposed cost of each (page 20)
- recommend in the government advertising guidelines that agencies post on their website information on campaigns including the total cost, justification, audience and campaign objectives (page 20).

Issue guidelines

We recommend that the Department of Commerce:

- publish by December 2007 the government advertising guidelines it has drafted, incorporating the recommendations in this report (page 24)
- include in the government advertising guidelines more detailed criteria for judging whether material may inappropriately serve party political interests, such as those in Appendix 3 (page 30)
- advise agencies to consider including an audit of campaigns for compliance with the government advertising guidelines in their internal audit programs (page 30)
- maintain the two month pre-election quarantine period (page 30).

Improve the review and approval process	<p>We recommend that the Department of Commerce:</p> <ul style="list-style-type: none">▪ ensure that all required campaign documents are forwarded to Cabinet (page 26)▪ require agencies to document in their final submission to Cabinet how they have considered all matters rated two or three (refer Exhibit 10) in the peer review report (page 27)▪ introduce a formal feedback mechanism to ensure that peer reviewers are aware of how agencies review and respond to issues raised in the peer review report (page 27)▪ amend the peer review report to require peer review teams to document any issues or concerns regarding compliance with the government advertising guidelines, including party political matters (page 30).
	<p>We recommend that the Department of Premier and Cabinet, in conjunction with the Department of Commerce, better define the criteria used to determine which campaigns may be approved under delegation by the Minister for Commerce (page 27).</p>
Ensure all campaign documents are available for Cabinet	<p>We recommend that the Department of Premier and Cabinet ensure that a full set of campaign papers including the agency’s original submission and peer review report are available during the relevant meeting of Cabinet (page 26).</p>

Response from the Department of Premier and Cabinet

Thank you for providing a copy of the final report of the Performance Audit into Government Advertising for the Department's comment.

I welcome your finding that the Government's initiatives since the 1995 performance audit have introduced a more robust framework for approving advertising campaigns. The Government's requirements for peer review and Cabinet approval have introduced greater rigour into the process and I agree with your assessment that these initiatives have improved the effectiveness and value for money of government advertising.

Your review has also provided a useful opportunity to demonstrate the effectiveness of government advertising campaigns, such as the recent "dangers of smoking" campaigns which doubled the number of calls to the Quitline (your Exhibit 8).

I also welcome your acknowledgment of the efficiencies achieved through the Government's adoption of centralised media placement procurement practices. I note that a consequence of using centralised arrangements is that the Department of Commerce is now able to calculate total expenditure on media placement and that this information has been placed in the public domain regularly over the last few years under the Freedom of Information Act.

I also appreciate your support for the amendments the Department of Commerce has developed to date in its work on revised guidelines for government advertising. The Government will consider your suggestions for additional amendments before finalising the revised guidelines, which it intends to do as soon as possible.

I reject, however, your suggestion that the existing processes are not sufficient to prevent party political content in advertisements and I note that your report contains no evidence that any NSW Government advertising campaign has contained any party political content.

Agency chief executive officers are accountable for the expenditure of public funds. They must be satisfied that expenditure is for a legitimate function of the Government and that public funds are not used for the purpose of advancing the election prospects of a political party in Government. These requirements apply to all expenditure and not just to expenditure on government advertising.

Two of your recommendations directly concern the Department of Premier and Cabinet. As a result of discussions between our respective officers during the course of the audit, the Department has already proceeded to implement one of your recommendations by ensuring that a full set of campaign documents is available during the relevant Cabinet meeting.

In relation to the approval of campaigns by the Minister for Commerce under delegation, I note that the existing process ensures that Cabinet has the opportunity to require any particular matters to be dealt with only by Cabinet and that any approvals given out of session are reported back to Cabinet at the earliest opportunity. I will, however, liaise with the Department of Commerce to consider whether the exercise of the delegation should be further refined.

I have also noted your recommendations on transparency and the publication of information on total expenditure on government advertising. While I agree that the Department of Commerce could publish on its website the information it holds on government advertising expenditure, this information will not include all advertising costs.

The Department of Commerce has details of all expenditure on media placement and some estimates of research, development and production costs for some advertising campaigns. It does not, however, have details of actual costs for research, development and production costs, and nor does it have estimates for these costs for some advertising campaigns.

I am concerned that attempting to gather this information will impose a significant cost. I would be pleased to meet with you to discuss what information could be published to improve transparency without unreasonably diverting resources from front-line service delivery.

It may also be possible for the Department of Commerce to publish on its website a list of advertising campaigns approved and their proposed costs (if the Department has costs information). This should not, however, be done in any way which could undermine the Government's ability to get best value for money in its media placement.

As you know, advertising is only one means by which the Government pursues its objectives, whether they be improved public health, encouraging water-saving strategies in homes or encouraging participation in public consultation processes. Agencies consider advertising as only one of a range of measures available to pursue the relevant Government objectives. For example, decisions on allocating resources to the "dangers of smoking" advertising campaigns must consider the effectiveness of such a campaign compared to the effectiveness of other anti-smoking measures, such as restrictions on tobacco advertising and restricting smoking in public places.

Singling out the total amount spent on government advertising from the amounts spent on other measures is unlikely, therefore, to assist in the decision-making of Government or in evaluating the effectiveness of government expenditure. It is for these reasons that the Government does not collate centrally total expenditure on government advertising. That said, the Government is always willing to consider additional measures to improve its processes and their transparency, provided such measures will not divert resources from front-line service delivery.

Thank you for the opportunity to comment on your report.

(signed)

*Robyn Kruk
Director General*

Dated: 17 August 2007

Response from the Department of Commerce

I refer to the Performance Audit Report on Government Advertising forwarded by the Acting Auditor General on 20th July 2007. I have noted the contents of the report and was particularly pleased to see that the report recognised the procedural measures already in place to ensure the efficient and appropriate utilisation of public funds on government advertising.

Your very positive comments in relation to the campaign advertising Peer Review process support Commerce's goal to provide Government with high quality advice on advertising proposals and to ensure the decision to undertake advertising has been made following a robust assessment process. The documents currently submitted to the Standing Committee include essential details of each campaign and are comprehensive enough for the Standing Committee to consider each campaign proposal. The report's recommendation that the Standing Committee have access to the complete set of documentation has been implemented.

I would however like to comment on some of the recommendations, particularly as they relate to the responsibilities of the Department of Commerce (Commerce).

The principal roles of Commerce are to oversee the approval process for advertising campaigns requested by government agencies, which have a budget of \$50,000 or more, and to manage the placement of all government advertisements through the government's media contracts for campaign and non-campaign advertising.

Although the activities of Commerce have a whole of government focus, the initial decision to include advertising as part of a communications strategy and the allocation of the funds required to achieve the government's and agency communication objectives, is one for approval by individual government agency Chief Executive Officers. This is the same as for any other activity carried out by the agency to meet its overall responsibilities and obligations to the community and the Government. In the case of advertising, the campaign will not proceed until further approved by the Cabinet Standing Committee on the Budget (Standing Committee).

Campaign advertising expenditure details held by Commerce only relate to the cost of placing advertisements in the media through the government's media contracts. All other costs associated with an advertising campaign, i.e. production, research and related publicity material, is information the initiating agency retains as part of their management of total project costs. This information is not held by Commerce.

Your recommendation that details of approved advertising campaigns be made available by Commerce online and that each agency also post comprehensive information on its campaigns on its website will be considered. Commercial confidentiality and value for money considerations will determine the appropriate timing of publication.

The Minister for Commerce's authority to approve selected campaigns "Out of Session" was delegated by the Standing Committee. In the period 22 December 2005 to 30 June 2007, 34 of the 58 approved by the Minister were repeats of successful campaigns, previously approved by the Standing Committee. Of the other campaigns, 14 were simply routine announcements, like legislative changes, or very low cost. The other 10 required time critical approval to meet the advertising strategy timelines (e.g. Melanoma Prevention in early summer) or were submitted during the Christmas/New year periods when the Standing Committee did not meet. All of the Out of Session approvals are submitted to the Standing Committee at the next available meeting.

This procedure has significantly reduced the amount of material to be reviewed by the Standing Committee and with the early ministerial approval, has generally allowed the purchase of media placement at a lower cost due to timely booking. Additionally, the papers submitted to each Standing Committee meeting always include a schedule of future campaigns proposed by agencies. This advanced notification provides Standing Committee members with the opportunity to request that full details of any individual campaign be submitted to the Standing Committee for its consideration. I will, however, liaise with the Department of Premier and Cabinet to determine whether the exercise of the delegation should be further refined.

I was also pleased to note your acknowledgement that the revised draft Government Advertising Guidelines already go a long way to assist agencies to determine whether or not some government advertising could be perceived as an inappropriate use of public funds. The additional information you suggest be included in the Guidelines will be considered prior to the finalisation of the new Guidelines document. As you know, it was decided to delay the issue of the Guidelines to allow the inclusion of appropriate audit report recommendations. The revised Guidelines will be submitted to the Standing Committee as soon as possible.

