

AUDITOR-GENERAL'S REPORT

PERFORMANCE AUDIT

Government Advertising

Department of Premier and Cabinet
Department of Services, Technology and Administration
NSW Treasury



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; Department of Services, Technology and Administration; NSW Treasury.**

A handwritten signature in black ink, reading 'Peter Achterstraat'.

Peter Achterstraat
Auditor-General

Sydney
December 2009

State Library of New South Wales cataloguing-in publication data

New South Wales. Audit Office

Government advertising : Department of Premier and Cabinet : Department of Services, Technology and Administration : NSW Treasury / [The Audit Office of New South Wales]. (Performance audit).

978 1921252 327

1. New South Wales. Dept. of Premier and Cabinet – Auditing. 2. New South Wales. Dept. of Services, Technology and Administration – Auditing. 3. New South Wales. Treasury – Auditing. 4. Government advertising – New South Wales – Auditing. 5. Government publicity – New South Wales – Auditing. I. Title: Government advertising : Department of Premier and Cabinet : Department of Services, Technology and Administration : NSW Treasury. II. Title: NSW Auditor-General's report: government advertising : Department of Premier and Cabinet : Department of Services, Technology and Administration : NSW Treasury. III. Series: Performance audit (New South Wales. Audit Office).

352.748243909944

© Copyright reserved by the Audit Office of New South Wales. All rights reserved. No part of this publication may be reproduced without prior consent of the Audit Office of New South Wales.

The Audit Office does not accept responsibility for loss or damage suffered by any person acting on or refraining from action as a result of any of this material.

Contents

Foreword

| | |
|--|-----------|
| Audit conclusion and recommendations | 1 |
| The focus of our audit | 2 |
| Audit conclusion | 2 |
| Recommendations | 5 |
| Response from the Department of Premier and Cabinet | 6 |
| Response from the Department of Services, Technology and Administration | 8 |
| Response from the NSW Treasury | 10 |
| Key findings | 11 |
| 1. Introduction | 12 |
| 2. Do the selected campaigns comply with the Government Advertising Guidelines? | 13 |
| 3. Were statements made in the Better Future campaign substantiated? | 20 |
| 4. Have the recommendations of the 2007 audit report been implemented? | 21 |
| Appendices | 23 |
| Appendix 1: Extract from the NSW Government Advertising Guidelines | 24 |
| Appendix 2: Profile of advertising campaigns reviewed | 26 |
| Appendix 3: Summary of findings | 30 |
| Appendix 4: Commonwealth requirements for chief executive certification of government advertising and compliance checklist | 32 |
| Appendix 5: Method used by NSW Treasury to estimate the number of jobs supported by Government spending | 34 |
| Appendix 6: About this audit | 35 |
| Performance Audits by the Audit Office of New South Wales | 37 |

Foreword

The important role played by government advertising can be undermined by any suggestion that it serves party political interests.

Government advertising is a perennial issue for Auditors-General. Of all the things that agencies spend public funds on, advertising is one that attracts controversy and public debate.

In August 2007, I tabled a report on Government Advertising. It recommended that the guidelines be revised to better prevent the use of public funds for party political purposes. In response, the Government published revised Government Advertising Guidelines (the Guidelines) in August 2008.

In my 2007 report, I also indicated that I would review future campaigns to check compliance with the revised Guidelines. I believe it is now timely to give the Government feedback on the Guidelines following the first year of operation.

There is another good reason for conducting this audit now. My earlier report highlighted an increase in the amount spent on government advertising leading up to the 2007 State election. This contributes to the perception that government advertising may inappropriately serve the political interests of the party in government.

This review provides an opportunity for the Government to strengthen the Guidelines to prevent the inappropriate use of publicly funded advertising in the lead-up to the next State election.

Peter Achterstraat
Auditor-General

December 2009

Audit conclusion and recommendations

The focus of our audit

Governments may legitimately use public funds to inform the public of their obligations, rights and entitlements and to explain policies, programs or services. In 2008-09, the NSW Government spent \$101.7 million on government advertising.

The Audit Office previously examined government advertising in 1995 and in 2007. These performance audit reports contained a number of recommendations to improve guidance to agencies and strengthen the approval process.

Nevertheless, concerns remain about whether campaigns comply with the NSW Government Advertising Guidelines (the Guidelines).

In this audit we reviewed the following government advertising campaigns:

- the NSW Public Sector Cadetship (NSW Cadetship) campaign and the Investing in a Better Future (Better Future) campaign, both undertaken by the Department of Premier and Cabinet (DPC)
- the Winter 2009 (Influenza) campaign and the Tobacco legislation change (Smoking in Cars with Kids) campaign, both undertaken by NSW Health.

We examined whether:

- the campaigns had followed required approval processes and were appropriate
- statements made in the Better Future campaign were substantiated.

Audit conclusion

We found that the two NSW Health campaigns had followed the required approval processes and were appropriate. We had some concerns with the two DPC campaigns.

The revised Guidelines, which incorporate recommendations from earlier audit reports, are a positive step towards reducing the risk that publicly funded advertising could be used inappropriately.

But there are still parts of the Guidelines that require a subjective judgement and therefore do little to help manage this risk.

While we did not have any concerns with the two NSW Health campaigns, the two DPC campaigns highlighted these risks.

The NSW Cadetship campaign featured a photograph of the Premier. The Guidelines state that Members of the NSW Government should not be named, depicted or otherwise promoted in a manner that a reasonable person would regard as excessive or gratuitous.

Given the subjectivity of this test, we consider there is a high risk that a reasonable person could judge this campaign as serving party political interests.

In the Better Future campaign there is a problem with the statements made. The campaign stated that the NSW Government is investing \$62.9 billion over the next four years and will support up to 160,000 jobs each year.

We found that while these statements could be substantiated using the model adopted by NSW Treasury, they could also be misleading. According to NSW Treasury, the jobs are not all located in NSW as implied in the advertisements, but rather Australia-wide.

Our other concerns with the DPC campaigns included the size of the advertising budget, the lack of documented approvals and accountability for decisions.

It could be seen that the budget of \$1.90 million for the Better Future campaign (actual cost \$1.17 million) was excessive in relation to its objective which was to provide information about the Government's state-wide building and jobs initiatives. This was apparent when the campaign was compared to both NSW Health campaigns which had similar target audiences but budgets of less than \$500,000 each.

In both NSW Health campaigns, the agency decided not to use television because it assessed that the campaign objectives could be met and target audience reached with less expensive media. But in the Better Future campaign, television formed a major component of the strategy.

In regard to approvals, chief executives must approve advertising campaigns and ensure they comply with the Guidelines. However, we could not find written approval for the Better Future campaign. DPC did subsequently report that verbal approval had been given by the chief executive to develop the campaign.

We also noted that in both DPC campaigns, members of the Premier's staff made key decisions. We consider that this level of involvement was not appropriate.

For example, the advertisement proposed by DPC for the NSW Cadetship campaign did not use the Premier's photograph. However, at the request of a member of the Premier's staff, the advertisement was changed to include the Premier's photograph as well as a quote from the Premier.

We also found that the design and implementation of the Better Future campaign was decided by another member of the Premier's staff.

The role of Ministers and their staff in making decisions about government advertising is not covered in the Guidelines.

This is in contrast to the Commonwealth whose Guidelines define the roles and responsibilities of parties. In addition, the chief executive must confirm that the campaign:

- has been informed by departmental analysis and research
- reflects the chief executive's views which are independent of Ministerial direction.

This degree of separation does not exist in NSW.

Another matter that we considered was whether or not a breach of the Guidelines attracts a penalty.

Government guidelines set out standards of performance and processes to be followed. Guidelines are generally not binding and therefore would not appear to attract penalties for breaches, unlike many laws and regulations.

However, there is a link between the Guidelines and the *Public Finance and Audit Act 1983* when publicly funded advertising is used inappropriately. This misuse of funds could lead to a penalty being issued under that Act.

Other key findings were:

Campaigns over \$50,000 must demonstrate value for money, but the Guidelines are silent on how this is assessed. Currently, NSW Treasury requires an economic appraisal of public sector activities valued at \$1 million or more. The Better Future campaign, with a budget of \$1.90 million, did not have an economic appraisal, such as a cost benefit or cost effectiveness analysis, although this may have been of use in deciding what media would provide the best return on investment.

