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Report 421

The role of the Auditor-General in scrutinising
government advertising

Joint Committee of Public Accounts and Audit

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Foreword

This report, *The role of the Auditor-General in scrutinising government advertising*, completes an inquiry by the Joint Committee of Public Accounts and Audit of the 42nd Parliament. After consideration of the report and its findings the current Joint Committee of Public Accounts and Audit has decided to adopt this report.

I would like to commend the Chair of the previous committee, Ms Sharon Grierson, and all Committee members on the work of this inquiry and this report. The report is a comprehensive consideration of the issues which resulted from the Auditor-General having a role in scrutinising government advertising.

The current Committee agrees with the only recommendation of the report and reiterates that it is important that any substantial proposed changes to the role of the Auditor-General are first reviewed by this Committee on behalf of the Parliament.

The Committee seriously considered the option of continuing to scrutinise government advertising, due to it being such a subjective area of government spending. However, following advice from the Auditor-General, the Committee satisfied itself that the Auditor-General's forward works program will achieve this same purpose.

The current Committee therefore looks forward to hearing from the Auditor-General in the forthcoming report regarding the implementation of the new system for scrutinising government advertising, due to be tabled in the Spring 2011 parliamentary session. This report will examine both the processes involved and agencies' compliance with the Guidelines on Information and Advertising Campaigns for Australian Government Departments and Agencies (March 2010).

Mr Robert Oakeshott MP
Chair



Membership of the Committee

43rd Parliament

Chair Mr Robert Oakeshott MP

Deputy Chair Mrs Yvette D'Ath MP

Members The Hon Dick Adams MP
Mr Jamie Briggs MP
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The Hon Alex Somlyay MP

Senator Guy Barnett
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Senator Helen Kroger
Senator Glenn Sterle

42nd Parliament

Chair Ms Sharon Grierson MP

Deputy Chair Mr Petro Georgiou MP

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The Hon Arch Bevis MP	Senator Mark Bishop
The Hon Bronwyn Bishop MP	Senator David Bushby (until 02/02/10)
Mr David Bradbury MP	Senator David Feeney
Mr Jamie Briggs MP	Senator Helen Kroger (from 02/02/10)
Mr Mark Butler MP (until 15/06/09)	Senator Kate Lundy
Ms Catherine King MP	
The Hon Sussan Ley MP (from 03/02/10)	
Mr Shayne Neumann MP	
Mr Stuart Robert MP (until 03/02/10)	

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Inquiry Secretary Ms Sharon Bryant

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Ms Pauline Cullen

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List of abbreviations

ACTU	Australian Council of Trade Unions
ALP	Australian Labor Party
ANAO	Australian National Audit Office
AUASB	Australian Auditing and Assurance Standards Board
CAB	Communications Advice Branch
CAS	Central Advertising System
ESSP	Economic Security Strategy Payment
Finance	Department of Finance and Deregulation
FMA Act	<i>Financial Management and Accountability Act 1997</i>
GCU	Government Communications Unit
ICC	Independent Communications Committee
IDCC	Interdepartmental Committee on Communications
IPAA	Institute of Public Administration Australia
JCPAA	Joint Committee of Public Accounts and Audit
MCGC	Ministerial Committee on Government Communications
NESB	Non-English speaking backgrounds
PM&C	Department of the Prime Minister and Cabinet



List of recommendations

Recommendation 1

The Committee recommends that any substantial proposed changes to the role of the Auditor-General, in accordance with his standing as an Independent Officer of the Parliament, be first reviewed by the Joint Committee of Public Accounts and Audit.

Introduction

Background

Government advertising

- 1.1 Government advertising is a legitimate element of government communication and information strategies. It provides a mechanism for governments to connect directly with citizens, informing them about new and existing government programs, providing advice about rights and responsibilities and conveying important information.¹
- 1.2 Australian Government advertising can be separated into two categories:
 - Non-campaign – typically recruitment advertisements and notices about tenders, grants and public consultations; or
 - Campaign – all other forms of advertising.²
- 1.3 There have been concerns that governments are able to misuse advertising to self-promote rather than merely inform.³ This was highlighted in the *Government Advertising and Accountability* report by the Senate Finance and Public Administration References Committee in 2005:

In other words, the problem arises when governments use or are perceived to use taxpayer funds to gain political advantage

1 Australian National Audit Office (ANAO) Audit Report, No. 24, 2008-09, *The Administration of Contracting Arrangements in relation to Government Advertising to November 2007*, p 18-19.

2 Department of Finance and Deregulation, Campaign Advertising, viewed at <http://www.finance.gov.au/advertising/campaign-advertising.html> on 18 March 2010

3 Young, S. *Government Communication in Australia*, (2007), p 19.

through promoting themselves, rather than to meet the genuine information needs of citizens.⁴

- 1.4 In a change from what she describes as an unwritten convention that taxpayers' money should not be used for unnecessary campaigns or for partisan promotion, Dr Sally Young of the University of Melbourne contends that:

... from the late 1980s and especially the early and mid- 1990s, Australian governments began to produce more controversial advertisements which opponents argued broke the old conventions and were being used to carry a partisan, political message promoting (and defending) the government and its policies in ways calculated to obtain an electoral advantage.⁵