I believe the Performance Audit of Government advertising has provided a worthwhile opportunity to demonstrate the strength of the current campaign advertising approval procedures and bring further clarity to the requirements placed on government agencies when deciding to undertake an advertising campaign.

Finally, I would like to commend your audit review staff for the courteous manner in which they conducted the review.

(signed)

*Alan Marsh
Acting Director General*

Dated: 17 August 2007

1 What has been spent on government advertising?

At a glance

The key question we wanted to answer was:
What has been spent on government advertising in NSW?
Our assessment:
In 2006-07 government agencies spent \$111.7 million on advertising media placement, an increase of 21 per cent from 2005-06. This comprised \$30.2 million on non-campaign and \$81.5 million on campaign advertising.
There is no central record of the total amount spent on advertising across government that includes the costs of research, development, production and placement. The total amount spent is not reported and although agencies evaluate the impact of campaigns, there is no consistent reporting on their effectiveness. Greater transparency would support a more informed public debate.
In 2002, the government introduced practices to reduce the total amount spent on government advertising. As a result expenditure decreased by \$19.7 million or 19 per cent between 2001-02 and 2003-04. However, total expenditure has increased by 32 per cent since then. The Department of Commerce reports that some of this increase may be due to a rise in media placement rates.
Expenditure on non-campaign advertising continued to decline up until 2005-06, but has since increased by 48 per cent. Campaign advertising has steadily increased since 2003-04 by nearly 37 per cent.

1.1 Why do governments advertise?

Advertising is a communication tool

Over the last ten years, more and more use has been made of the media to inform and promote government services and programs.

Today, sophisticated communication plans are developed by governments to disseminate information. They include the use of television, radio and print advertising, mail-outs, letterbox drops, the internet and telephone call centres to provide information to the public.

Governments and agencies employ advertising as a legitimate and key means of increasing public awareness of new policies, legislation, programs or services, as well as any changes. Advertising is just one of many tools agencies use to deliver services and change behaviour.

Agencies are expected to keep the community informed of their rights, obligations and benefits. Apart from being used to inform, advertising can also be used to address social and health problems by influencing behaviours, such as anti-smoking campaigns or get-fit programs.

Money is spent on routine advertising and specific campaigns

There are two main types of government advertising; non-campaign and specific campaigns. Non-campaign advertising includes the more routine practices such as advertising job vacancies, tenders and public announcements such as road closures. The current guidelines on government advertising define campaign advertising as advertisements placed over a specific period with the purpose of changing community behaviour, attitudes or raising awareness.

Examples of campaign advertising subjects include:

- driver fatigue
- double demerit points
- anti-smoking quitline
- level 3 water restrictions
- NSW ski resorts
- NSW lotteries.

1.2 Should public money be spent on government advertising?

Advertising is a legitimate use of public funds

The fundamental principles governing the use of public funds for advertising are that:

- all members of the public have equal rights of access to comprehensive information about government policies, programs and services
- government may legitimately use public funds for education or information campaigns to explain government policies, programs or services.

Exhibit 1: Objectives of government advertising
<p>Public funds may be used for government advertising in the pursuit of any of the following objectives to:</p> <ul style="list-style-type: none">▪ maximise compliance with the law▪ achieve awareness of a new or amended law▪ raise awareness of a planned or impending change in services▪ ensure public safety, personal security or encourage responsible behaviour▪ assist in the preservation of order in the event of a crisis or emergency▪ promote awareness of rights, responsibilities, duties or entitlements▪ encourage use of or familiarity with government products or services.

Source: Audit Office research based on Guidelines for Government of Western Australia Advertising and Communications, WA Department of Premier and Cabinet, May 2005

Expenditure on government advertising is not significant compared to how much is spent on many other government activities. However, community concerns are often raised about the nature, content and volume of government advertising.

Critics generally focus on the potential effects of advertising on voter behaviour where it could be used to shape opinion or build an image of the incumbent government. This seems to be heightened in pre-election periods when the quantum and nature of government advertising often changes.

Our research of other jurisdictions indicates that practices which seem to raise the perception that campaigns have party political intent include campaigns that:

- appear to sell a policy rather than explain it
- appear to solicit votes or describe election platforms and promises
- mix opinion with fact with no evidence to support assertions
- discuss only the benefits of governments proposals without providing information on potential negative impacts
- contain excessive amounts of material promoting the government's performance so that the key message is difficult to ascertain.

Government advertising is a perennial issue

Whether spending on government advertising is an appropriate use of public funds has been considered by Auditors-General in many jurisdictions over the last 20 years. Most have issued reports for their various Parliaments to consider with similar recommendations around introducing criteria to prevent the misuse of public funds by agencies on advertisements that serve party political interests.

In NSW, we have also reviewed the issue a number of times. Twenty three years ago the then Auditor-General sought legal advice on whether advertisements were an unlawful use of public funds. The advice was that government advertising would be unlawful if it could be shown that the predominant purpose was to improve the electoral prospects of the incumbent government, rather than the business objectives of the agency.

This advice still stands and is consistent with recent case law. In fact, the High Court in its review of the federal WorkChoices campaign has judged that there is an implied right to freedom of speech in the constitution that supports the lawful expenditure of public funds on appropriate government advertising.

The focus of this audit

This performance audit assesses whether the current guidelines for government advertising are able to prevent its use for party political purposes.

The focus of the audit was to determine:

- what has been spent on government campaign advertising
- whether the current guidelines for government campaign advertising are sufficient to prevent the use of public funds for party political purposes.

1.3 What has been spent on government advertising?

Our assessment

In 2006-07, government agencies spent \$111.7 million on advertising media placement, an increase of 21 per cent from 2005-06. This comprised \$30.2 million on non-campaign and \$81.5 million on campaign advertising.

In 2002, the government introduced practices to reduce the total amount spent on government advertising. As a result, expenditure decreased by \$19.7 million or 19 per cent between 2001-02 and 2003-04. However expenditure has increased by 32 per cent since then.

Efforts to reduce spending on advertising were successful

The Department of Commerce reports annually on the total media placement costs of government advertising. Media placement refers to the cost of placing advertisements with radio, print and television media but does not include the costs of research, development and production of the advertisements.

There is no centrally controlled budget for government advertising. This is consistent with other categories of recurrent expenditure. Individual agencies determine what will be spent within their own recurrent budgets to meet their business objectives.

The Department of Commerce coordinates government advertising activity to maximise value for money. However, it does not decide how much money is spent or what areas of government it is spent on.

In 2002, the government wished to reduce the total amount spent on government advertising and requested agencies to:

- restrict advertisements for tenders to a single weekly composite advertisement
- limit the size of composite advertisements
- abolish the use of display advertisements for vacant positions
- submit campaigns to Cabinet for approval.

The result was a decrease in expenditure of \$19.7 million or nearly 19 per cent between 2001-02 and 2003-04. However expenditure has increased by 32 per cent since then. The Department of Commerce reports that some of this increase may be due to a rise in media placement rates.

The government centralises all media placement bookings through the Department of Commerce. The department reports that this has brought about significant savings.

Benefits of combined buying power



Exhibit 2: The Master Media Contract

All campaign media placements are centrally booked through the Master Media Contract by the Department of Commerce. The government's appointed agency under this contract, Mediacom, meets annually with the major media providers from press, free to air TV and radio to negotiate advertising rates that will apply to all government campaigns for the forthcoming year. By aggregating all government advertising spend, Mediacom, on behalf of government are able to secure significant volume discounts enjoyed by all agencies, irrespective of the size of each individual advertising spend.

In 2005-06, savings made through the preferential rates were in excess of \$30 million. In addition to financial benefits, government also enjoys preferred terms of trade including shorter cancellation deadlines and access to preferred positions. It is also common practice for the TV networks to "fill" unsold advertising space with free advertising for their most regular customers. In 2005-06, the NSW government received \$1.7 million free space in addition to the agreed discounts.