The Strategic Communication and Government Advertising Group in the Department of Services, Technology and Administration (DSTA) is responsible for monitoring and coordinating government advertising in accordance with the Guidelines. It also advises agencies on how best to run campaigns and comply with the Guidelines. We found that a conflict of interest arose when the Group designed and implemented the Better Future campaign on behalf of DPC.

The Guidelines require campaigns over \$50,000 to be subject to independent peer review and approval by Cabinet. The NSW Cadetship recruitment campaign had a budget of around \$80,000. Currently, recruitment campaigns are exempt from peer review and do not require Cabinet approval regardless of their budget.

DSTA has published on its website a list of advertising topics with the aggregate cost of media placement. This information is of limited value. This falls short of what we recommended in our 2007 report which was that DSTA report individual campaigns and their proposed cost.

Recommendations to the Department of Premier and Cabinet and the Department of Services, Technology and Administration

1. To improve accountability for publicly funded advertising, it is recommended that the Guidelines be revised by 31 January 2010 to:
 - a. define the roles and responsibilities of the Cabinet, Ministers, ministerial staff and chief executives in government advertising (page 15)
 - b. require chief executives to certify in writing that:
 - i. the proposed campaign complies with the Guidelines and relevant government policies (page 13)
 - ii. the purpose and need for the campaign has been supported by departmental analysis and appropriate research (page 13)
 - c. include in the chief executive's certification, confirmation that the campaign proposal reflects their views which are independent of any Ministerial direction on campaign design and implementation (page 15)
 - d. require agencies to complete an economic appraisal on campaigns with a budget of \$1 million or more and include the results in the submission to Cabinet (page 16).
2. To better manage the risk of publicly funded advertising being used inappropriately, it is recommended that, from 31 January 2010:
 - a. all publicly funded campaigns over \$50,000 be subject to peer review, except statutory and regulatory notices (such as changes in public transport timetables and road closures) (page 18)
 - b. the peer review panel include a member independent of government for public awareness campaigns covering whole of Government initiatives. The peer review panel should specifically attest that the campaign would not be seen as party-political and is not excessive (page 18)
 - c. peer review working papers be maintained as part of the campaign file to form an audit trail (page 18).
3. To ensure the accuracy of statements made in publicly funded advertisements, we recommend that from January 2010, agencies include evidence that substantiates claims made in advertising in its submission to Cabinet (page 21).

Recommendations to the Department of Services, Technology and Administration

4. To improve transparency, it is recommended that DSTA report monthly on its website, each government advertising campaigns and its cost once complete, from January 2010 (page 22).
5. To prevent future conflicts of interest, we recommend that the Government Advertising Group in DSTA do not design and implement campaigns on behalf of other agencies or the Government (page 16).

Response from the Department of Premier and Cabinet

Thank you for the opportunity to comment on the final report of your performance audit of government advertising.

The Department of Premier and Cabinet ("DPC") welcomes any opportunity to improve guidance for agencies and Ministers in relation to government advertising.

I note that the Department of Services, Technology and Administration ("DSTA") has primary carriage of the NSW Government Advertising Guidelines ("the Guidelines") and that it is responding in more detail to your recommendations for revising the Guidelines.

I support the introduction of a requirement that chief executives certify that the relevant campaign complies with the Guidelines and is supported by research.

As we discussed during consultation on your draft report, I consider that it is important to recognise that the best ideas for effective government advertising can come from any participants in the process, including Ministers and their staff. I appreciate your acknowledgment of the legitimate role of Ministers and their staff in relation to government advertising.

I see no difficulty in requiring chief executives to confirm that their certification in relation to a campaign reflects their own views which have been formed independently of any Ministerial direction on campaign design and implementation. I agree that, even if the best ideas for particular campaigns originate with Ministers or their staff, chief executives should satisfy themselves that a campaign complies with the guidelines and is supported by research.

I have some concerns about your recommendation in relation to the Government Advertising Group in DSTA no longer designing or implementing campaigns on behalf of other agencies. DPC has no in-house advertising expertise, and so has benefitted from DSTA's assistance in designing and implementing campaigns. I question the value of DPC obtaining in-house expertise when DPC acts only rarely as the lead agency for a government advertising campaign.

It may be that DSTA's expertise can still be made available to other agencies, including DPC, without involving the DSTA staff who assess compliance with the Guidelines. DPC will work with DSTA to explore whether this is possible, with a view to avoiding any actual or perceived conflict of interest while also obtaining the most cost-effective expertise for the Government as a whole.

As you note in your report, NSW Health decided not to use television advertising in either of the health campaigns you reviewed because it assessed that the campaign objectives could be met and the target audience reached with less expensive media. A similar approach was adopted in relation to the cadetship campaign and no television advertising was used in that campaign.

This was not the case, however, for the Better Future campaign. More useful comparisons to the Better Future campaign, with a media spend of \$1.034 million (total cost \$1.17 million), would be the NSW Cancer Institute anti-tobacco campaigns "Everybody knows", with a media spend of \$1.47 million, and "Emphysema", with a media spend to date of \$1.25 million. Like the Better Future campaign, these campaigns made use of television advertising to achieve the campaign objectives and to reach the target audience.

(signed)

*John Lee
Director General*

Dated: 25 November 2009

Response from the Department of Services, Technology and Administration

Thank you for providing me with the opportunity to respond to the draft final report of your performance audit into government advertising.

The recommendations contained in your report provide a sound basis for improving transparency and accountability around government advertising. In particular, I welcome your suggestions for further improvements to the guidelines. As is noted in your 2007 report, guidelines have been introduced since 1995 to regulate government advertising, along with a robust framework for approving government advertising and peer review to ensure advertising is appropriate.

As you have also noted, revised guidelines were issued in August 2008 to respond to the recommendations made in your 2007 report. I welcome the further opportunity to strengthen the system.

I note that the performance audit only deals with four campaigns. As your report states, Government may legitimately use public funds to inform the public of their obligations and entitlements and to explain policies, programs or services. About 30 other significant campaigns were conducted during the last financial year addressing important public health and safety issues (eg driver fatigue, responsible drinking), highlighting significant changes in the law (eg child restraints in cars, changes in tobacco legislation) and providing necessary information to the community (eg public transport timetable changes).

As I have said, the Department of Services, Technology and Administration (DSTA) supports the general direction of the recommendations and will advise Government accordingly when implementing the recommendations. There are minor issues in respect of some of the recommendations which will need to be clarified in finalising a response for consideration by Government.

I support the proposal for written certification to be provided by the Chief Executive of the relevant department that any proposed advertising campaign complies with the guidelines and that it is supported by departmental analysis and appropriate research.

As was discussed during the course of your review, the proposal for the Chief Executive to certify that the campaign proposal reflects his or her view, which is independent of any Ministerial direction on campaign design and implementation, does not prevent Ministers from either initiating campaigns, making suggestions to improve campaigns or approving campaigns. I also note you have acknowledged at page 15 the legitimate role that Ministers may play.

What is essential, in my view, is that irrespective of any Ministerial suggestions made, the Chief Executive must satisfy himself or herself that the campaign need and design of the campaign are justified. I also note that the Commonwealth guidelines on government advertising issued by the Department of Finance and Deregulation do not include a requirement similar to what you have recommended. We will, however, seek to base your recommended approach on the suggested form of the management representation letter issued by the Australian National Audit Office.

I note in relation to recommendation 2(a) that, in addition to statutory and regulatory notices, there are other types of advertising which cost in excess of \$50,000 that should not be subject to peer review (eg non-statutory notices for emergencies such as the Swine Flu outbreak). In the interests of avoiding unnecessary waste and delay in conducting peer review, these additional types of advertising will be clearly identified in the guidelines. I will consult with you further in finalising this aspect of the guidelines.

In relation to recommendation 4, I note your comment that the (former) Department of Commerce's response to the recommendation in your last report proposing that detailed information relating to advertising expenditure be released "falls short of what we expected". While I acknowledge your disappointment, the practical and other difficulties with implementing your recommendation were highlighted to you in both the Department of Premier and Cabinet's and the (former) Department of Commerce's responses to your report, which were published with that report.