- 1.5 Additionally there has been quite a level of variation in the level of expenditure on government advertising over the last few years. The ANAO's *Campaign Advertising Review 2008-09* stated that the annual cost of advertising rose from \$79 million in 2004 to \$254 million in 2007 before dropping back to \$87 million in 2008.⁶

Current restrictions on government advertising

- 1.6 There are only very limited restrictions on government advertising in legislation.⁷
- 1.7 The *Broadcasting Services Act 1992* imposes conditions on broadcasters in relation to broadcasts of political matters. Political matter is required to be tagged with the name and locale of the authoriser, the person responsible for approving the content and for the decision to be broadcast.⁸
- 1.8 Section 328 of the *Commonwealth Electoral Act 1918* sets out requirements for identifying the source of authority for advertisements and pamphlets

4 Senate Finance and Public Administration References Committee, *Government Advertising and Accountability*, (2005), p xiii.

5 Young, S. (2007). The regulation of government advertising in Australia: the politicisation of a public policy issue, *Australian Journal of Public Administration*. 66 (4): pp 438-452.

6 Australian National Audit Office (ANAO), *Campaign Advertising Review 2008-09*, p 14.

7 Senate Finance and Public Administration References Committee, *Government Advertising and Accountability*, (2005), p 7.

8 *Broadcasting Services Act 1992*, Schedule 1, Part 1-2.

containing electoral matter.⁹ Electoral matter means matter which is intended or likely to affect voting in an election.¹⁰

Context

- 1.9 Prior to the introduction of the *Guidelines on Campaign Advertising by Australian Government Departments and Agencies* in July 2008, government advertising and information campaigns were required to comply with the *Guidelines for Australian Government Information Activities - Principles and Procedures, February 1995* as well as the *Commonwealth Procurement Guidelines*. These documents provided the overarching principles and regulations for the decision making processes around government advertising campaigns.
- 1.10 Until November 2007 the Commonwealth Government's information activities were coordinated by the Special Minister of State, who chaired the Ministerial Committee on Government Communications (MCGC), which took key decisions relating to major and sensitive information campaigns.¹¹
- 1.11 The MCGC was supported by the Government Communications Unit (GCU), which was based in the Department of the Prime Minister and Cabinet (PM&C) and also provided support for Ministers and agencies on communication issues.¹² The GCU also managed the Central Advertising System (CAS), which provided media placement services for agencies.
- 1.12 Following the 24 November 2007 federal election, the Government abolished the GCU and did not re-establish the MCGC. Responsibility for the administration of the CAS was transferred from PM&C to the Department of Finance and Deregulation (Finance) on 3 December 2007.
- 1.13 A revised management framework, incorporating new guidelines for Commonwealth Government campaign advertising, was announced by the Government on 2 July 2008.
- 1.14 A number of inquiries over the last ten years have recommended reforms to the guidelines on government advertising, including one by this Committee.

9 *Commonwealth Electoral Act 1918*, Schedule 328.

10 As defined in Section 4 of the *Commonwealth Electoral Act 1918*.

11 Australian National Audit Office, Sub 1, p 3.

12 Australian National Audit Office, Sub 1, p 7.

- 1.15 In September 2000 the then Joint Committee of Public Accounts and Audit (JCPAA) examined ANAO Audit Report no. 12 1998–99, which studied aspects of taxation reform advertising. JCPAA then recommended the Government adopt guidelines for advertising, similar to those proposed earlier by the ANAO. This recommendation was not accepted.
- 1.16 In 2004 and 2005, the Senate Finance and Public Administration References Committee undertook an inquiry into government advertising and accountability.
- 1.17 Also the then Government’s advertising in support of proposed workplace relations reform legislation was challenged in the High Court of Australia by the Australian Council of Trade Unions (ACTU) and the Australian Labor Party (ALP) in the case *Combet v Commonwealth*¹³ (2005).¹⁴

The administration of contracting arrangements in relation to government advertising from November 2007

- 1.18 ANAO Audit Report no. 24 2008-09 *The Administration of Contracting Arrangements in relation to Government Advertising to November 2007* was the most recent performance audit relating to government advertising completed by the ANAO.
- 1.19 This report was tabled in March 2009 and drew attention to the governance arrangements for advertising campaigns to November 2007.
- 1.20 The arrangements varied significantly to those existing at the time of this inquiry, however, the audit report found there was not clear accountability and transparency in the framework for administering government advertising.¹⁵

13 <http://www.tup.net.au/tup/samples/CN-AustralianLaw-2e1p-Chpt27Extract.pdf> viewed on 15 June 2010.

14 The application was dismissed on as the Court determined that it was inappropriate to answer the key question of whether appropriations necessary to fund the advertisements were authorised.

15 Australian National Audit Office (ANAO) Audit Report, No. 24, 2008-09, *The Administration of Contracting Arrangements in relation to Government Advertising to November 2007*, p 29.