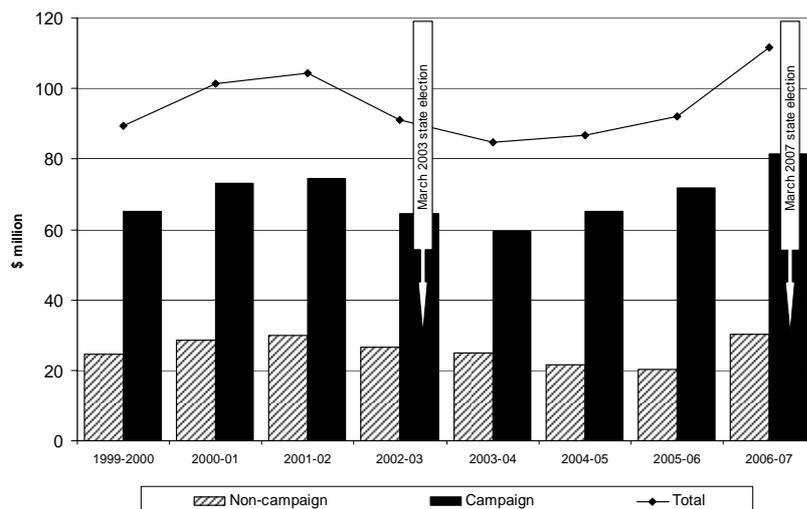
Source: Department of Commerce

Spending on advertising is increasing

Expenditure on non-campaign advertising continued to decline up until 2005-06, but has since increased by 48 per cent. Campaign advertising has steadily increased since 2003-04 by nearly 37 per cent.

Since savings have been achieved through lower media placement costs this increase in spend suggests an increase in advertising activity.

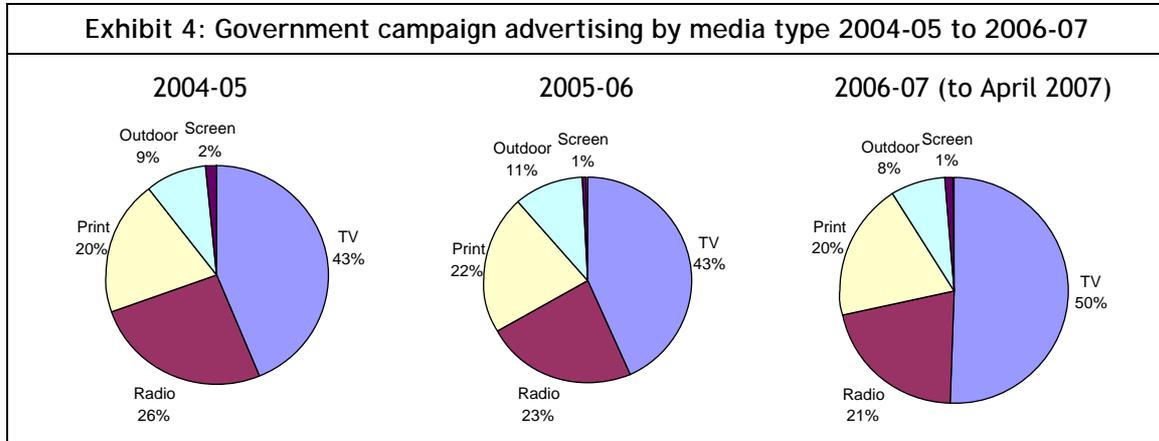
Exhibit 3: Government campaign and non-campaign media placement expenditure 1999-2000 to 2005-06



Source: Department of Commerce. Includes budget dependent, self funding and corporatised agencies. The Department of Commerce reports that some of these changes may be due to changes in media placement rates.

Media mix has also changed

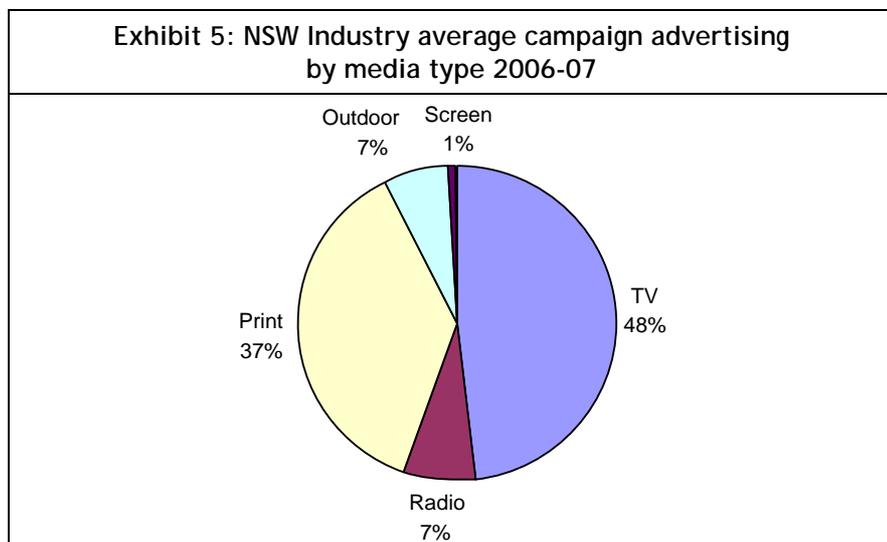
As we see with the increase in expenditure on media placement for campaign advertising, the media mix over the last three years has also changed.



Source: Department of Commerce. Screen includes cinema and online.

Choice of media mix is different to NSW industry averages

We compared the choice of media in 2006-07 between NSW government campaign advertising and the NSW industry averages. We found that the use of television, outdoor and screen advertising was similar, but the government used more radio and less print advertising than the NSW industry average.

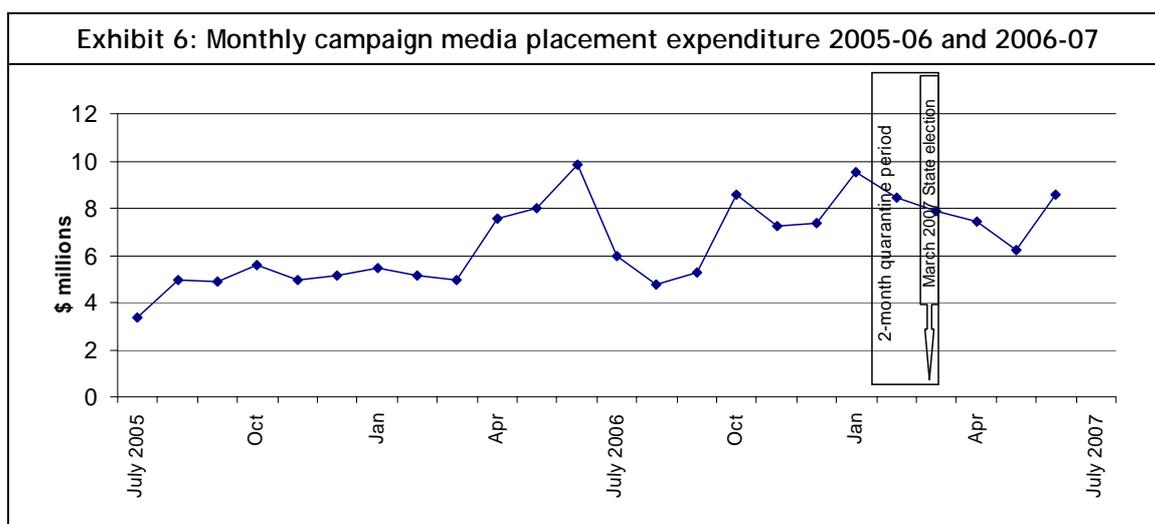


Source: Department of Commerce. Screen includes cinema and online.

Election trends

It is common for government advertising campaigns to be seasonal or cyclical. For example, campaigns to attract tourists will run close to holiday periods while road safety campaigns may air leading up to and during holiday periods.

However, similar to the findings of other audits on government advertising, and our 1995 audit, we found a change in the quantum of government campaign advertising prior to the election.



Source: Department of Commerce. Includes budget dependent, self funding and corporatised agencies.

Note: In 1998, the NSW government, as a matter of policy, directed that all advertising campaigns cease in the two months immediately preceding a state election, although there are some exemptions.

1.4 How does the government report on advertising?

Our assessment

The Department of Commerce publicly reports on the amount spent on placing government advertisements in the media. These reports do not distinguish between expenditure on campaign and non-campaign advertising.

There is no central record of the total amount spent on advertising across government that includes the costs of research, development, production and placement. The total amount spent is not reported and although agencies evaluate the impact of campaigns, there is no consistent reporting on their effectiveness. Greater transparency would support a more informed public debate.

Only limited information is reported

The Department of Commerce reports annually on the amount spent on advertising media placements costs only. This does not include the costs of research, development and production. A few agencies include details of selected advertising campaigns in their annual reports but not all report this and it is not a requirement under annual reports legislation.

There is no central place where total expenditure on campaign advertising is reported for the whole of government. Although the data is available at the agency level and by individual campaigns, it is not easily accessed or aggregated to give this total figure.

All campaigns over \$50,000 are submitted to Cabinet, rendering them Cabinet in Confidence. Therefore, details of these individual campaigns, including total costs, are exempt under the *Freedom of Information Act*.

In order to conduct this audit, we were granted access to the relevant Cabinet documents for the eight advertising campaigns we selected for our sample. Our analysis of these campaigns is covered in Chapter 2.

Greater transparency would improve public debate

Greater transparency around the total amount spent on government advertising campaigns would support a more accurate and informed debate. At the moment, all that is available to the public is the cost of media placement.