Of course, many of those difficulties remain, including the fact that DSTA does not actually hold the information which you have suggested it should publish and cannot require agencies to provide it with this information. We will continue to work with the Department of Premier and Cabinet (DPC) to find a solution to increase transparency in this area.

I also note your comments in relation to recommendation 5. DPC is addressing this issue in more detail and DSTA will work with DPC in further considering this recommendation.

Finally, it is suggested at page 14 that DSTA did not follow the guidelines in relation to the NSW Cadetship Campaign. This was not a campaign which was developed by DSTA and it was not a campaign which proceeded through the peer review process co-ordinated by DSTA through which compliance with the guidelines is formally checked. Recommendation 2(a) will address this issue.

I also note that your report has also provided clarity around a number of matters on which there has been misguided public comment. In particular, I acknowledge your confirmation that images of an American city were only ever used in mock-ups of certain advertisements, and not in the final material, and that DSTA overruled a market research company's proposal that focus group participants be selected on the basis of voting preference.

Again, thank you for the opportunity to provide a response to the report.

(signed)

*Graeme Head
Director General*

Dated: 25 November 2009

Response from the NSW Treasury

Thank you for the opportunity to comment on the final report relating to your performance audit of government advertising. Treasury supports the general approach outlined and welcomes initiatives to clarify the guidelines to be applied by agencies in relation to government advertising.

I note that the report relates more closely to the Department of Services, Technology and Administration ("DSTA") in that DSTA has carriage of the guidelines on this matter. In this regard I have had an opportunity to view DSTA's response in relation to the report and am supportive of the comments provided. In particular I support the requirement for written certification to be provided by the relevant Chief Executive.

The report makes a specific recommendation that an economic appraisal (in the form of cost benefit or cost effectiveness analysis) be conducted for campaigns with a budget of \$1 million dollars or more. Treasury supports this recommendation, noting that cost effectiveness analysis will generally provide the most appropriate vehicle given the complexity of quantifying benefits from advertising campaigns.

Once again thank you for the opportunity to comment on the report.

(signed)

*Michael Schur
Secretary*

Dated: 26 November 2009

Key findings

1. Introduction

Our first performance audit of government advertising in 1995 found that guidance to agencies was not sufficient to prevent the use of public funds for party political purposes.

In our second performance audit of government advertising in 2007 we found that processes had improved. However, NSW Guidelines were still not sufficient to prevent the use of public funds for party political purposes. In response, revised Government Advertising Guidelines (the Guidelines) were published in August 2008. See Appendix 1.

In our 2007 report, we indicated that we intended to conduct a review in the future to test compliance with the Guidelines.

In this audit we reviewed:

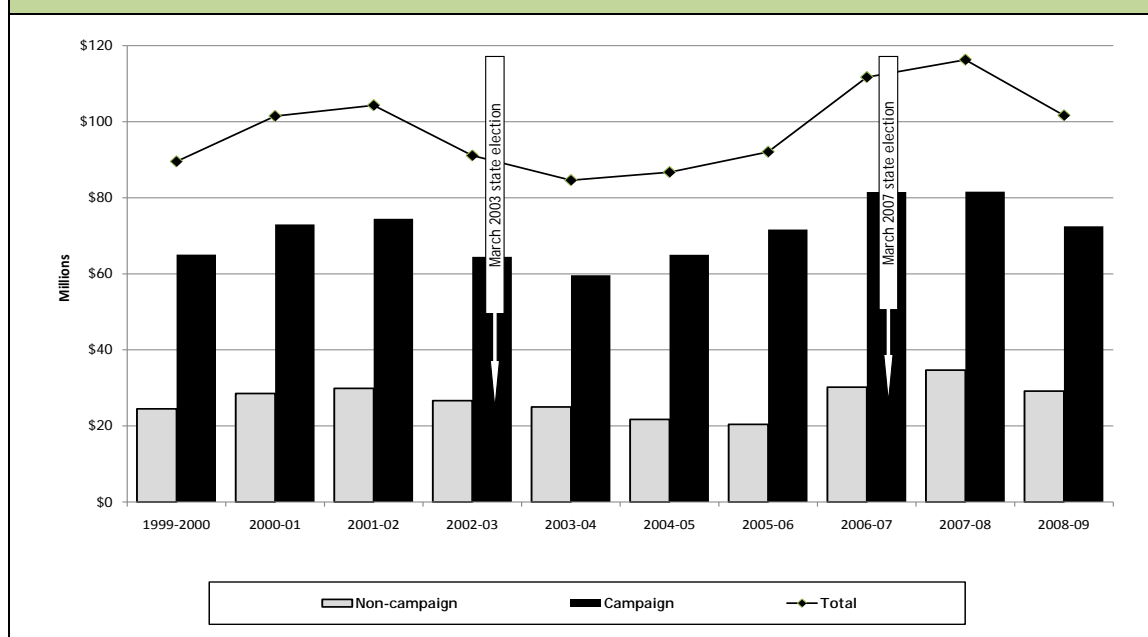
- The NSW Public Sector Cadetship (NSW Cadetship) campaign and the Investing in a Better Future (Better Future) campaign, both undertaken by the Department of Premier and Cabinet (DPC);
- The Winter 2009 (Influenza) campaign and the Tobacco legislation change (Smoking in Cars with Kids) campaign, both undertaken by NSW Health.

Refer to Appendix 2 for campaign profiles and to Appendix 3 for a summary of findings.

Definition of campaign advertising

Campaign advertising is advertising placed over a specific period with the purpose of changing community behaviour, attitudes or raising awareness. Non-campaign advertising is routine in nature such as advertising job vacancies, tenders and public announcements such as road closures.

Exhibit 1: Government campaign and non-campaign media placement expenditure 1999-2000 to 2008-09



Source: The Audit Office and the Department of Services, Technology and Administration

2. Do the selected campaigns comply with the Government Advertising Guidelines?

| | |
|-----------------------------------|--|
| Conclusion | <p>We reviewed four government advertising campaigns developed and implemented since the Guidelines were published. In our view, one campaign presented a high risk that the advertisement may be seen to serve party-political interests and another did not meet all requirements. Further refinement of the Guidelines is required to prevent the inappropriate use of publicly funded advertising in the future.</p> |
| Were approval processes followed? | <p>According to the Guidelines, chief executives are responsible for ensuring that advertising undertaken by their Agencies:</p> <ul style="list-style-type: none"> ▪ is in response to a clearly articulated need ▪ provides important information or details of services offered by the NSW Government ▪ achieves value for money in production and placement ▪ complies with the standards, policies and requirements outlined in the Guidelines. <p>We expect that chief executives would also approve the campaign budget, design and method of implementation. For campaigns over \$50,000 requiring Cabinet approval, chief executives should also approve the Cabinet submission.</p> <p>We found that the two campaigns undertaken by NSW Health complied with these requirements.</p> <p>In contrast, we found that there was no documented approval from the chief executive of DPC for the Better Future campaign that was submitted to Cabinet. DPC have subsequently reported that the chief executive gave verbal approval for the campaign's development.</p> <p>Although chief executives are required to ensure campaigns comply with the guidelines, there is no requirement that they provide written certification of compliance. This is in contrast to the Commonwealth where its Guidelines require written certification by the chief executive and completion of a compliance checklist. See Appendix 4.</p> <p>We consider this is best practice that should be adopted in NSW as part of the revised Guidelines.</p> |
| Recommendation | <p>To improve accountability for publicly funded advertising, it is recommended that the Guidelines be revised by 31 January 2010 to require the chief executive of the agency undertaking the campaign to certify in writing that:</p> <ul style="list-style-type: none"> ▪ the proposed campaign complies with the Guidelines and relevant government policies ▪ the purpose and need for the campaign has been supported by departmental analysis and appropriate research. |

Were the campaigns appropriate?

While we found that two NSW Health campaigns complied with the Guidelines, we had concerns in regard to the two DPC campaigns.

The Guidelines state that it is inappropriate to use publicly funded advertising to serve party political interests. For example, publicly funded advertising should not name, depict or otherwise promote members of the NSW Government in a manner that a reasonable person would regard as excessive or gratuitous.

Inappropriate advertising is a misuse of public funds

Government guidelines set out standards of performance and processes to be followed. Guidelines are generally not binding and therefore do not attract penalties for breaches, unlike many laws and regulations.