Guidelines on Information and Advertising Campaigns by Australian Government Departments and Agencies

- 1.21 The Government announced in July 2008 that all government agencies undertaking information and advertising campaigns were required to comply with the *Guidelines on Information and Advertising Campaigns by Australian Government Departments and Agencies* (July 2008). A copy of the Guidelines is at Appendix A.
- 1.22 The Guidelines stated that departments and agencies subject to the *Financial Management and Accountability Act 1997* (the FMA Act) must comply with the Guidelines and that a Minister could only launch an advertising campaign when:
- the Chief Executive of the agency undertaking the campaign has certified that the campaign complies with the Guidelines and relevant government policies; and
 - for campaigns with expenditure in excess of \$250 000, the Auditor-General has provided a report to the Minister on the proposed campaign's compliance with the Guidelines.¹⁶
- 1.23 Agencies were also obliged to comply with all policies and processes in relation to government campaigns which are issued by the Cabinet.¹⁷
- 1.24 In February 2009 Finance issued a companion document to the Guidelines, *Business Planning Processes for Campaign Information and Advertising Activities*. This document outlined the roles and responsibilities of all relevant parties and provided more specific guidance on the campaign advertising process for agencies.¹⁸

The role of the Auditor-General

- 1.25 During the campaign for the 2007 federal election, Mr Kevin Rudd MP, then Opposition Leader, stated:

There should be, both at a federal level and a state level, a process involving the auditor-general . . . who should scrutinise all proposals for government-funded advertising . . . Otherwise you

16 Australian National Audit Office, Sub 1, p 3.

17 Department of Finance and Deregulation, *'Guidelines on Information and Advertising Campaigns by Australian Government Departments and Agencies'* (July 2008) p 3.

18 Australian National Audit Office, Sub 2, p .1

are just scooping your hand ever deeper into the taxpayers' pocket and throwing out effectively political propaganda.¹⁹

- 1.26 In November 2007, the Auditor-General wrote to the Prime Minister expressing concern over the possibility of the Auditor-General performing an administration role to say that a campaign should not proceed.²⁰ He stated:

Given the sometimes controversial history of Government advertising, there is a real risk that whoever administers the guidelines could be drawn into the policy and political debate as an active participant in, and possible defender of, the processes of executive government. To preserve both the real and perceived independence of this office, I and my predecessors have actively sought to avoid placing the ANAO in a situation of being both decision maker and auditor.²¹

- 1.27 The Auditor-General subsequently explained to the Committee that he did not feel that it was appropriate for an auditor to take an executive role when they have an audit role.²²
- 1.28 With the release of the Guidelines in July 2008, the Auditor-General was not required to decide whether a campaign would run or not, but to provide a review opinion as to whether he considered the Guidelines had been satisfied.²³

Refined framework for government campaign advertising

- 1.29 This inquiry commenced in October 2008 and was still in progress when, on 31 March 2010, the Special Minister of State announced a refined framework for government campaign advertising. This followed the release of the *Independent Review of Government Advertising Arrangements* (the Hawke Report) by Dr Allan Hawke AC.
- 1.30 The Report recommended that the Auditor-General's role in reviewing proposed advertising campaigns before their launch be abolished. Instead

19 *The Australian*, 'The price of political expediency', viewed on 8 June 2010 at <http://www.theaustralian.com.au/news/features/the-price-of-political-expediency/story-e6frg6z6-1225873751579>

20 Mr Ian McPhee PSM, transcript, 11 March 2009, p 4.

21 Australian National Audit Office, Exhibit 3.

22 Mr Ian McPhee PSM, transcript, 11 March 2009, p 4.

23 Mr Ian McPhee PSM, transcript, 11 March 2009, p 5.

it recommended that the Auditor-General should be requested to conduct a performance audit on at least one campaign per year or the administration of the campaign advertising framework.²⁴

- 1.31 The Report also recommended the creation of an independent government communications committee, the Independent Communications Committee (ICC).²⁵ This would replace the Interdepartmental Committee on Communications (IDCC) which was a committee of officials which reviewed advertising campaigns to ensure whole-of-government coordination.²⁶
- 1.32 The Government accepted both of these recommendations, effective as of 31 March 2010.²⁷
- 1.33 Additionally the Government accepted the recommendation that the Guidelines be simplified and clarified except for the proposed raising of the threshold from \$250,000 to \$3.5 million. The previous threshold of \$250,000 will remain.²⁸
- 1.34 Chapter 4 addresses the refined framework for government advertising campaigns in more detail.

Purpose of the inquiry

- 1.35 After the release of the Guidelines in July 2008, the then JCPAA resolved on 15 October 2008 to hold a public hearing with the Auditor-General on his new role in scrutinising compliance of public advertising campaigns with the Guidelines. This hearing took place on 11 March 2009 and featured witnesses from ANAO and Finance.
- 1.36 The Committee decided to hold additional public hearings with a focus on examining several advertising campaigns through the review process, with the relevant agencies and the ANAO to give evidence.
- 1.37 Following the release of the Hawke Report and the announcement by the Government on 31 March 2010 of the refined framework for government

24 Hawke, A. 'Independent Review of Government Advertising Arrangements' (2010), p 26.

25 Ibid

26 Department of Finance and Deregulation, *Campaign Advertising by Australian Government Departments and Agencies, Full Year Report 2008-09* (2009), p 5.

27 Summary of Hawke Report recommendations and Government response, viewed at www.finance.gov.au on 5 May 2010

28 Ibid

advertising, the Committee decided to report on the progress of the inquiry until this date.

- 1.38 The Committee held a public hearing with the Auditor-General and Dr Hawke on 17 June 2010 to gain more evidence on the impact of the revised framework.