For example, the Department of Commerce in response to an FOI request, advised the NSW Leader of the Opposition that \$90 million was spent on government advertising between July 2006 and April 2007. While this is technically correct, it includes only media placement costs and covers both campaign and non-campaign advertising. It does not include other costs associated with advertising such as research, development and production.

Although the amount spent on government advertising campaigns does not represent a large proportion of an agency's budget, it requires greater transparency. This is because it is discretionary, that is the minister and the agency CEO can decide if there is a need for a campaign, how much is spent, where it is spent, the message to be delivered and how it is communicated.

There is also a risk that government advertising may influence voter behaviour.

Transparency in other jurisdictions

Some jurisdictions, such as Western Australia, require agencies to include in their annual reports details of the total cost of government advertising. Although agencies do not report on each campaign, the public is at least able to access some information on total spend.

Since 2004, the Canadian government has put in place a number of requirements in order to improve value for money, transparency and accountability in regard to government advertising.

Exhibit 7: Canada - transparency in reporting government advertising

A key transparency measure includes greater access to information on government advertising through agency websites. In particular, agencies need to report information on:

- approved advertising initiatives
- advertising-related contracts
- advertising research.

Another key measure is a whole-of-government report on government advertising, which is released each year. The report includes:

- trends in total spending
- expenditure for major advertising campaigns
- advertising expenditure by agency
- trends in placements by media type
- case studies of a number of key campaigns.

Source: Government of Canada Advertising Activities, 2005-06, Public Works and Government Services Canada, and Treasury Board of Canada website.

Examples of agency and whole of government reports are provided in Appendix 2.

Case studies showing results would improve transparency

The government advertising guidelines in NSW require that all campaigns submitted to Cabinet for approval must be evaluated. Part of the peer review process discussed in Chapter 2 checks that the agency has proposed a sound approach to evaluating the campaign's effectiveness.

Exhibit 8: Impact of advertising
<p>One of the goals of the Cancer Institute NSW is to reduce the prevalence of smoking in the community. Advertising campaigns are a primary means of influencing behaviour and getting smokers to quit.</p> <p>Campaigns run by the Cancer Institute NSW are often timed to coincide with national initiatives to maximise their impact. For example, the 2006 introduction of graphic warnings on cigarette packs was supported by a national health warnings campaign initiated by the Cancer Institute NSW. The campaign brought to life these graphic warnings and acted as a reminder of the consequences of smoking every time a smoker looked at their cigarette pack.</p> <p>In conjunction with these advertisements, the Cancer Institute NSW ran a campaign on Quitline services followed by the excuses campaign to coincide with World No Tobacco Day on 31 May 2006. The campaign effort was sustained throughout the remainder of 2006 and has continued in 2007. The success of the campaign is evident from the calls to Quitline. Quitline has received over 48,000 calls in 2006-07 which is more than double the calls received in 2004-2005 (21,135).</p> <p>The NSW Health Population Health Survey also reports an unprecedented 2.4 per cent decline in number of NSW smokers in 2006.</p>

Source: Department of Commerce, Cancer Institute NSW

Reporting the impact of government advertising campaigns would improve transparency and illustrate the results being achieved.

Recommendations

We recommend that the Department of Commerce:

- publish a whole-of-government report on government advertising each year that includes
 - total expenditure on campaign advertising
 - total expenditure on non-campaign advertising
 - a list of campaigns over \$50,000 by agency, the total cost of each, and an indicator of those that have been peer reviewed
 - case studies of the impact of a sample of campaigns
- post on its website each month a list of campaigns approved by Cabinet or under delegation by the Minister for Commerce, and the proposed cost of each
- recommend in the government advertising guidelines that agencies post on their website information on campaigns including the total cost, justification, audience and campaign objectives.

2 Do government guidelines help prevent advertising for party political purposes?

At a glance

The key question we wanted to answer was:
Are the current guidelines for government campaign advertising sufficient to prevent the use of public funds for party political purposes?

Our assessment:

Since our performance audit in 1995 the government has improved guidance for agencies and introduced a more robust process for approving expenditure on campaign advertising.

We found that all eight campaigns followed current guidelines and review and approval processes. However, there were variations in the amount and type of documents forwarded to Cabinet and the way in which the outcomes of peer review have been reported. This may mean that Cabinet does not know whether agencies have considered issues raised by peer review. It may also limit Cabinet's ability to judge whether campaigns may contain material that is party political.

The current guidelines are not adequate to prevent the use of public funds for party political purposes. For example, there are no general principles about ensuring campaigns do not contain material that the public may perceive as serving party political interests, and there are no criteria to help agencies judge whether a campaign could be perceived as party political.

However, the Department of Commerce has drafted new guidelines for government advertising which go some way to address these issues. These guidelines need to incorporate the recommendations in this report and be released to agencies as soon as possible.

We also have concerns about the number of campaigns approved by the Minister for Commerce under delegation rather than approved by Cabinet. Since the delegation took effect in December 2005, 69 per cent of campaigns were approved out of session. This undermines the premise that campaign advertising is important enough to warrant Cabinet oversight.

2.1 Have the guidelines and approval processes for campaign advertising improved since our 1995 audit?

Our assessment

Since our performance audit in 1995 the government has improved guidance for agencies and introduced a more robust process for approving expenditure on campaign advertising. However, we found that revised guidelines need to be released to reflect the current review and approval process.

Previous audit

Our 1995 performance audit on government advertising examined advertising expenditure and practices in selected agencies. We found that while most agencies complied with the guidelines and approval processes in place at that time, these were not adequate to prevent the misuse of public funds.

In response to our recommendations, the government:

- required campaigns costing in excess of \$100,000 to be approved by Cabinet
- directed agencies to cease campaign advertising in a two month quarantine period preceding a state election except where the campaign:
 - relates to community health and safety issues
 - provides appropriate public information
 - has clear commercial considerations (such as transport providers and tourism promotion)
- revised the Guidelines for Government Advertising with changes to the review and approval process.

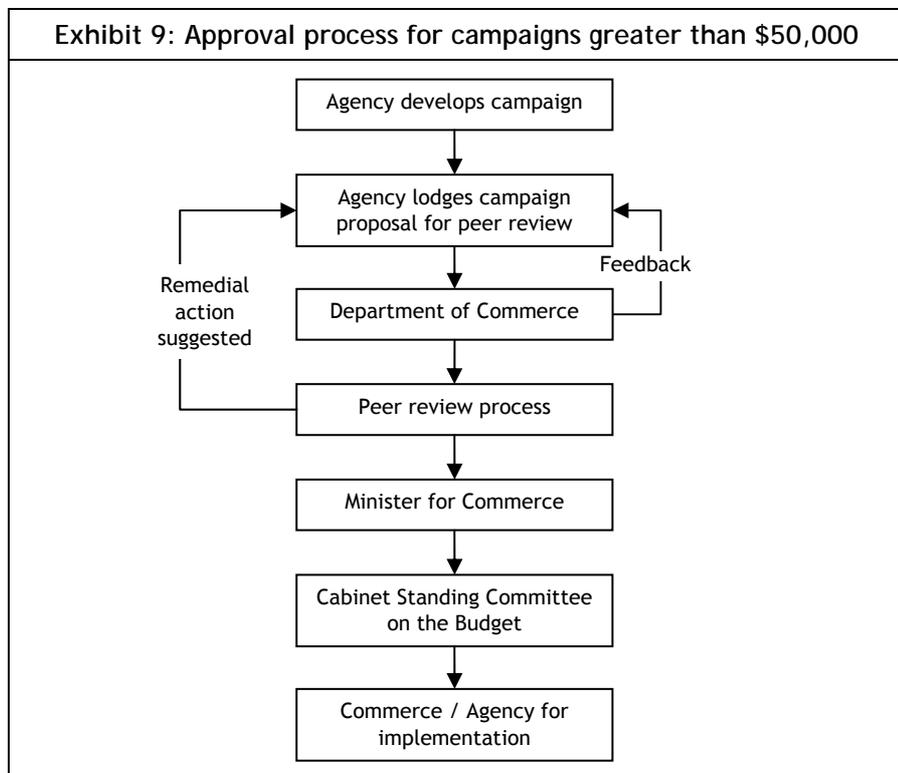
A more robust review and approval process was introduced in July 2005

The Department of Commerce arranges the media placement of all government advertising. Since 2005, the Department has also assumed a central role coordinating all government advertising, including submissions to Cabinet. It also introduced in 2005 a peer review process for campaigns costing greater than \$50,000.

Current approval process

Agency CEOs are accountable for expenditure and for ensuring that advertising campaigns comply with government policies and guidelines.

The following exhibit outlines the current review process for campaigns costing more than \$50,000. Campaigns below this amount are not subject to peer or Cabinet review.