However, there is a link between the Guidelines and the *Public Finance and Audit Act 1983*. When publicly funded advertising is used inappropriately it is a misuse of public funds. This is also a misappropriation of funds under the Section 61 of the *Public Finance and Audit Act 1983* which attracts a penalty of \$2,200.

The NSW Cadetship campaign featured a photo of the Premier. We consider that a reasonable person could regard this as gratuitous and an inappropriate use of publicly funded advertising.

In our view, while this is not a clear breach of the guidelines, it presents an unacceptable risk that the advertisement may be seen to serve party-political interests. In this case, DSTA should have stopped the campaign progressing.

The Auditor-General wrote to DPC on 4 May 2009, soon after the advertisements appeared, expressing concern that a photograph of the Premier was included. The photo was removed from advertisements appearing after 21 May 2009. We received a reply to our 4 May 2009 letter on 28 August 2009.

This matter was discussed with officers at DSTA who confirmed the oversight and reported confusion about whether the Guidelines applied to recruitment campaigns. The Guidelines in fact apply to all publicly funded advertising, including recruitment. The only exception is that public awareness campaigns with a budget of less than \$50,000 do not require Cabinet approval.

Achieving compliance across the public sector will be difficult where DSTA, who designed the Guidelines and monitor compliance, do not always follow them.

We consider that the changes we are recommending to the Guidelines will reduce the risk of this occurring again. Given the ongoing public interest, we will continue to examine publicly funded advertising as part of our performance audit program in the future.

**Premier's staff
were involved in
key decisions**

We also noted that in both DPC campaigns the Premier's staff made key decisions affecting the design and direction of the campaigns.

The proposed advertisement for the NSW Cadetship campaign did not use the Premier's photograph. However, at the request of a member of the Premier's staff, the advertisement was changed to include the Premier's photograph as well as a quote from the Premier. See Appendix 2.

The involvement of members of the Premier's staff reinforces our view that there is an unacceptable risk that a reasonable person could regard the inclusion of the Premier's photograph as gratuitous.

We also found that another member of the Premier's staff made key decisions regarding the design and implementation of the Better Future campaign. The staff member was involved in the selection of the creative team, provided the wording used in the campaign, attended the focus groups to test the creative message, and decided on campaign materials.

We expect that Ministers and their staff would be briefed on government advertising campaigns and if needed, take part in any launch. Ministers and their staff would also have a legitimate interest in the development of campaigns in their portfolios, and may contribute ideas around campaign method and medium. We also accept that advertising may be one of the tools that Ministers consider to implement policy decisions or address community concerns, such as road safety.

However, we consider that the level of involvement of members of the Premier's staff in the two DPC campaigns was not appropriate.

The role of Ministers and their staff in government advertising is not covered in the Guidelines.

Ministers or their staff should not be making key decisions about campaigns. This is to ensure that publicly funded advertising campaigns do not promote party political interests, and advertising is presented in a manner free from partisan promotion of government policy or political argument.

The Commonwealth Guidelines define the roles and responsibilities of parties. In addition, the chief executive must confirm that the campaign has been informed by departmental analysis and research and reflects the chief executive's views which are independent of Ministerial direction.

Recommendation

To improve accountability for publicly funded advertising, it is recommended that the Guidelines be revised by 31 January 2010 to:

- define the roles and responsibilities of the Cabinet, Ministers, ministerial staff and chief executives in government advertising
- include in the chief executive's certification, confirmation that the campaign proposal reflects their views which are independent of any Ministerial direction on campaign design and implementation.

| | |
|--|---|
| DSTA had a conflict of interest | <p>We also found that a conflict of interest arose when the Strategic Communication and Government Advertising Group in DSTA designed and implemented the Better Future campaign on behalf of DPC.</p> <p>This Group is responsible for monitoring and coordinating government advertising in accordance with the Guidelines. It also advises agencies on how best to run campaigns and comply with the Guidelines. Being involved in the design and implementation of campaigns on behalf of other agencies puts its advisory role in conflict.</p> <p>Some small agencies, such as DPC, do not have specialist resources to develop and implement campaigns. This is what led to the conflict of interest in this case. In future, the Group should refer such agencies to other sources that could assist with their campaigns.</p> |
| Recommendation | <p>To prevent future conflicts of interest, we recommend that the Government Advertising Group in DSTA do not design and implement campaigns on behalf of other agencies or the Government.</p> |
| One campaign's budget could be judged excessive | <p>The Guidelines state that it is inappropriate to use government advertising if the method or medium of advertising is excessive or extravagant in relation to the objective being pursued.</p> <p>It could be argued that the budget of \$1.90 million for the Better Future campaign (actual cost \$1.17 million) was excessive in relation to its objective which was to provide information about the Government's state-wide building and jobs initiatives. This was apparent when the campaign was compared to both NSW Health campaigns which had similar target audiences but budgets of less than \$500,000 each.</p> <p>In both NSW Health campaigns, the agency decided not to use television because it assessed that the campaign objectives could be met and target audience reached with less expensive media. But in the Better Future campaign, television was the major part of the media costs.</p> <p>In the Commonwealth, campaigns must be justified using a cost benefit analysis.</p> <p>In NSW, campaigns over \$50,000 must demonstrate value for money, but the Guidelines are silent on how this is assessed. Currently, NSW Treasury requires an economic appraisal for public sector activity valued at \$1 million or more.</p> <p>An economic appraisal can be either a cost benefit analysis, or cost effectiveness analysis where benefits are difficult to quantify. Some agencies do this well and should be used to provide guidance to their peers.</p> <p>An economic appraisal was not undertaken for the Better Future campaign.</p> |
| Recommendation | <p>We recommend that the Guidelines require agencies to complete an economic appraisal on all campaigns with a budget of \$1 million or more and include the results in the submission to Cabinet.</p> |

The peer review process could be improved

In 2007, we said that the peer review process provided a more robust framework for assessing the value of publicly funded advertising campaigns. However, similar to our finding in 2007, we again saw that responses to issues raised in peer review were not properly documented.

For example, in the Better Future campaign peer reviewers noted that there were weaknesses in relation to supporting the campaign need, strategy and management, and one reviewer was not satisfied that the campaign was ready to proceed. These concerns were raised with DSTA, the agency responsible for coordinating peer review. While DSTA advised us that these issues were resolved, we consider that some matters remained outstanding in the final version submitted to Cabinet.

Our primary concern is that the peer review report stated that “the campaign need is generally supported by information and the financial crisis but could include research that reinforces the need for the campaign”.

The submission to Cabinet indicates that “...peer reviewers are satisfied that the need for the campaign is demonstrated and explained.” Yet we found that there were no changes made to this segment, such as the inclusion of supporting research, to address the issues raised by the peer reviewers.

DSTA has since advised us that additional research could not be undertaken in the time available, and it was not considered necessary to support the need for the campaign.

The fact that the Cabinet submission did not reflect the considerations of both the peer review and DSTA, presents a particular risk for these types of campaigns that cover whole of Government initiatives, and are more likely to be seen as party political.

We consider that peer review is a very important part of the process and increases the integrity of decisions around publicly funded advertising. This process could be further improved by including an independent member of the peer review team for public awareness campaigns covering whole of Government initiatives.

The role of the independent member could be to represent the views of the community on government advertising. The independent member should not be required to have expertise in advertising.

The independent member should also not be the current Auditor-General. This would limit the Auditor-General’s ability to subsequently audit the procedures followed in the approval process and give an opinion on compliance with the Guidelines, the *Public Finance and Audit Act 1983* and the *Appropriation Act*.