Conduct of inquiry

- 1.39 In all, the Committee held eight public hearings in Canberra, with oral evidence provided by 23 witnesses. The Committee was provided with 26 submissions for consideration.

Structure of the report

- 1.40 The report comprises four chapters. Chapter 2 covers the role of the Auditor-General in scrutinising government advertising, providing details on the review process as well as details of other agencies that were involved in the campaign advertising process. Chapter 3 highlights some of the issues that arose as a result of the Auditor-General's role in compliance. The final chapter provides an outline of the refined framework for government advertising, following the Government's announcement on 31 March 2010. This includes the Hawke Report and the new ICC.
- 1.41 The Committee has made only one recommendation which is listed in Chapter 4.

The role of the Auditor-General in scrutinising government advertising

The role of the Auditor-General and ANAO

The Auditor-General and the Guidelines

- 2.1 On 2 July 2008 the Government announced the *Guidelines on Campaign Advertising by Australian Government Departments and Agencies*.¹ The Guidelines would govern the content and presentation of Commonwealth Government campaign advertising.
- 2.2 The Guidelines stated that government information and advertising campaigns with expenditure in excess of \$250,000 would be reviewed by the Auditor-General, who would then report on the proposed campaign's compliance with these Guidelines.
- 2.3 The Auditor-General and the ANAO were responsible for reviewing the compliance of individual campaigns with the Guidelines throughout the campaign process, from June 2008² until 31 March 2010.

1 New Advertising Guidelines joint media release, viewed at http://www.smos.gov.au/media/2008/mr_222008_joint.html on 19 May 2010

2 The new arrangements in relation to Government advertising came into effect in June 2008, ahead of the public announcement of the new approach and the Guidelines. The first review undertaken by the ANAO related to a proposed campaign concerning changes to the Child Care Tax Rebate.

Assurance activities

- 2.4 The Auditor-General undertakes assurance activities in accordance with his functions and powers under the *Auditor-General Act 1997*; in particular, section 20(1)(c) of the *Auditor-General Act 1997*, which allows the Auditor-General to enter into an arrangement with any person or body to provide services of a kind commonly performed by auditors.³
- 2.5 Apart from performance and financial statement audits, the Auditor-General can also undertake other assurance activities. The ANAO website describes these as generally consisting of reviews undertaken by agreement with the client, either at the request of the client or in response to requests from stakeholders, including Ministers and parliamentary committees.⁴
- 2.6 Prior to 31 March 2010, the ANAO undertook two main assurance activities, the Government Information and Advertising Campaigns, and the Defence Materiel Organisation Major Projects Report. The ANAO website also indicates that two other assurance reviews were completed in 2007-08.⁵

'Limited' and 'reasonable' assurance

- 2.7 Assurance reviews such as those performed by the ANAO on advertising campaigns are not an audit. They are conducted in accordance with the Australian Standard on Assurance Engagements ASAE 3000 issued by the Australian Auditing and Assurance Standards Board (AUASB) which applies to assurance engagements other than audits or reviews of historical financial information.⁶
- 2.8 In terms of the assurance framework developed by the auditing profession, reviews and audits are elements of an assurance continuum, with reviews providing *limited* assurance and audits providing *reasonable* assurance; the difference being a function of work effort.⁷

3 Australian National Audit Office, Sub 1, p 12.

4 Australian National Audit Office, Extract of Auditor-General Act, viewed at http://cms.anao.gov.au/uploads/documents/Extract_of_Auditor_General_Act.pdf on 20 May 2010

5 Australian National Audit Office, Assurance Activities, viewed at http://www.anao.gov.au/director/publications/AG_Assurance.cfm on 20 May 2010

6 Australian Accounting Standards Board, *'Framework for Assurance Engagements'* (2007), p 10.

7 Australian National Audit Office, Sub 2, p 3.

2.9 The AUASB defines an assurance engagement as:

...an engagement in which an assurance practitioner expresses a conclusion designed to enhance the degree of confidence of the intended users other than the responsible party about the outcome of the evaluation or measurement of a subject matter against criteria.⁸

2.10 A reasonable assurance engagement is commonly referred to as an audit while a limited assurance engagement is commonly referred to as a review.⁹

2.11 The Independent Auditor¹⁰ of the ANAO further explained to the Committee the difference between the two engagements:

The difference between limited assurance and reasonable assurance is the amount of work that you actually do. In a limited review you are doing certain discussions and reviewing certain documents. In terms of reasonable assurance you are increasing the level of work that you are doing, including reviewing and testing various systems. That is a choice that is part of the engagement.¹¹

2.12 The ANAO advised the Committee that they performed limited assurance engagement in the case of government advertising campaigns rather than reasonable assurance engagement, as there was insufficient time for reasonable assurance engagement.¹²

8 Australian Accounting Standards Board, *Framework for Assurance Engagements* (2007), p 10.

9 As defined on Australian Accounting Standards Board Glossary of defined terms viewed at <http://www.auasb.gov.au/Standards-and-Guidance/Glossary-of-defined-terms.aspx> on 14 April 2010

10 The Independent Auditor is a private sector auditor who serves as external auditor to the ANAO by auditing the ANAO's annual financial statements and periodically conducting performance audits of selected areas of operation.