Source: NSW Government Advertising Peer Review System, Overview 2006, and discussions with agency staff

In December 2005 Cabinet delegated to the Minister for Commerce authority to approve campaigns between Cabinet meetings (out of session) that are repeat campaigns, or are not controversial, or are low spend.

Peer review process

Peer review is a key step in optimising value for money from government funded advertising campaigns. Peer review involves a panel of marketing and communications practitioners from across the public sector assessing campaigns against criteria.



Exhibit 10: Peer review process	
<p>Each peer reviewer gets copies of all relevant campaign documents and the agency's Cabinet submission. This includes the communication strategy, results of community research, campaign justification, media options, evaluation plan and a breakdown of costs.</p> <p>Each peer reviewer assesses the campaign against:</p> <ul style="list-style-type: none"> ▪ Need -there is a compelling reason to undertake the campaign and the issue to be addressed is clearly defined and articulated ▪ Strategy -the approach and creative media strategies are likely to be effective for the campaign issue, objectives and target audience ▪ Management -the agency demonstrates a sound approach to budget management, procurement, evaluation, risk management and stakeholder evaluation. <p>The peer reviewers meet as a team and agree on a rating on each of these criteria using a three point scale:</p> <ul style="list-style-type: none"> ▪ 1 - this aspect of the campaign is thoroughly and comprehensively demonstrated ▪ 2 - there are some weaknesses in relation to this aspect of the campaign ▪ 3 - this aspect has not been appropriately addressed. Further attention is required. <p>The results of the peer review are referred to the agency for consideration in their final submission to Cabinet.</p>	

Source: Department of Commerce

Peer reviewers do not approve campaigns. The role of peer review is purely advisory. The agency CEO and relevant minister decide whether to accept peer review suggestions. Approval for campaigns to proceed rests with Cabinet. All those involved in this process that we interviewed saw peer review as valuable and has helped the effectiveness of campaigns.

The guidelines are out of date

The 2002 Government Advertising guidelines have not been updated to reflect the peer review process introduced in 2005. Although the Department of Commerce has drafted new guidelines, these have not been released.

Recommendation

We recommend that the Department of Commerce publish by December 2007 the government advertising guidelines it has drafted, incorporating the recommendations in this report.

2.2 Are current guidelines and approval processes followed?

Our assessment	<p>We found that all eight campaigns followed current guidelines and review and approval processes. However, there were variations in the amount and type of documents forwarded to Cabinet and the way in which the outcomes of peer review have been reported. This may mean that Cabinet does not know whether agencies have considered issues raised by peer review. It may also limit Cabinet's ability to judge whether campaigns may contain material that is party political.</p>
Eight campaigns reviewed	<p>We examined eight campaigns approved in 2006 to check whether agencies followed the current review and approval processes for government advertising. The campaigns were:</p> <ul style="list-style-type: none">▪ NSW Tourism - Sydney Autumn and Winter (\$0.98 million)▪ Cancer Institute NSW - BreastScreen NSW Recruitment (\$1.94 million)▪ Department of State and Regional Development - Business Confidence (\$3 million)▪ Sydney Water - Metropolitan Water Plan Stage 2 (\$4.48 million)▪ Motor Accidents Authority - Children's No Fault (\$1.76 million)▪ Premier's Department - State Plan Promotion (\$2.43 million)▪ Roads and Traffic Authority - Roadwork Safety (\$1.48 million)▪ NSW Health - Nurse Recruitment (\$1.80 million). <p>We found that agencies followed the current guidelines and policies in developing their campaign proposals and all campaigns were subject to peer review.</p> <p>For the eight campaigns:</p> <ul style="list-style-type: none">▪ five were formally approved by Cabinet▪ one was approved by the Minister for Commerce out of session (Business Confidence Campaign)▪ one was endorsed by Cabinet, with the Minister for Commerce later approving the final material (Metropolitan Water Plan)▪ one was submitted to Cabinet for information purposes only because the Minister for Commerce considered it to be a public announcement (State Plan).
Variation in supporting information going to Cabinet	<p>We found that the amount and type of information forwarded to Cabinet in support of each campaign varied. The Department of Commerce has recognised this and in response has sought to standardise the information provided to Cabinet. The intent of this was also to reduce the amount of unnecessary documentation, such as research reports, forwarded to Cabinet.</p> <p>Since October 2006, the department has decided that the following documents should be forwarded to Cabinet:</p> <ul style="list-style-type: none">▪ agency campaign submission▪ peer review summary report▪ creative content examples▪ Cabinet minute.

Yet we found that that there were still differences in that not all these documents were included in the material to Cabinet for the campaigns submitted since October 2006.

The Department of Commerce reports that these differences may be due to transition to the new process, and that all the required documents are now forwarded to Cabinet.

Recommendations We recommend that the Department of Commerce ensure that all required campaign documents are forwarded to Cabinet.

We recommend that the Department of Premier and Cabinet ensure that a full set of campaign documents including the agency's original submission and the full peer review report are available during the relevant meeting of Cabinet.

Agencies should document their consideration of peer review concerns A related issue is how concerns raised by peer review teams are reflected in the Cabinet submission. The agency CEO is accountable for campaign advertising, and has discretion over whether to accept peer review comments and change their submission. This means Cabinet does not, in theory, need to see detailed peer review comments, so the summary report should be sufficient.

However, it was not always clear from the Cabinet documents we reviewed, whether agencies had considered the issues raised in the peer review report

Exhibit 11: Issues raised by peer review teams
<p>A peer review team concluded that a proposed advertising campaign was not ready to proceed as it had rated the campaign need, strategy and management as either two or three (refer Exhibit 10). The peer review report raised a number of concerns including the cost of the campaign, inadequate stakeholder consultation, insufficient data to support campaign need, and suggested re-using existing advertisements rather than generating new ones to save costs.</p> <p>However, the Cabinet minute prepared by the Department of Commerce indicated that peer review had recommended that the campaign should proceed.</p> <p>We did not see any documentation to support this change in position. However, the Department of Commerce reports that it held numerous discussions with the agency regarding the issues raised in peer review.</p> <p>While some of the peer review concerns were clearly addressed in the agency's final campaign submission, it was not clear if the agency had considered the concerns raised about cost and stakeholder consultation.</p>

Source: Audit office campaign review, interviews with peer reviewers

Agencies should consider all concerns raised by peer review, and for those criteria rated two or three, document the agency's response to these in their final submission.

Recommendation We recommend that the Department of Commerce require agencies to document in their final submission to Cabinet how they have considered all matters rated two or three in the peer review report.

Feedback to the peer review team would be useful To maintain the effectiveness of the peer review process, peer reviewers should be confident that the agency has considered their report, particularly any concerns they raise. At present peer reviewers do not see an agency's revised submission, and current feedback mechanisms are informal and ad-hoc.

Recommendation We recommend that the Department of Commerce introduce a formal feedback mechanism to ensure that peer reviewers are aware of how agencies review and respond to issues raised in the peer review report.

Better criteria are needed to determine which campaigns are approved out of session We also have concerns about how campaigns are selected for approval by the Minister for Commerce out of session. The Minister has delegation to approve campaigns out of session that are considered less controversial, low spend or are repeat campaigns. However, there is no threshold or criteria to help judge which campaigns meet the first two of these conditions.

Generally, Cabinet meets weekly, but there are times such as the Christmas holiday period when it does not. Since the delegation was given in December 2005, 69 per cent, or 58 out of 84 campaigns, were approved out of session. Thirty-four of these were repeat campaigns. The Department of Commerce advised that the delegation was introduced to deal with campaigns needing approval when Cabinet was not meeting, and to streamline the process. However, we consider the volume of matters approved out of session undermines the government policy that campaign advertising is important enough to warrant Cabinet oversight. It also limits Cabinet's ability to make changes to campaigns.

Recommendation We recommend that the Department of Premier and Cabinet, in conjunction with the Department of Commerce, better define the criteria used to determine which campaigns may be approved under delegation by the Minister for Commerce.

2.3 Do the guidelines prevent the use of public funds for party political purposes?

Our assessment The current guidelines and approval process do not require decision makers to judge if advertising campaigns contain material that is party political.

Current guidelines are not adequate Currently, agencies rely on the 2002 government advertising guidelines and various memoranda to guide decisions on advertising campaigns.

Our review of the guidelines and memoranda found no reference to:

- general principles about ensuring campaigns not do contain material that may serve party political interests
- criteria to help agencies judge whether a campaign could be seen to promote the incumbent government
- who is accountable for checking whether campaigns contain party political content
- when in the process advertisements should be checked for party political content.

Peer review assesses need for a campaign

Based on our research, party political content in advertising is defined as any information which promotes activities, programs or initiatives of the government in a politically partisan or biased manner. There are tests in the peer review process that would identify a campaign that may have been motivated by interests other than the business needs of the agency.