The peer review panel, including the independent member, should specifically attest that the campaign:

- would not be seen as party political
- is not excessive.

| | |
|--|--|
| | <p>Another problem we found with the Guidelines was that the advertising category determined whether or not peer review and Cabinet approval was required. The Guidelines require public awareness campaigns over \$50,000 to be subject to independent peer review and approval by Cabinet. The NSW Cadetship campaign had a budget of around \$80,000 but was classified as a recruitment campaign. Currently, recruitment campaigns are exempt from peer review and do not require Cabinet approval regardless of their budget.</p> |
| If in doubt, leave it out | <p>More importantly, if the peer review panel has any doubt that it can attest that the campaign, or elements of the campaign, meets the requirements it should recommend that the agency not proceed with it or it should revise and resubmit the campaign proposal. This will help to avoid possible breaches of the Guidelines, <i>Public Finance and Audit Act 1983</i> and the <i>Appropriation Act</i>.</p> |
| Recommendation | <p>To better manage the risk of publicly funded advertising being used inappropriately, it is recommended that, from 31 January 2010:</p> <ul style="list-style-type: none"> ▪ all publicly funded campaigns over \$50,000 be subject to peer review, except statutory and regulatory notices (such as changes in public transport timetables and road closures) ▪ the peer review panel include a member independent of government for public awareness campaigns covering whole of Government initiatives. The peer review panel should specifically attest that the campaign would not be seen as party political and is not excessive ▪ peer review working papers be maintained as part of the campaign file to form an audit trail. |
| Other issues examined in the Better Future campaign | <p>It was reported that images used in the Better Future campaign were of an American city. Stock images were used in mock-ups of the campaign material. We found evidence that these images were replaced with local content in the advertisements that appeared.</p> <p>It was reported that participants in focus groups were selected based on their voting preference. Our review of DSTA documents show that while the company contracted to undertake the research initially proposed that participants be selected on this basis, DSTA overruled this before the focus groups met.</p> <p>It was also reported that \$1,000 was donated to a public school featured in the advertisements. We confirmed this with DSTA who advised that the donation was to recognise work undertaken by the school to obtain permission from parents. The amount is not sufficiently material to warrant further investigation.</p> |
| The <i>Appropriation Act 2006</i> and government advertising | <p>Section 4 of the <i>Appropriation Act 2006</i> provides that monies appropriated under that Act should be used for the recurrent services of the Government. The Auditor-General's Report to Parliament 1996 Volume 2 quotes advice issued in 1984 from the then Crown Solicitor:</p> |

"I have no doubt that it is correct to state, as a broad proposition that 'the recurrent services' of Departments or other instrumentalities can never be thought of as including things done, not by way of service to the public, but to promote the political interests of the party in Government. It is also as obviously true, however, to say that the same activity will on many occasions serve both ends. The question appears to me to be one as to what degree of motivation to promote party ends must be present in a decision to expend money on some particular object before it can be correct to say that the expenditure is not really for the purpose of the recurrent services of the Department or instrumentality, but for the purpose of promoting the political features of the party.

... I should think it may be presumed that advertisements of the kind in question do serve the purposes of the Departments or instrumentalities placing them, whether or not they may also serve to promote the interests of the party in government. The question arises, accordingly, as to what degree of political motivation must be present in order to render it wrong for the expenditure to be charged against the Consolidated Fund. That is a question on which, so far as my research has revealed, there is no direct authority".

It is difficult to judge if an ad is party political

The *Appropriation Act 2008* and the Guidelines both deem that government advertising is inappropriate if a reasonable person would interpret the message as serving the party political interests of the party in Government.

The question is how to determine whether a reasonable person would interpret the message as serving the political interests of the party in Government.

Clearly the Parliament has the authority to do this. And in other contexts, courts may determine the opinion of the reasonable person. Courts have also been asked to determine the legality of government advertising (for example, *Combet v Commonwealth* [2005] HCA 61).

However, this may be an expensive way to judge the appropriateness of government advertising. A simpler and less expensive alternative is to ensure that the Guidelines provide objective criteria to help make these judgements.

While this is a difficult task, Guidelines have been able to give criteria around obvious situations where an advertisement is party political. For example, the use of party-political slogans or images should not be used in publicly funded advertising.

But in some cases a subjective judgement is needed. For example, judging whether the method or medium of advertising is excessive or extravagant in relation to the objective being pursued.

This would be less subjective if the Guidelines required campaign proposals to be supported by departmental analysis and research demonstrating the campaign need and supporting the method, medium and volume of advertising chosen.

For this reason we have recommended that the Guidelines be revised, and that a person independent of Government be a member of the peer review panel for selected campaigns.

We are also recommending that the peer review panel specifically attest that the campaign would not be seen as party-political and is not excessive.

3. Were statements made in the Better Future campaign substantiated?

Conclusion

While statements used in the Better Future advertisements could be substantiated using the model adopted by NSW Treasury, they may have misled the public.

All statements and claims included in advertisements must be able to be substantiated. Facts, statistics, comparisons and other arguments in publicly funded advertising must be accurately presented so that the audience is not misled.

The Better Future campaign stated that the NSW Government is investing \$62.9 billion over the next four years in infrastructure. NSW Treasury reports that the investment of nearly \$18 billion in 2009-10 is an aggregate of various projects outlined in State Budget 2009-2010 Budget Paper 4. The remaining investment of nearly \$45 billion is a forward estimate of proposed projects over the following three years from 2010-11 to 2012-13.

The campaign also stated that the \$62.9 billion investment over four years will support up to 160,000 jobs each year. NSW Treasury and DPC report that this was calculated using an Australian Bureau of Statistics (ABS) model. See Appendix 5. We have been advised that according to this model:

- for every \$1 million invested an estimated 10 jobs are supported
- of these, four jobs are a direct result of spending and the remaining six are supported by the demand generated by supplying goods and services to the direct jobs.

| Exhibit 2: Summary of Infrastructure investment and jobs | | | | |
|--|----------------|-------------------|----------------|----------------|
| | 2009-10 | 2010-11 | 2011-12 | 2012-13 |
| | Budget | Forward estimates | | |
| | \$m | \$m | \$m | \$m |
| General Government Sector | 7,663 | 6,895 | 5,582 | 5,401 |
| Public Trading Enterprise Sector | 10,333 | 9,823 | 8,978 | 8,293 |
| Total⁽¹⁾ | 17,989 | 16,710 | 14,552 | 13,685 |
| Jobs estimate | 180,000 | 167,000 | 145,000 | 137,000 |

Source: NSW Treasury and DPC

Note (1): The total does not represent the sum of the above two figures as some inter-sectoral purchases cancel out on consolidation. See Budget Paper 2009-2010.

At the conclusion of the audit, DPC provided further documentation that sets out how the jobs estimate was calculated. Using this model, the \$62.9 billion investment over four years would support an average of 157,250 jobs per year.

The DPC documents included NSW Treasury advice on the use of the I-O model. This indicated that the model is a snap-shot of the economy for a particular 12-month period. NSW Treasury indicated it could take many months and even many years for direct spending to flow on and impact on employment throughout the economy.

DPC reports that a government committee reviewed a number of approaches used to estimate the employment impacts of Government spending. This resulted in the I-O model being adopted for use by the NSW Government. We did not assess its appropriateness.

NSW Treasury's explanation of how the I-O model should be applied comes with many disclaimers and suggests that the reliability of the estimates may reduce over time.

Further, NSW Treasury has indicated publicly that the jobs are not all located in NSW as implied in the advertisements, but rather Australia-wide.

This may have misled the public.

Recommendation To ensure the accuracy of statements made in publicly funded advertisements, we recommend that agencies include evidence that substantiates claims made in advertising in its submission to Cabinet.

4. Have the recommendations of the 2007 audit report been implemented?

Conclusion The Government has implemented most of the recommendations in our 2007 report. However, the recommendations requiring DSTA to report each month a list of approved campaigns and the proposed cost of each has not been implemented.

2007 recommendations In 2007 we made a series of recommendations to:

- issue Guidelines to improve agency understanding of requirements
- improve the review and approval process
- improve transparency through better reporting on government advertising activities.

In 2008, the Government:

- published revised Government Advertising Guidelines
- strengthened the peer review and Cabinet approval process
- agreed to consider publishing information on approved advertising campaigns on the DSTA website.

In 2007 we recommended that approved campaigns and their budgets be reported monthly. In response, DSTA advised that it would consider publishing a list of such campaigns only after they had finished because of commercial sensitivities. The Public Accounts Committee in its 12 month post-tabling follow-up review of our audit noted that it was satisfied with this proposal.