11 Mr Geoff Wilson, transcript, 11 March 2009, p 9.

12 Mr Simon Lewis, transcript, 9 September 2009, p 29.

The review of government information and advertising campaigns

Purpose of the review

- 2.13 The review of government information and advertising campaigns was designed to enable the Auditor-General to obtain sufficient appropriate evidence to form a conclusion in relation to the proposed campaign's compliance with the Guidelines.
- 2.14 The ANAO review was separate to, and independent of, any consideration of the proposed campaign and associated materials that had been undertaken by the Interdepartmental Committee on Communications (IDCC).¹³

The role of the ANAO

- 2.15 The ANAO conducted the review by making enquiries and performing procedures considered reasonable in the circumstances.¹⁴ This included:
- examining all relevant campaign materials including, for example, television, cinema and radio commercials, print and magazine advertisements, letters, and on-line and digital content;
 - reviewing supporting documents and records relevant to the campaign, including but not limited to strategic documents, policy and administrative approvals, developmental and market research, financial approvals and procurement documentation, and advice and assurances from third parties;
 - interviews with staff and contractors involved with the preparation of the campaign;
 - an assessment of the reasonableness of the judgements made by the administering department against each of the Guidelines; and
 - an examination of the certification by the Chief Executive.¹⁵
- 2.16 The ANAO worked with the agency over the development of the campaign and was able to provide the agency with preliminary feedback on matters arising in respect of each of the Guidelines.¹⁶

13 Australian National Audit Office, Sub 1, p 13.

14 Australian National Audit Office, Sub 1, p 12.

15 Australian National Audit Office, Sub 1, pp 12-13.

Use of ANAO resources

- 2.17 The ANAO was provided with additional funding when the Guidelines were introduced and was able to establish a small team to undertake the review of advertising campaigns.
- 2.18 The ANAO advised the Committee that during 2008-2009 a total of 58 reports were completed, taking some 7,728 hours. This was equated to be 4.8 full time equivalent employees.¹⁷ Up to 31 March 2010, the ANAO website indicated that a total of 87 reports had been completed.¹⁸
- 2.19 The *Campaign Advertising Review 2008-09* indicated that the workload associated with individual campaigns was higher than anticipated, with campaigns being delivered in sections, therefore requiring multiple review reports and consequent duplication of effort and administration for the commissioning agency and the ANAO.¹⁹
- 2.20 The ANAO indicated that they had obtained specialist advice when required:

...very early on in the process of government advertising reviews we look at various academic areas and players in the game from various agencies to see whether there would be a suitable person to provide, initially, brief training for the team in terms of this type of campaign process. Then, as we progress, we seek out other specialists in the areas that we would have to delve into – for example, electronic media, research and research techniques. Obviously we had presentations to all of our staff on all of those matters as a training program, which was fairly rigorous. Then, as necessary, we sought advice from those specialists on elements of the campaigns where we deemed we needed further support.²⁰

The role of the Department of Finance and Deregulation

- 2.21 The Department of Finance and Deregulation (Finance) was responsible for the application and operation of the Guidelines and for providing a framework to agencies that were considering conducting advertising campaigns. The framework consisted of a number of elements including:

16 Australian National Audit Office, Sub 1, p 13.

17 Australian National Audit Office, Sub 8, p 1.

18 As viewed at www.anao.gov.au on 5 May 2010.

19 Australian National Audit Office, *'Campaign Advertising Review 2008-09'*, (2009), p 35.

20 Mr Michael White, transcript, 17 June 2010, p 6.

- the Guidelines themselves, which included supporting information, an explanation of the underlying principles and Finance's description of campaign costs and activities;
- advice, guidance and support by Finance to departments and agencies;
- the Interdepartmental Committee on Communications, chaired by Finance, which provided advice and guidance to agencies from a whole-of-government perspective;
- certification against the new Guidelines by the Chief Executive of the commissioning department or agency; and
- the Auditor-General's review and subsequent report to the relevant department or agency's Minister on the proposed campaign's compliance with the Guidelines.²¹

2.22 Finance released *Business Planning Processes for Campaign Information and Advertising Activities* in February 2009 to assist agencies in understanding their roles and responsibilities, to ensure that campaign advertising processes were compliant with the Guidelines.²²

2.23 The ANAO stated that they regarded Finance as the gatekeeper for what is considered as normal business for an agency and what is considered campaign advertising.²³

2.24 The Auditor-General stated that he received formal references from Finance as to agencies that were running advertising campaigns.²⁴ Agencies could also approach the ANAO when considering a campaign and could seek informal advice.

The role of the Interdepartmental Committee on Communications

2.25 The IDCC was a committee of officials which reviewed advertising campaigns where expenditure was expected to be above \$250,000. The IDCC considered campaigns to ensure whole-of-government coordination.²⁵

21 Australian National Audit Office, Sub 1, p 11.

22 Department of Finance and Deregulation, *'Campaign Advertising by Australian Government Departments and Agencies, Full Year Report 2008-09'* (2009), p 11.

23 Mr Peter White, transcript, 11 March 2009, p 26.

24 Mr Ian McPhee PSM, transcript, 10 Feb 2010, p 9.

25 Department of Finance and Deregulation, *'Campaign Advertising by Australian Government Departments and Agencies, Full Year Report 2008-09'* (2009), p 5.