For example, peer reviewers assess the need for the campaign, that creative and media strategies match intent, and that campaigns will be effective. Peer review also:

- tests for a link between the proposed campaign and government priorities and objectives
- considers the consequences of the campaign not taking place
- tests if the timing is critical to the campaign effectiveness
- judges if the media strategy reflects the campaign objectives and is aimed at the target audience
- comments on whether the budget is appropriate to achieve the campaign objectives.

However, simply considering these issues will not guarantee that a campaign is free from party political content. While the intent and purpose of a campaign may be legitimate, the way a message is packaged and delivered may lead a reasonable person to interpret the message as serving party political interests.

According to the Victorian Auditor-General, making an assessment of whether campaign material contains party political content is a matter of judgement. These judgements need to be based on objective criteria, limiting the influence of public debate.

The Australian Communications and Media Authority also states in its guidelines for the broadcasting of political matter that what is or is not political matter must be determined on a case-by-case basis.

The Department of Commerce has recognised the issues discussed above and has included better guidance in the draft guidelines for government advertising. These guidelines provide more direction to help judge whether government advertising contains party political content.

Exhibit 12: Extract from draft government advertising guidelines

Inappropriate uses of publicly funded advertising

Agencies are advised to avoid the misuse of public funds by checking whether:

- the method or medium of advertising is excessive or extravagant in relation to the objective being pursued
- the party in government is mentioned by name
- the message could be reasonably understood as being on behalf of a political party
- a political party or other group is being disparaged or held up to ridicule
- members of the government are named, depicted or otherwise promoted in a manner that a reasonable person would regard as excessive or gratuitous.

Advertisements that contain any of these elements are not considered appropriate for government advertising. The Department also requires all government advertisements to be clearly distinguishable from party-political messages and include appropriate authorisation tags.

Source: Department of Commerce, draft guideline on government advertising, May 2007

These guidelines can be further strengthened with the addition of principles and criteria used in other jurisdictions. Appendix 3 contains our suggestions for what should be incorporated in the government advertising guidelines. This is based on our research. We are aware of at least three jurisdictions, Victoria, Western Australia and New Zealand, where the government or parliament has adopted similar criteria and arrangements.

There are numerous points in the process where compliance should be checked

It is important that the government advertising guidelines clarify that agency CEOs are accountable for expenditure and to ensure the campaign complies with guidelines. This includes assessing whether campaigns contain party political content.

There are also additional points in the review process where this assessment could be checked, especially for campaigns costing more than \$50,000. Firstly, as part of the peer review process, secondly by the relevant minister who approves the campaign proposal, and finally by Cabinet who approves the campaign going ahead.

Similar to practices in other jurisdictions, we are also considering including a review of government advertising campaigns for compliance with the revised government advertising guidelines in our future reviews. Agencies may like to include a similar review in their own internal audit program.

- Recommendations We recommend that the Department of Commerce:
- include in the government advertising guidelines more detailed criteria for judging whether material may inappropriately serve party political interests, such as those listed in Appendix 3
 - amend the peer review report to require peer review teams to document any issues or concerns regarding compliance with the government advertising guidelines, including party political matters
 - advise agencies to consider including an audit of campaigns for compliance with the government advertising guidelines in their internal audit programs
 - maintain the present two month pre-election quarantine period.

Appendices

Appendix 1 About the audit

Audit objective This performance audit assessed whether the current guidelines for government advertising are able to prevent its use for party political purposes.

Lines of inquiry In reaching our opinion against the audit objective, we sought to answer the following questions:

1. what has been spent on government advertising?
2. are the current guidelines for government campaign advertising sufficient to prevent the use of public funds for party political purposes?

Audit scope We focused on current guidance to agencies and Ministers, the budget processes for review and approval of government campaign advertising, and the trend in expenditure on government campaign advertising from 1999-2000 to 2006-07.

This audit did not examine advertising for:

- recruitment
- government tenders
- statutory and regularly notices and important public information.

The audit did not seek to:

- form an opinion on whether any past government advertising campaigns contained party political content
- question the merits of government policy objectives.

Audit criteria In answering the lines of inquiry, we used the following audit criteria (the 'what should be') to judge performance. We based these standards on our research of current thinking and guidance on better practice. They have been discussed with those we are auditing.

For line of inquiry 1, we assessed whether:

- there is a clear definition of why governments advertise.
- government campaign advertising has a legitimate purpose.
- we know how much has been spent on government campaign advertising in the last six-years.

For line of inquiry 2, we assessed whether:

- the current guidelines and approval processes are consistent with the recommendations made in our 1995 performance audit and 1999 special review of government advertising
- current guidelines and approval processes are sufficient to prevent government campaign advertising being used for party political purposes.

Audit approach	<p>We acquired subject matter expertise by:</p> <ul style="list-style-type: none">▪ interviewing staff and examining relevant documents, including guidelines, policies, reports, strategies and reviews relevant to government advertising▪ interviewing key stakeholder representatives▪ reviewing government and best practice guidelines relevant to the above. <p>We also examined the government advertising guidelines and processes in other jurisdictions to identify best practice examples. We examined the following jurisdictions:</p> <ul style="list-style-type: none">▪ Australian states and territories▪ New Zealand▪ United Kingdom▪ Canada.
Audit selection	<p>We use a strategic approach to selecting performance audits which balances our performance audit program to reflect issues of interest to Parliament and the community. Details of our approach to selecting topics and our forward program are available on our website.</p>
Audit methodology	<p>Our performance audit methodology is designed to satisfy Australian Audit Standards AUS 806 and 808 on performance auditing, and to reflect current thinking on performance auditing practices. We produce our audits under a quality management system certified to International Standard ISO 9001. Our processes have also been designed to comply with the auditing requirements specified in the <i>Public Finance and Audit Act 1983</i>.</p>
Acknowledgements	<p>We gratefully acknowledge the co-operation and assistance provided by the Department of Premier and Cabinet and Department of Commerce. In particular we wish to thank our main liaison officers Ms Zoe de Saram and Mr Bob Gallagher, and staff who participated in interviews, assisted with research or provided other material relevant to the audit.</p>
Audit team	<p>Our team leader for the performance audit was Giulia Vitetta, who was assisted by Tiffany Blackett. Jane Tebbatt provided direction and quality assurance.</p>
Audit cost	<p>Including staff costs, printing costs and overheads, the estimated cost of the audit is \$180,000.</p>

Appendix 2 Reporting in other jurisdictions

Whole of government reporting on advertising

Canadian Case Study

The following excerpt is from the *Annual Report on Government of Canada Advertising Activities 2005-2006*, Public Works and Government Services Canada. The report highlights three major advertising campaigns as case studies, including the E-Services for Business campaign detailed below.

E-Services for Business:

Department: Canada Revenue Agency (CRA)

Campaign Dates: February to March 2006

Advertising Services Supplier: BCP Ltée

Objectives:

- Inform small and medium sized enterprises (SMEs), and their intermediaries, of the business-transaction services available on the CRA Web-site.

Key Message:

- The CRA has the information and services to help businesses complete transactions electronically.

Target Audience:

- Small enterprises (1-24 employees)
- Medium-sized enterprises (25-49 employees)
- Intermediaries who deal with the CRA on behalf of SME clients.

Media Placement - Print:

- Placed half-page black and white ads in dailies in both official languages, and in Aboriginal and ethnic (Chinese and Punjabi) papers
- Placed full-page colour ads in news magazines and vertical (association) magazines. Vertical magazines are industry-specific publications.

Media Placement - Radio:

- Ran 15-second spots in all 61 measured markets
- Focused on morning news programs and talk-radio formats.

Media Placement - Web:

- Bought big-box ads on home and news pages of major portals such as Sympatico MSN, Canoe and Yahoo
- Posted links on a variety of Government of Canada Websites.

Evaluation Results:

The government's Advertising Campaign Evaluation Tool (ACET) survey was completed by 412 SMEs and 459 intermediaries. The survey gauged not only the impact of the campaign on audiences' views of the Government of Canada and the CRA, but also levels of campaign awareness according to levels of aided and unaided recall. Unaided recall measures the ability of survey subjects to indicate unprompted awareness of the CRA campaign. Aided recall refers to those subjects who express knowledge of the campaign once they are provided with limited reminders of its content.

Survey Subject	Recall		Impact
	Unaided	Aided	
SMEs	24%	18%	38%
Intermediaries	42%	28%	27%

Impact: Percentage of survey subjects who indicated they did not only use online CRA business-transaction services in the last 12 months, but would likely to do so in the next 12 months.

Campaign Costs:

Production and planning	\$226,440
Media Placement	\$2,665,060
Evaluative Research	\$109,013

Agency reporting on advertising

Western Australian Case Study

The following excerpt is from the advertising section in the Western Australian Department of Health *Annual Report 2005-2006*.

In accordance with Section 175ZE of the *Electoral Act 1907*, the Department of Health incurred the following expenditure on advertising agencies, market research, polling, direct mail and media advertising.