However since then, DSTA has only published on its website a list of broad topic areas with the aggregate cost of media placement for those completed in 2008. For example, road safety \$13.4 million is all that appears and is not broken down to show specific campaigns and the proposed cost of each. This falls short of what we expected.

| | |
|-----------------------|--|
| Recommendation | To improve transparency, we recommend that DSTA report monthly on its website, each government advertising campaign and its budget once complete, from January 2010. |
|-----------------------|--|

Appendices

Appendix 1: Extract from the NSW Government Advertising Guidelines

Standards and principles

The government may legitimately use public funds to inform the public of its rights and obligations, as well as explain government policies, programs, services and initiatives. All government advertising should adhere to the following standards and principles:

- Compliance with all relevant state and federal privacy, electoral, broadcasting and media laws throughout every stage of the development, production and dissemination of the advertising
- Accuracy in the presentation of all facts, statistics, comparisons and other arguments. All statements and claims included in advertisements must be able to be substantiated
- Advertising is to be presented in an objective, fair and accessible manner
- A reasonable person should not interpret the message as serving party political interests. NSW Government advertisements are to be clearly distinguishable from party-political messages and include authorisation tags in accordance with the Broadcast Services Act 1992
- Sensitivity to cultural needs and issues when communicating with people from diverse ethnic or religious backgrounds
- The maintenance of the highest standards of decency and good taste in the portrayal of gender and sexuality
- Awareness of the communication requirements for people with a disability
- Compliance with all relevant NSW Government procurement policies
- Communications are produced and disseminated by the most appropriate and environmentally responsible means taking into consideration the size and location of the target audience
- The audience should have a convenient means of contacting the originating NSW Government agency so that complaints, questions, comments or requests for further information may be dealt with promptly.

Appropriate use of NSW Government advertising

Advertising may be used to achieve the following objectives:

- Encouraging changed behaviours or attitudes that will lead to improved public health and safety or quality of life
- Maximising compliance with laws and regulations
- Encouraging use of government products and services that will generate revenue and/or an economic benefit for the State
- Encouraging public involvement in government decision making
- Raising awareness of a planned or impending initiative and reporting on performance in relation to NSW Government undertakings
- Assisting in the preservation of order in the event of a crisis or emergency
- Recruiting staff, disseminating important statutory information and promoting business opportunities with the NSW Government.

| | |
|---|--|
| Inappropriate use of publicly funded advertising | <p>Agencies should avoid misuse of public funds. The following are inappropriate for Government advertising:</p> <ul style="list-style-type: none"> ▪ The method or medium of advertising is excessive or extravagant in relation to the objective being pursued ▪ The message could be reasonably understood as being on behalf of a political party ▪ The party in NSW Government is mentioned by name ▪ Party-political slogans or images are used in the advertising ▪ The government is linked to the Premier's name (eg, the Smith Government) ▪ References are made to political party websites, publications or other materials ▪ A political party or other grouping is being disparaged or held up to ridicule ▪ Members of NSW Government are named, depicted or otherwise promoted in a manner that a reasonable person would regard as excessive or gratuitous. |
| Role and responsibilities of agency heads | <p>Agency heads are responsible for ensuring that advertising undertaken by their Agencies:</p> <ul style="list-style-type: none"> ▪ Is in response to a clearly articulated need ▪ Provides important information or details of services offered by the NSW Government ▪ Achieves value for money in production and placement and ▪ Complies with the standards, policies and requirements outlined in the Guidelines. |

Appendix 2: Profile of advertising campaigns reviewed

| NSW Public Sector Cadetship campaign | |
|--------------------------------------|--|
| Agency: | Department of Premier and Cabinet |
| Type/purpose: | Recruitment |
| Budget: | \$80,900 |
| Agency proposal: | 9 April 2009 |
| Peer review date: | N/A |
| Minister/Cabinet approval date: | N/A |
| Campaign Period: | 21 April to 27 May 2009 |
| Media types: | Newspapers (Sydney and Regional), online recruitment sites |

Proposed advertisement



APPLICATIONS NOW OPEN AT:
www.onetest.com.au/nswgovtentryleveljobs

Ready to earn while you learn? The NSW Government is offering cadetships in office administration and customer service, assistants in nursing, farm assistants and information technology support.

At the end of 12 months, you'll be permanently employed by Australia's largest employer – the NSW Public Sector.

So what are you waiting for? If you're under 21, have your HSC and are a permanent resident of Australia, jump online and check out JumpSTART NSW – the NSW Public Sector Cadetship Program.

Applications Close: 25 May 2009

NSW GOVERNMENT
 INVESTING IN OUR FUTURE

Jump Start Your Career
 NSW Public Sector Cadetships

Final advertisement



Ready to earn while you learn?

Apply for a NSW Cadetship Today

The NSW Government is now offering exciting career opportunities in office administration, customer service, nursing and information technology support.

Applications are now open for public service cadetships and after 12 months you can have a secure job with Australia's largest employer.

So what are you waiting for? If you're under 21, have your HSC and are a permanent resident of Australia, jump online and check out Jump Start NSW – the NSW Public Sector Cadetship Program.

Indigenous applicants are encouraged to apply.

APPLICATIONS NOW OPEN
www.onetest.com.au/jumpstart

"The NSW Government is investing in skills for the future by creating 4,000 apprenticeships in State Government projects and 2,000 Public Service Cadetships."
 Premier Nathan Rees

Investing in a better future

NSW GOVERNMENT

| Investing in a Better Future | |
|---------------------------------|---|
| Agency: | Department of Premier and Cabinet |
| Type/purpose: | Public awareness |
| Budget: | \$1.90 million |
| Agency proposal: | 1 April 2009 |
| Peer review date: | 11 June 2009 |
| Minister/Cabinet approval date: | 17 June 2009 |
| Campaign Period: | 17 June to August 2009 |
| Media types: | Television, newspapers (Sydney and Regional), radio online marketing, website |



Investing in a Better Future



To counter the effects of global recession, the NSW Government is investing **\$62.9** billion over the next four years. We'll be building better hospitals and schools and safer roads. It's part of our plan to stimulate the economy and support up to **160,000** jobs each year. Construction will be going on across the state as we invest in a better future. To find out more about jobs and infrastructure projects in your area, simply type in your postcode or suburb at nsw.gov.au

New South Wales Government


| Winter 2009 flu campaign | |
|---------------------------------|-------------------------------|
| Agency: | NSW Health |
| Type/purpose: | Public awareness |
| Budget: | \$300,000 |
| Agency proposal: | 1 May 2009 |
| Peer review date: | N/A |
| Minister/Cabinet approval date: | 13 May 2009 |
| Campaign Period: | End May to early July 2009 |
| Media types: | Radio, outdoor and some print |



Get a flu shot. Cover your nose and mouth. Wash your hands. If you get the flu, see your doctor and rest at home. Illnesses like coughs and colds can also be treated by your GP. **Save the emergency department for emergencies.**
www.health.nsw.gov.au

Live Life well
NSW HEALTH
 An initiative of the
 NSW Government
 Peach NSW0068

| Tobacco legislation change - Smoking in Cars with Kids | |
|--|---------------------------|
| Agency: | NSW Health |
| Type/purpose: | Legislative change |
| Budget: | \$465,000 |
| Agency proposal: | 15 April 2009 |
| Peer review date: | 17 April 2009 |
| Minister/Cabinet approval date: | 27 May 2009 |
| Campaign Period: | 17 June to 5 July 2009 |
| Media types: | Radio, print and outdoor. |