- 2.26 The IDCC consisted of deputy secretaries from five agencies, chaired by a deputy secretary from Finance. The IDCC met monthly.²⁶
- 2.27 The IDCC could review campaigns at any stage of development and implementation. Additionally, the IDCC could review the Guidelines and the associated policies and processes relating to campaign development and make recommendations to the Cabinet Secretary if required.²⁷
- 2.28 Finance advised the Committee that:
- The IDCC responsibility is advisory in nature. It is an advisory committee. We provide advice to agencies and as needed we will provide advice to the Minister for Finance and Deregulation and to the Special Minister of State.²⁸
- 2.29 An officer from the ANAO attended IDCC meetings as an observer.²⁹
- 2.30 The Finance website indicated that the IDCC:
- ...provides a whole-of-government perspective on communications campaigns, including timing, messages and campaign processes, and advises departments and agencies on their compliance with the Guidelines. The IDCC may review campaigns at any stage of development and implementation, but usually at one or more of the following stages: after development of the communication strategy; prior to production of materials; prior to campaign launch; and following post-campaign evaluation.³⁰

The role of the Communications Advice Branch

- 2.31 The Communications Advice Branch (CAB) is situated within Finance. The CAB is responsible for providing policy, advice and co-ordination of whole-of-government communication and advertising matters.
- The Branch is responsible for providing advice on communications good practice, strategies and research, and assisting with the procurement of communications consultants.

26 Mr Simon Lewis, transcript, 11 March 2009, p 14.

27 Department of Finance and Deregulation, *Campaign Advertising by Australian Government Departments and Agencies, Full Year Report 2008-09* (2009), p 5.

28 Mr Simon Lewis, transcript, 11 March 2009, p 21.

29 Mr Michael White, transcript, 22 Feb 2010, p 15.

30 Role of the IDCC viewed at www.finance.gov.au on 2 March 2010

The Branch also provides a secretariat function associated with the Interdepartmental Committee on Communications.³¹

- 2.32 Finance advised the Committee on the role of the CAB in government advertising:

Communications Advice Branch works with the agency that is undertaking the campaign advertising. It has a look at the nature of the campaign. That includes things like the audience focus of the campaign and the nature of the message. That brings together a series – usually three to five – of potential suppliers off the multi-use list.³²

Reporting

- 2.33 The ANAO provided a report on each campaign's compliance to the relevant agency and Minister. A copy of the report was also published on the ANAO's website.³³
- 2.34 The ANAO also provided summary reports to Parliament. Under section 25 of the *Auditor-General's Act 1997* the Auditor-General is able to cause a report to be tabled in either House of the Parliament on any matter.³⁴
- 2.35 At the time of writing, the *Campaign Advertising Review 2008-09* and the *Campaign Advertising Review 2009-31 March 2010* had been released. The *Campaign Advertising Review 2008-09*:

...provides the ANAO's perspective on the operation of the government advertising framework over the first 12 months of operation. The report provides an overview of the current framework for government advertising, identifies the roles of the various agencies, including the ANAO, and provides information on the assurance review activity for government advertising campaigns conducted by the ANAO. In considering the experience of the ANAO in undertaking assurance reviews during the financial year, the report also discusses key issues identified by the ANAO during 2008-09.³⁵

31 Communications Advice Branch as viewed at <http://www.finance.gov.au/about-the-department/asset-management-group.html> on 15 June 2010

32 Mr John Grant, transcript, 26 October 2009, p 9.

33 Australian National Audit Office, '*Campaign Advertising Review 2008-09*' (2009); '*Campaign Advertising Review 2009 – 31 March 2010*'

34 *Auditor-General's Act 1997*, Section 25

35 Australian National Audit Office, '*Campaign Advertising Review 2008-09*' (2009), p 8.

- 2.36 Along with the introduction of the Guidelines, the Government also introduced biannual reporting on campaign advertising expenditure, consisting of a half-year and full-year report.
- 2.37 The Full Year Report covers the full financial year and provides data on both direct media placement expenditure and associated indirect campaign advertising expenditure. It also reports on the campaign advertising framework. The Half Year Report covers the first half of the financial year and only reports media placement expenditure.³⁶
- 2.38 These reports are provided on Finance's website.

Stages of a campaign

- 2.39 The *Business Planning Processes for Campaign Information and Advertising Activities*³⁷ provided agencies with a typical campaign development workflow which indicated the usual stages for the development of advertising and information campaigns. The critical stages of campaign development, implementation and assessment were set out as follows:
- Authority to commence;
 - ⇒ Campaign development;
 - ⇒ Developmental research;
 - ⇒ Communication strategy development;
 - ⇒ Development of briefs for Communications consultants;
 - ⇒ Selection of Communications consultants;
 - ⇒ Developing and refining campaign materials and strategies;
 - ⇒ Booking media space; and
 - ⇒ Benchmark research;
 - Campaign certification and review;
 - Campaign implementation and tracking; and
 - Campaign evaluation.³⁸

36 All Reports on Australian Government advertising are able to be viewed at http://www.finance.gov.au/advertising/campaign_advertising_2008-09.html

37 This document is currently being redeveloped.

38 Department of Finance and Deregulation, *'Business Planning Processes for Campaign Information and Advertising Activities'* (2009) p 15.