Total expenditure for 2005-06 was \$1,150,250.35.

Total advertising expenditure:

Expenditure category	Amount (\$)
Advertising agencies	376,928.98
Market research organisations	77,343.05
Polling organisations	543,976.19
Direct mail organisations	9,872.37
Media advertng organisations	142,129.76
Total	1,150,250.35

Further detail for each expenditure category is provided in the report.

Appendix 3 Government advertising principles

The following principles, guidelines and criteria have been derived from our research of policies and practices in other jurisdictions.

There are a number of factors which in themselves may raise the perception that government advertising inappropriately serves party political interests, such as the timing, frequency and the environment in which the advertisement is to be communicated. These should also be considered by agency CEOs when developing advertising campaigns.

- | | |
|--------------------|--|
| Principles | <ul style="list-style-type: none">▪ the public has a right to know about government polices, programs and services which affect their rights, entitlements, and obligations▪ the government may legitimately use public funds to explain government polices, programs and services to inform the public of their rights, entitlements, and obligations. |
| General guidelines | <ul style="list-style-type: none">▪ material should be relevant to government responsibilities and polices▪ material should be presented in an objective, fair, accessible manner▪ material should be produced in a way that achieves best value and follows due process▪ a reasonable person should not interpret the message as serving party political interests. |
| Criteria | <p>Criteria to help judge whether public funds should be spent on government advertising:</p> <ul style="list-style-type: none">▪ the method or medium of communication should not be excessive or extravagant in relation to the object being pursued▪ material should not be designed to influence public support for a political party or candidate▪ material should be presented in a manner free from partisan promotion of government policy and political argument, in unbiased and objective language▪ material should not directly attack or scorn the views, policies or actions of others▪ material should avoid party-political slogans or images▪ material should not refer to the name of a political party or link the government to the Premier's name (eg, the Smith Government)▪ members of the government should not be named, depicted or promoted in a manner which is excessive or unreasonable▪ material should not refer to the websites of political parties▪ advertisements should accurately and objectively present all statistics, facts, comparisons ensuring source of data is indicated▪ all statements, claims and arguments included in the advertisement are able to be substantiated▪ advertisements touching on politically controversial issues should not reach the public unsolicited except where information directly affects their interests▪ material should comply with relevant broadcasting, media and electoral laws. |

**Special
pre-election
conditions****Quarantine period**

NSW Government policy states that campaign advertising should cease in the two months preceding a state election, except where the campaign:

- relates to community health and safety issues
- provides appropriate public information
- has clear commercial considerations (such as transport providers and tourism promotion).

Caretaker period

Government advertising placed during the "caretaker" period should not give grounds to claims that it is published for party political purposes.

Advertisements should not contain any photographs of Ministers, highlight the role of particular Ministers or address issues which are controversial between the major political parties. Also, advertising must have a clear commercial or essential community information purpose.

The caretaker period commences when the writs are issued for the election to the closing of polls.

Broadcasting regulations

The Australian Communications and Media Authority regulates radio and television content through broadcast licence conditions set out in the *Broadcasting Services Act 1992*.

It is a condition of their licence that television and radio broadcasters must not broadcast an election advertisement in relation to an election during the 'relevant period', commonly known as the 'blackout period'. The Act defines 'relevant period' as commencing at the end of the Wednesday before polling day and concluding at the close of polling on that polling day.

Appendix 4 Glossary

Agency CEO	The chief executive officer of a government agency, including departments, statutory bodies, declared authorities, public trading enterprises and state owned corporations.
Agency submission	The detailed supporting information that is prepared by an agency and submitted to Cabinet for approval.
Australian Communications and Media Authority	<p>The Australian Communications and Media Authority regulates radio and television broadcasts under the <i>Broadcasting Services Act 1992</i>. It is a condition of all commercial, narrowcasting and community broadcasting licences under the Act that if a licensee broadcasts political matter, the broadcast must be accompanied by the required particulars, (the 'written and authorised by' tag). The purpose of the tag is to assist the general public in their identification of broadcasts which are political and to prevent anonymous or falsely attributed political matter being broadcast.</p> <p>According to the Authority, to be political matter, the matter broadcast must be capable of being properly characterised as participation in the political process or an attempt to influence or comment upon that process, the administration of government or those who participate in these activities.</p>
Cabinet	The group of Ministers, including the Premier, which make up the executive government of NSW. In this report, a reference to Cabinet includes a reference to the Cabinet Standing Committee on the Budget.
Cabinet in Confidence	Documents prepared for submission to Cabinet (whether or not it has been so submitted) are protected from being available publicly. Cabinet in Confidence documents are exempt from applications under the <i>Freedom of Information Act</i> .
Campaign advertising	Advertisements placed over a specific period with the purpose of changing community behaviour, attitudes or raising awareness.
FOI request	Applications for access to agencies' documents in accordance with the <i>Freedom of Information Act 1989</i> .
Master media contract	A single government contract covering all campaign advertising media bookings.
NSW Leader of the Opposition	Mr Barry Robert O'Farrell MP, Member of the Legislative Assembly, Member for Ku-ring-gai, Leader of the Opposition, Shadow Minister for Western Sydney, Member of the Liberal Party.
Non-campaign advertising	Advertising that is not campaign and is routine in nature such as advertising job vacancies, tenders and public announcements such as road closures.
Peer review process	The advertising peer review process is managed by Department of Commerce. The purpose of peer review is to provide informed and objective feedback and comment on the proposed advertising campaign strategic and tactical approaches.

Performance audits by the Audit Office of New South Wales

Performance Auditing

What are performance audits?

Performance audits determine whether an agency is carrying out its activities effectively, and doing so economically and efficiently and in compliance with all relevant laws.

Performance audits may review a government program, all or part of a government agency or consider particular issues which affect the whole public sector.

Where appropriate, performance audits make recommendations for improvements.

If you wish to find out what performance audits are currently in progress, visit our website at www.audit.nsw.gov.au.

Why do we conduct performance audits?

Performance audits provide independent assurance to Parliament and the public that government funds are being spent efficiently and effectively, and in accordance with the law.

Performance audits seek to improve the efficiency and effectiveness of government agencies so that the community receives value for money from government services.

Performance audits also assist the accountability process by holding managers to account for agency performance.

What are the phases in performance auditing?

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

During the planning phase, the audit team will develop audit criteria and define the audit field work.

At the completion of field work we will meet with agency management to discuss all significant matters arising out of the audit. Following this, we will prepare a draft performance audit report.

We meet with agency management to check that facts presented in the report are accurate and that recommendations are practical and appropriate. Following this, a formal draft report is provided to the CEO for comment. The relevant Minister is also provided with a copy of the final report. The final report, which

is tabled in Parliament, includes any comment made by the CEO on the conclusion and the recommendations of the audit.

Depending on the scope, performance audits can take several months to complete.

Copies of our performance audit reports can be obtained from our website or by contacting our Office.

How do we measure an agency's performance?

During the planning phase, the team develops the audit criteria. These are standards of performance against which the agency or program is assessed. Criteria may be based on best practice, government targets, benchmarks, or published guidelines.

Do we check to see if recommendations have been implemented?

Every few years we conduct a follow-up audit. These follow-up audits look at the extent to which action has been taken to address issues or recommendations agreed to in an earlier performance audit.

The Public Accounts Committee (PAC) may also conduct reviews or hold inquiries into matters raised in performance audit reports. Agencies are also requested to report actions taken against each recommendation in their annual report.

Who audits the auditors?

Our performance audits are subject to internal and external quality reviews against relevant Australian and international standards. This includes ongoing independent certification of our ISO 9001 quality management system.

The PAC is also responsible for overseeing the activities of the Audit Office and conducts a review of our operations every three years.

Who pays for performance audits?

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

Further information

Further information can be obtained from our website www.audit.nsw.gov.au or by contacting us on 9275 7277.