Appendix 3: Summary of findings

| | 1. NSW Public Sector Cadetship | 2. Investing in a Better Future | 3. Winter 2009 Influenza | 4. Smoking in Cars with Kids |
|--|-------------------------------------|---|--------------------------------|------------------------------|
| Does the campaign comply with the following approval processes? | | | | |
| <u>Approval</u> | | | | |
| Did the responsible CEO approve the campaign proposal? | Unknown | DPC-verbal TSY-not involved | Yes | Yes |
| Did the responsible CEO approve the campaign submission to the Budget Committee? | Not required | As above | Yes | Yes |
| Did the responsible Minister approve the campaign expenditure? | Unknown | Yes | Yes | Yes |
| Is the campaign in response to a clearly articulated need, and supported by sound data or research? | Unknown | Additional research required | Yes | Yes |
| Does the campaign achieve value for money in production and placement? | Unknown | No assessment | Yes | Yes |
| <u>Peer Review</u> | | | | |
| Did the campaign go to Peer Review if it was over \$50k? | Not required (recruitment campaign) | Yes | Not required (repeat campaign) | Yes |
| Did the agency address/resolve concerns raised by the Peer review? | Not reviewed | No | Not required | None raised |
| Does the campaign meet the following standards and principles? | | | | |
| What was the reason for running the campaign to inform the public of its rights and obligations? | No | No | No | Yes |
| What was the reason for running the campaign to explain government policies, programs, services and initiatives ? | Yes | Yes | Yes | No |
| Is there accuracy in the presentation of all facts, statistics, comparisons and other arguments? Are all statements and claims included in advertisements able to be substantiated? | Yes | Yes although may have misled the public | Yes | Yes |
| Is the advertising presented in an objective, fair and accessible manner? | Yes | Yes | Yes | Yes |
| Would a reasonable person interpret the advertising message as serving party political interests? | High risk | High risk | No | No |

| | 1. NSW Public Sector Cadetship | 2. Investing in a Better Future | 3. Winter 2009 Influenza | 4. Smoking in Cars with Kids |
|--|--------------------------------|---------------------------------|--------------------------|------------------------------|
| Appropriate use of NSW Government advertising: | | | | |
| Is there a demonstrated contribution to the NSW State Plan priorities and targets? | Not stated | No | Yes | Yes |
| Are ads encouraging changed behaviours or attitudes that will lead to improved public health and safety or quality of life? | No | No | Yes | Yes |
| Are ads encouraging maximising compliance with laws and regulations? | No | No | No | Yes |
| Are ads encouraging use of government products and services that will generate revenue and/or an economic benefit for the State? | Yes | No | Yes | No |
| Are ads raising awareness of a planned or impending initiative and reporting on performance in relation to NSW Government undertakings? | Yes | Yes | No | Yes |
| Are ads used for recruiting staff, disseminating important statutory information and promoting business opportunities with the NSW Government? | Yes | Yes | No | No |
| Inappropriate use of NSW Government advertising: | | | | |
| Is the method or medium of advertising excessive or extravagant in relation to the objective being pursued? | Unable to judge | High risk | No | No |
| Could the message be reasonably understood as being on behalf of a political party? | High risk | No | No | No |
| Is the party in NSW Government mentioned by name? | No | No | No | No |
| Are party-political slogans or images used in the advertising? | No | No | No | No |
| Is the government linked to the Premier's name (eg, the Smith Government)? | No | No | No | No |
| Are references made to political party websites, publications or other materials? | No | No | No | No |
| Is a political party or other grouping being disparaged or held up to ridicule? | No | No | No | No |
| Members of NSW Government are named, depicted or otherwise promoted in a manner that a reasonable person would regard as excessive or gratuitous | High risk | No | No | No |

Appendix 4: Commonwealth requirements for chief executive certification of government advertising and compliance checklist

Chief Executive Certification for Government Advertising Campaigns

I, (Chief Executive Officer), am satisfied that the (name of campaign) attached to this Certification complies with the Guidelines on Campaign Advertising for Australian Government Departments and Agencies:

Chief Executive Officer
(date)

✓ Attachment
x reference

Guideline 1: Material should be relevant to government responsibilities

- 1.1 The policy / programs which form the basis of the campaign are underpinned by legislative authority, an appropriation of the Parliament or a Cabinet Decision which is intended to be implemented during the current Parliament ☐

Guideline 2: Material should be presented in an objective, fair and accessible manner

- 2.1 Materials are presented in an explanatory, fair and objective manner ☐
- 2.2 Materials distinguish between facts, comment, opinion and analysis ☐
- 2.3 Pre-existing policies, products or services and activities are not being presented as new ☐
- 2.4 Where the target audience requires, special attention has been made to communicate with disadvantaged individuals or other groups within the target audience, including considering the needs of young people, the rural community and those for whom English is not a convenient language to receive information ☐

Guideline 3: Material should not be directed at promoting party political interests

- 3.1 Materials are presented in a manner free from partisan promotion of government policy and political argument, and in objective language ☐
- 3.2 Information does not directly foster a positive impression of a particular political party or promote party political interests ☐
- 3.3 Information and materials do not:
- (a) mention the party in government by name ☐
- (b) directly attack or scorn the views, policies or actions of others such as the policies and opinions of opposition parties or groups ☐
- (c) include party-political slogans or images ☐
- (d) influence public support for a political party, a candidate for election, a Minister or a Member of Parliament ☐
- (e) refer or link to the websites of politicians or political parties ☐

Guideline 4: Material should be produced and distributed in an efficient, effective and relevant manner, with due regard to accountability

- | | | | |
|-----|---|--------------------------|-------|
| 4.1 | A cost/benefit analysis has been undertaken to justify the campaign in terms of society's needs, efficiency and effectiveness | <input type="checkbox"/> | |
| 4.2 | There is a clear audit trail regarding decision making including for the tendering of services and employment of consultants | <input type="checkbox"/> | |
| 4.3 | Procurement practices have been consistent with the requirements of the Commonwealth Procurement Guidelines | <input type="checkbox"/> | |

Guideline 5: Advertising must comply with legal requirements

- | | | | |
|-----|--|--------------------------|-------|
| 5.1 | Campaign complies with all relevant laws including: | | |
| | (a) laws with respect to broadcasting and media | <input type="checkbox"/> | |
| | (b) privacy laws | <input type="checkbox"/> | |
| | (c) electoral laws | <input type="checkbox"/> | |
| | (d) intellectual property | <input type="checkbox"/> | |
| | (e) trade practices and consumer protection laws | <input type="checkbox"/> | |
| | (f) workplace relations laws | <input type="checkbox"/> | |
| 5.2 | Any unsolicited materials (such as mail outs, email and SMS) clearly and directly affect the interests of recipients | <input type="checkbox"/> | |

Extract from chief executive letter to the Australian National Audit Office that accompanies advertising campaign submitted for assurance review (valued at \$250,000 or more).

Management Representations - xxx Campaign

I confirm, to the best of my knowledge and belief, the following:

- an explicit assurance has been provided by an appropriate authority that the campaign is factually correct and that images and representations in the material are accurate and not misleading;
- that the purpose of the xxx campaign has been informed by the departmental analysis and research, and my certification reflects my views which are independent of any Ministerial or Cabinet directions in relation to campaign design and implementation as it relates to method, medium and volume of advertising;
- that after certification should there be any changes to the existing campaign material, or if new material is developed, that the ANAO will be informed; and
- that any evaluations of the campaign that may measure the campaign's achievement of objectives or inform future phases of the campaign development will be provided to the ANAO.

Chief Executive Officer
(date)

Appendix 5: Method used by NSW Treasury to estimate the number of jobs supported by Government spending

Source:
NSW Treasury
Department of
Premier and
Cabinet

The number of jobs supported by the infrastructure program is estimated by using input-output (I-O) multipliers consistent with the standard methodology for such. This is to ensure that there is no inadvertent double counting and results are comparable.

The I-O model provides a method for approximating the direct and flow on employment impacts of changes in sectoral demand, such as those associated with government infrastructure spending. The approach is a widely used economic impact assessment methodology.

The I-O multipliers used in the calculation were derived from the I-O Table published by the ABS, for 2004-05 (the most recent available, released in November 2008). Treasury and DPC derived multipliers for each industry sector in the I-O table, and used these to calculate a single weighted average multiplier that reflected the industry composition of NSW Governments aggregate planned infrastructure spending.

The number of jobs estimates as being supported by the investment is a product of the multiplier per million dollars of investment. The multipliers were the weighted average for 9 separate industry sectors - 4 construction related sectors and 5 equipment related sectors.

Consistent with the methodology, the I-O multiplier based employment estimates described jobs supported by or jobs associated with government spending. Terms such as created by, caused by or induced by were not used.

The multipliers estimate both the indirect and direct jobs supported by investment. Direct jobs are those directly supported by the industry in which expenditure occurs, for example building construction. Indirect jobs are those supported by the demand generated by supplying goods and services to the direct jobs.