Departmental processes for development and launch of campaigns

- 2.40 The *Business Planning Processes for Campaign Information and Advertising Activities* broadly outlined the process that agencies were required to follow for the development and launch of campaigns over \$250,000:
- the Minister of the relevant department or agency (Department) agrees to the development of a campaign, subject to funds being available;
 - the Department informs the Department of Finance and Deregulation (Finance) and the Australian National Audit Office (ANAO) of the impending advertising campaign;
 - Finance assists the department in the selection of the communications research consultant, to inform the communication strategy, and in the selection of other communications consultants (such as the creative agency and Non-English Speaking Background communications consultants);
 - the Department develops the campaign, which is reviewed at different stages by the Interdepartmental Committee on Communications (IDCC) from a whole-of-government perspective;
 - agency Chief Executive Officers are responsible for certifying that the campaign complies with the Guidelines;
 - the campaign is independently reviewed by the ANAO in relation to its compliance with the Guidelines; and
 - the Minister of the Department developing the campaign approves the launch of the campaign after receiving the ANAO review report and the Chief Executive certification.³⁹
- 2.41 Finance, the IDCC and the ANAO interacted with the responsible agency throughout the development of the information or advertising campaign.

ANAO review process

- 2.42 The ANAO produced a guide for agencies that outlined the review process and the suggested points in the campaign development process where the agency could liaise with the ANAO.⁴⁰ The process of the review involved the ANAO working closely with agencies through all stages of the campaigns.

39 Ibid p.2-3

40 Australian National Audit Office, Sub 1, p 22-7.

2.43 In summary the process was:

- Step 1 - Campaign Initiation

Focusing on the underlying principles for campaign development and relevance of materials to government responsibilities. (Guideline 1)

- Step 2 - Strategy and Procurement

Focusing on campaign presentation and content (Guidelines 2 and 3) and production and distribution (Guideline 4)

- Step 3 - Creative

Monitoring the presentation and content of materials to assist with assessing compliance with Guidelines 2 and 3.

- Step 4 - Reporting

At this stage the ANAO was seeking final assurance in relation to the requirement for Chief Executive certification, the underlying principles and the Guidelines.⁴¹

2.44 The ANAO stated that they received formal references from Finance as to agencies that were running advertising campaigns.⁴² Agencies also contacted the ANAO when considering a campaign and could seek informal advice. The ANAO indicated that they reiterated the *Business Planning Processes for Campaign Information and Advertising Activities* when discussing potential advertising campaigns with agencies.

2.45 The ANAO considered that early consultation was a key factor in assisting agencies' compliance with the Guidelines and also ensuring that agencies had the documentation and processes in place to support efficient and effective review by the ANAO.⁴³

2.46 The Auditor-General outlined to the Committee the ideal model that agencies could follow in the lead up to certification:

They have done the work to support the adherence of the campaign to the guidelines. They have laid out the cost benefit, they have laid out the research, they have justified their campaign and my people, apart from having a conversation, were able to say, 'Yes, that meets the guidelines and we're in good shape and

41 Australian National Audit Office, Sub 1, p 23-25.

42 Mr Ian McPhee, transcript, 10 Feb 2010, p 9.

43 Australian National Audit Office, 'Campaign Advertising Review 2008-09' (2009), p 45.

you can tell your secretary that we would be willing to provide an opinion if she is willing to sign off.' That is the desirable model.⁴⁴

- 2.47 Additionally Finance and the IDCC would also interact with the responsible agency throughout the development of the information or advertising campaign.

Access to agency staff and documentation

- 2.48 The Committee was interested in finding out about the ANAO's ability to access agency staff and key documentation as part of the certification process.

- 2.49 The ANAO replied:

...in brief, we provide agencies with a clear indication of what we expect to find. We are looking to get an efficient process going on our part and on their part. We provide them with our expectations and we certainly do get access, including, from time to time, discussions with secretaries to make sure that we are getting a good outcome and we understand each other's perspective. In the broad, there are no problems.⁴⁵

- 2.50 The ANAO further added:

Following advice from an agency that a campaign is being developed or they have ideas, we immediately recommend that we have an initial, or opening, meeting with them. We provide them with a reference to our guidance on the website and to the Department of Finance and Deregulation's guidance. We also have a section 20 contract, which is the agreement under which we are performing these reviews. We then establish a contact within the actual campaign – the campaign manager – and allocate one of our managers to the role of overseeing that campaign. We then sum that up in what we call an 'opening letter' and provide that to the branch head of the department or agency.⁴⁶

- 2.51 Mr Michael White from the ANAO gave an example to the Committee of the review process for the Child Care Rebate advertising campaign. He described the level of cooperation from the Department of Education, Employment and Workplace Relations as being at a high level, also

44 Mr Ian McPhee PSM, transcript, 26 October 2009, p 17.

45 Mr Ian McPhee PSM, transcript, 13 May 2009, p 5.

46 Mr Michael White, transcript, 13 May 2009, p 5.

acknowledging that there was a short time frame for the Child Care Rebate advertising campaign.⁴⁷

Ordinary business activities

- 2.52 The ANAO reported that they had informed Finance of a potential issue in distinguishing between ordinary business activities of agencies and campaign advertising.
- 2.53 In practice, the ANAO used the decisions by Finance as the discriminator for what is regarded as normal business for an agency and what is campaign advertising.⁴⁸