Performance Audit Reports

No	Agency or Issues Examined	Title of Performance Audit Report or Publication	Date Tabled in Parliament or Published
87	E-government	<i>Use of the Internet and Related Technologies to Improve Public Sector Performance</i>	19 September 2001
88*	E-government	<i>e-ready, e-steady, e-government: e-government readiness assessment guide</i>	19 September 2001
89	Intellectual Property	<i>Management of Intellectual Property</i>	17 October 2001
90*	Intellectual Property	<i>Better Practice Guide Management of Intellectual Property</i>	17 October 2001
91	University of New South Wales	<i>Educational Testing Centre</i>	21 November 2001
92	Department of Urban Affairs and Planning	<i>Environmental Impact Assessment of Major Projects</i>	28 November 2001
93	Department of Information Technology and Management	<i>Government Property Register</i>	31 January 2002
94	State Debt Recovery Office	<i>Collecting Outstanding Fines and Penalties</i>	17 April 2002
95	Roads and Traffic Authority	<i>Managing Environmental Issues</i>	29 April 2002
96	NSW Agriculture	<i>Managing Animal Disease Emergencies</i>	8 May 2002
97	State Transit Authority Department of Transport	<i>Bus Maintenance and Bus Contracts</i>	29 May 2002
98	Risk Management	<i>Managing Risk in the NSW Public Sector</i>	19 June 2002
99	E-Government	<i>User-friendliness of Websites</i>	26 June 2002
100	NSW Police Department of Corrective Services	<i>Managing Sick Leave</i>	23 July 2002
101	Department of Land and Water Conservation	<i>Regulating the Clearing of Native Vegetation</i>	20 August 2002
102	E-government	<i>Electronic Procurement of Hospital Supplies</i>	25 September 2002
103	NSW Public Sector	<i>Outsourcing Information Technology</i>	23 October 2002
104	Ministry for the Arts Department of Community Services Department of Sport and Recreation	<i>Managing Grants</i>	4 December 2002
105	Department of Health Including Area Health Services and Hospitals	<i>Managing Hospital Waste</i>	10 December 2002
106	State Rail Authority	<i>CityRail Passenger Security</i>	12 February 2003
107	NSW Agriculture	<i>Implementing the Ovine Johne's Disease Program</i>	26 February 2003
108	Department of Sustainable Natural Resources Environment Protection Authority	<i>Protecting Our Rivers</i>	7 May 2003

No	Agency or Issues Examined	Title of Performance Audit Report or Publication	Date Tabled in Parliament or Published
109	Department of Education and Training	<i>Managing Teacher Performance</i>	14 May 2003
110	NSW Police	<i>The Police Assistance Line</i>	5 June 2003
111	E-Government	<i>Roads and Traffic Authority Delivering Services Online</i>	11 June 2003
112	State Rail Authority	<i>The Millennium Train Project</i>	17 June 2003
113	Sydney Water Corporation	<i>Northside Storage Tunnel Project</i>	24 July 2003
114	Ministry of Transport Premier's Department Department of Education and Training	<i>Freedom of Information</i>	28 August 2003
115	NSW Police NSW Roads and Traffic Authority	<i>Dealing with Unlicensed and Unregistered Driving</i>	4 September 2003
116	NSW Department of Health	<i>Waiting Times for Elective Surgery in Public Hospitals</i>	18 September 2003
117	Follow-up of Performance Audits	<i>Complaints and Review Processes (September 1999) Provision of Industry Assistance (December 1998)</i>	24 September 2003
118	Judging Performance from Annual Reports	<i>Review of Eight Agencies' Annual Reports</i>	1 October 2003
119	Asset Disposal	<i>Disposal of Sydney Harbour Foreshore Land</i>	26 November 2003
120	Follow-up of Performance Audits NSW Police	<i>Enforcement of Street Parking (1999) Staff Rostering, Tasking and Allocation (2000)</i>	10 December 2003
121	Department of Health NSW Ambulance Service	<i>Code Red: Hospital Emergency Departments</i>	15 December 2003
122	Follow-up of Performance Audit	<i>Controlling and Reducing Pollution from Industry (April 2001)</i>	12 May 2004
123	National Parks and Wildlife Service	<i>Managing Natural and Cultural Heritage in Parks and Reserves</i>	16 June 2004
124	Fleet Management	<i>Meeting Business Needs</i>	30 June 2004
125	Department of Health NSW Ambulance Service	<i>Transporting and Treating Emergency Patients</i>	28 July 2004
126	Department of Education and Training	<i>School Annual Reports</i>	15 September 2004
127	Department of Ageing, Disability and Home Care	<i>Home Care Service</i>	13 October 2004
128*	Department of Commerce	<i>Shared Corporate Services: Realising the Benefit including guidance on better practice</i>	3 November 2004
129	Follow-up of Performance Audit	<i>Environmental Impact Assessment of Major Projects (2001)</i>	1 February 2005

No	Agency or Issues Examined	Title of Performance Audit Report or Publication	Date Tabled in Parliament or Published
130*	Fraud Control	<i>Current Progress and Future Directions including guidance on better practice</i>	9 February 2005
131	Follow-up of Performance Audit Department of Housing	<i>Maintenance of Public Housing (2001)</i>	2 March 2005
132	Follow-up of Performance Audit State Debt Recovery Office	<i>Collecting Outstanding Fines and Penalties (2002)</i>	17 March 2005
133	Follow-up of Performance Audit Premier's Department	<i>Management of Intellectual Property (2001)</i>	30 March 2005
134	Department of Environment and Conservation	<i>Managing Air Quality</i>	6 April 2005
135	Department of Infrastructure, Planning and Natural Resources Sydney Water Corporation Sydney Catchment Authority	<i>Planning for Sydney's Water Needs</i>	4 May 2005
136	Department of Health	<i>Emergency Mental Health Services</i>	26 May 2005
137	Department of Community Services	<i>Helpline</i>	1 June 2005
138	Follow-up of Performance Audit State Transit Authority Ministry of Transport	<i>Bus Maintenance and Bus Contracts (2002)</i>	14 June 2005
139	RailCorp NSW	<i>Coping with Disruptions to CityRail Passenger Services</i>	22 June 2005
140	State Rescue Board of New South Wales	<i>Coordination of Rescue Services</i>	20 July 2005
141	State Budget	<i>In-year Monitoring of the State Budget</i>	28 July 2005
142	Department of Juvenile Justice	<i>Managing and Measuring Success</i>	14 September 2005
143	Asset Management	<i>Implementing Asset Management Reforms</i>	12 October 2005
144	NSW Treasury	<i>Oversight of State Owned Electricity Corporations</i>	19 October 2005
145	Follow-up of 2002 Performance Audit	<i>Purchasing Hospital Supplies</i>	23 November 2005
146	Bus Transitways	<i>Liverpool to Parramatta Bus Transitway</i>	5 December 2005
147	Premier's Department	<i>Relocating Agencies to Regional Areas</i>	14 December 2005
148	Department of Education and Training	<i>The New Schools Privately Financed Project</i>	8 March 2006
149	Agency Collaboration	<i>Agencies Working Together to Improve Services</i>	22 March 2006
150	Follow-up of 2000 Performance Audit	<i>Fare Evasion on Public Transport</i>	26 April 2006
151	Department of Corrective Services	<i>Prisoner Rehabilitation</i>	24 May 2006
152	Roads and Traffic Authority	<i>The Cross City Tunnel Project</i>	31 May 2006
153	Performance Information	<i>Agency Use of Performance Information to Manage Services</i>	21 June 2006

No	Agency or Issues Examined	Title of Performance Audit Report or Publication	Date Tabled in Parliament or Published
154	Follow-up of 2002 Performance Audit	<i>Managing Sick Leave in NSW Police and the Department of Corrective Services</i>	29 June 2006
155	Follow-up of 2002 Performance Audit	<i>Regulating the Clearing of Native Vegetation</i>	19 July 2006
156*	Fraud Control	<i>Fraud Control Improvement Kit: Meeting Your Fraud Control Obligations</i>	20 July 2006
157	Roads and Traffic Authority	<i>Condition of State Roads</i>	16 August 2006
158	Department of Education and Training	<i>Educating Primary School Students with Disabilities</i>	6 September 2006
159	NSW Health	<i>Major Infectious Disease Outbreaks: Readiness to Respond</i>	22 November 2006
160	NSW Health	<i>Helping Older People Access a Residential Aged Care Facility</i>	5 December 2006
161	Follow-up of 2003 Performance Audit	<i>The Police Assistance Line</i>	6 December 2006
162	NSW Health	<i>Attracting, Retaining and Managing Nurses in Hospitals</i>	12 December 2006
163	Legal Aid Commission of NSW	<i>Distributing Legal Aid in New South Wales</i>	13 December 2006
164	Department of Juvenile Justice NSW Police Force	<i>Addressing the Needs of Young Offenders</i>	28 March 2007
165	Homelessness	<i>Responding to Homelessness</i>	2 May 2007
166	Follow-up of Performance Audit Department of Education and Training	<i>Using Computers in Schools for Teaching and Learning</i>	9 May 2007
167	Follow-up of 2001 Performance Audit: Ambulance Service of New South Wales	<i>Readiness to Respond</i>	6 June 2007
168	Ministry of Transport	<i>Connecting with Public Transport</i>	6 June 2007
169	NSW Police Force	<i>Dealing with Household Burglaries</i>	27 June 2007
170	RailCorp	<i>Signal Failures on the Metropolitan Rail Network</i>	15 August 2007
171	Department of Premier and Cabinet Department of Commerce	<i>Government Advertising</i>	29 August 2007

* Better Practice Guides

A list of performance audits tabled or published since March 1997, as well as those currently in progress, can be found on our website www.audit.nsw.gov.au.