Appendix 6: About this audit

| | |
|------------------------|--|
| Audit objective | The objective of this audit was to assess whether selected government advertising campaigns comply with the Government Advertising Guidelines. |
| Audit criteria | <p>The audit criteria examined whether:</p> <ul style="list-style-type: none"> the selected campaigns had followed the required approval processes and were appropriate statements made in the Investing in a Better Future campaign were substantiated. |
| Audit scope | <p>The audit's scope covered selected government advertising campaigns nominated by the Auditor-General for examination. These were:</p> <ul style="list-style-type: none"> NSW Public Sector Cadetship Investing in a Better Future - based on the 2009 budget program Winter 2009 (Influenza) Tobacco legislation change - Smoking in Cars with Kids Public awareness campaign for the 2008 budget program. <p>The first two campaigns were selected for review because they were questioned by interested parties as possibly breaching the Guidelines.</p> <p>The next three campaigns were selected for points of comparison for approval processes and appropriateness. Both the Winter 2009 (Influenza) and Smoking in Cars with Kids, run by NSW Health, are recent campaigns.</p> <p>The 2008 budget campaign was selected to compare the government's various approaches to promoting initiatives outlined in the state budget. We were advised by DSTA that there was no campaign promoting the 2008 budget and that the Investing in a Better Future campaign was in fact not budget related.</p> <p>We have not completed a comprehensive review of these campaigns against the Guidelines, rather campaigns were assessed against select criteria used to judge if the campaign represents an appropriate use of publicly funded advertising.</p> |
| Audit approach | <p>We acquired subject matter expertise through:</p> <ul style="list-style-type: none"> interviewing staff responsible for coordinating the review and approval of government advertising on behalf of other agencies reviewing all relevant documents for the selected campaigns, including Cabinet documents relating to the consideration and approval of the selected campaigns by the Cabinet Standing Committee on the Budget. |
| Audit selection | In our 2007 report, we indicated that we intended to conduct a review in the future to test compliance with the Guidelines. It seemed appropriate to conduct this review after the Guidelines had been in operation for 12 months. |

| | |
|--------------------------|--|
| Audit methodology | <p>Our performance audit methodology is designed to satisfy Australian Audit Standards on Assurance Engagements ASAE3500 Performance Engagements.</p> <p>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> |
| Acknowledgement | <p>We gratefully acknowledge the co-operation and assistance provided by the Department of Premier and Cabinet, NSW Treasury and the Department of Services, Technology and Administration. In particular, we wish to thank our liaison officers and staff in the agencies who participated in interviews, assisted with document review or provided other material relevant to the audit.</p> |
| Audit team | <p>Our team for this performance audit was Giulia Vitetta and Jane Tebbatt.</p> |
| Audit cost | <p>Including staff costs, printing costs and overheads the estimated cost of the audit is \$120,000.</p> |

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?

Agencies are requested to report actions taken against each recommendation in their annual report so that we can monitor progress.

The Public Accounts Committee (PAC) may conduct reviews or hold inquiries into matters raised in performance audit reports. These inquiries are usually held 12 months after the report is tabled.

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 |
|------|--|---|--|
| 194 | Department of Premier and Cabinet Department of Services, Technology and Administration NSW Treasury | <i>Government Advertising</i> | December 2009 |
| 193 | Roads and Traffic Authority of NSW | <i>Handback of the M4 Tollway</i> | 27 October 2009 |
| 192 | Department of Services, Technology and Administration | <i>Government Licensing Project</i> | 7 October 2009 |
| 191 | Land and Property Management Authority Maritime Authority of NSW | <i>Administering Domestic Waterfront Tenancies</i> | 23 September 2009 |
| 190 | Department of Environment, Climate Change and Water NSW Environmental Trust | <i>Environmental Grants Administration</i> | 26 August 2009 |
| 189 | NSW Attorney General's Department NSW Department of Health NSW Police Force | <i>Helping Aboriginal Defendants through MERIT</i> | 5 August 2009 |
| 188 | NSW Department of Health | <i>Tackling Cancer with Radiotherapy</i> | 23 June 2009 |
| 187 | Roads and Traffic Authority of NSW | <i>Improving Road Safety - Heavy Vehicles</i> | 13 May 2009 |
| 186 | Grants | <i>Grants Administration</i> | 6 May 2009 |
| 185 | Forests NSW | <i>Sustaining Native Forest Operations</i> | 29 April 2009 |
| 184 | NSW Police Force | <i>Managing Injured Police</i> | 10 December 2008 |
| 183 | Department of Education and Training | <i>Improving Literacy and Numeracy in NSW Public Schools</i> | 22 October 2008 |
| 182 | Department of Health | <i>Delivering Health Care out of Hospitals</i> | 24 September 2008 |
| 181 | Department of Environment and Climate Change | <i>Recycling and Reuse of Waste in the NSW Public Sector</i> | 11 June 2008 |
| 180 | Follow-up of 2003 Performance Audit | <i>Protecting Our Rivers</i> | 21 May 2008 |
| 179 | NSW Office of Liquor, Gaming and Racing; NSW Police Force | <i>Working with Hotels and Clubs to reduce alcohol-related crime</i> | 23 April 2008 |
| 178 | Greyhound and Harness Racing Regulatory Authority | <i>Managing the Amalgamation of the Greyhound and Harness Racing Regulatory Authority</i> | 3 April 2008 |
| 177 | Office of the Director of Public Prosecutions | <i>Efficiency of the Office of the Director of Public Prosecutions</i> | 26 March 2008 |
| 176* | Better Practice Guide | <i>Implementing Successful Amalgamations</i> | 5 March 2008 |
| 175 | Department of Commerce Department of Primary Industries | <i>Managing Departmental Amalgamations</i> | 5 March 2008 |
| 174 | Department of Education and Training | <i>Ageing workforce - Teachers</i> | 13 February 2008 |
| 173 | NSW Police Force | <i>Police Rostering</i> | 5 December 2007 |

| No | Agency or Issues Examined | Title of Performance Audit Report or Publication | Date Tabled in Parliament or Published |
|------|---|--|--|
| 172 | Department of Primary Industries | <i>Improving Efficiency of Irrigation Water Use on Farms</i> | 21 November 2007 |
| 171 | Department of Premier and Cabinet Department of Commerce | <i>Government Advertising</i> | 29 August 2007 |
| 170 | RailCorp | <i>Signal Failures on the Metropolitan Rail Network</i> | 15 August 2007 |
| 169 | NSW Police Force | <i>Dealing with Household Burglaries</i> | 27 June 2007 |
| 168 | Ministry of Transport | <i>Connecting with Public Transport</i> | 6 June 2007 |
| 167 | Follow-up of 2001 Performance Audit: Ambulance Service of New South Wales | <i>Readiness to Respond</i> | 6 June 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 |
| 165 | Homelessness | <i>Responding to Homelessness</i> | 2 May 2007 |
| 164 | Department of Juvenile Justice NSW Police Force | <i>Addressing the Needs of Young Offenders</i> | 28 March 2007 |
| 163 | Legal Aid Commission of NSW | <i>Distributing Legal Aid in New South Wales</i> | 13 December 2006 |
| 162 | NSW Health | <i>Attracting, Retaining and Managing Nurses in Hospitals</i> | 12 December 2006 |
| 161 | Follow-up of 2003 Performance Audit | <i>The Police Assistance Line</i> | 6 December 2006 |
| 160 | NSW Health | <i>Helping Older People Access a Residential Aged Care Facility</i> | 5 December 2006 |
| 159 | NSW Health | <i>Major Infectious Disease Outbreaks: Readiness to Respond</i> | 22 November 2006 |
| 158 | Department of Education and Training | <i>Educating Primary School Students with Disabilities</i> | 6 September 2006 |
| 157 | Roads and Traffic Authority | <i>Condition of State Roads</i> | 16 August 2006 |
| 156* | Fraud Control | <i>Fraud Control Improvement Kit: Meeting Your Fraud Control Obligations</i> | 20 July 2006 |
| 155 | Follow-up of 2002 Performance Audit | <i>Regulating the Clearing of Native Vegetation</i> | 19 July 2006 |
| 154 | Follow-up of 2002 Performance Audit | <i>Managing Sick Leave in NSW Police and the Department of Corrective Services</i> | June 2006 |
| 153 | Performance Information | <i>Agency Use of Performance Information to Manage Services</i> | 21 June 2006 |

* Better Practice Guides

Performance audits on our website

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.

If you have any problems accessing these reports, or are seeking older reports, please contact our Office Services Manager on (02) 9275 7116.