Accuracy of information and advertising campaigns

- 2.54 The ANAO explained to the Committee that in the early stages of the Guideline implementation they were alerted to inaccuracies with information in a particular campaign.
- I recall getting an email or a letter from a citizen out there saying, 'In those ads those stacks aren't coal stacks.' They were actually something else.⁴⁹
- 2.55 As a result the ANAO subsequently sought representation from agencies about the factual accuracy of the information being portrayed in all campaigns.⁵⁰
- 2.56 Later in the inquiry, the Commonwealth Ombudsman informed the Committee about some of the issues identified in his report, *Administration of the Economic Security Strategy Payment - An examination of the implementation, monitoring and review of the scheme, November 2009*.⁵¹ The report focussed on information material about the Economic Security Strategy Payment (ESSP) that created misapprehensions in members of the public and resulted in 156 complaints to the Ombudsman's office.⁵²
- 2.57 The ANAO were challenged by some Committee members as to the accuracy of their review of the ESSP campaign in light of the issues and findings raised by the Ombudsman. They responded that they were

47 Mr Michael White, transcript, 26 October 2009, p 28.

48 Mr Peter White, transcript, 11 March 2009, p 26.

49 Mr Ian McPhee PSM, transcript, 11 March 2009, p 19.

50 Mr Ian McPhee PSM, transcript, 11 March 2009, p 19.

51 Commonwealth Ombudsman, *Administration of the Economic Security Strategy Payment - An examination of the implementation, monitoring and review of the scheme* (2009)

52 Professor John McMillan, transcript, 23 November 2009, p 1.

provided with a sign-off that the information being presented by the advertising agency was accurate.⁵³ Additionally the ANAO considered that the information was not inaccurate but could have been made more complete.⁵⁴

2.58 It was acknowledged that there were significant time constraints around this campaign.⁵⁵

53 Mr Ian McPhee PSM, transcript, 23 November 2009, p 15.

54 Mr Ian McPhee PSM, transcript, 23 November 2009, pp 14-15.

55 Professor John McMillan, transcript, 23 November 2009, p 9; Mr Ian McPhee PSM, transcript, 23 November 2009, p 14.

Issues raised by the Auditor-General's role in compliance

Introduction

- 3.1 The Committee was interested to see the impact of the introduction of the Guidelines and the involvement of the Auditor-General in scrutinising government advertising on the ANAO's role and functions, and if there were any resultant effects on agencies and their advertising campaigns.

Agencies

- 3.2 With the introduction of the Guidelines in July 2008, there was an immediate effect on agencies that were planning to run an information or advertising campaign. As well as the usual campaign arrangements, they now needed to ensure that their campaign fulfilled the conditions of the Guidelines and was able to be reviewed by the Auditor-General.¹
- 3.3 The Committee wished to gain an idea whether there was any impact from the introduction of the Guidelines, so canvassed the view of a number of agencies who had been subject to the review process to better gain an understanding of their perspectives.
- 3.4 The Committee considered four campaigns in some depth to gain an idea of the impact of the review by the Auditor-General. These were:

1 Department of Finance and Deregulation, *'Guidelines on Information and Advertising Campaigns by Australian Government Departments and Agencies'* (July 2008), p 3.

- National Binge Drinking Campaign (November 2008 – June 2009): Department of Health and Ageing
- Child Care Tax Rebate Campaign (June – October 2008): Department of Education, Employment and Workplace Relations
- Small Business and General Business Tax Break Campaign (July – December 2009): Australian Taxation Office
- Climate Change Household Action Advertising Campaign Phase One. (July 2008): Department of Climate Change.

Effect of the ANAO review on agencies

3.5 Mr Lewis of Finance confirmed that the ANAO review was a demanding process. It was rigorous and involved significant effort on the part of all the stakeholders.²

3.6 Dr Parkinson, Secretary of the Department of Climate Change, observed that the process:

...definitely puts a series of hoops which are quite serious to meet and which require considerable effort from staff from Departments to meet.³

3.7 Dr Parkinson also clarified that he considered that there was a great deal of integrity to the process, and that he was very impressed with the professionalism of the Auditor-General and his officers and the assistance of Finance.⁴

3.8 The Department of Health and Ageing explained to the Committee that they engaged with audit staff as they worked through the development of its campaign. The agency provided more detail of the form of this interaction:

It is not my understanding that the ANAO request us to make changes as we go through that. It is more about ensuring that they are completely across what we have been doing and how we have come to the decisions we have come to with the campaign. So when it comes to them formally, after certification, they are completely across how we have got to where we are at.⁵

2 Mr Simon Lewis, transcript, 9 September 2009, p 28.

3 Dr Martin Parkinson, transcript, 9 September 2009, p 27.

4 Dr Martin Parkinson, transcript, 9 September 2009, p 27-8.

5 Ms Samantha Palmer, transcript, 26 October 2009, p 14.

- 3.9 The ANAO advised in their initial submission that while agencies still had some work to do to align their business processes to support effective compliance with the core requirements of the Guidelines, there was an expectation that this would improve over time.⁶
- 3.10 The Auditor-General informed the Committee on 22 February 2010 that he considered that agency processes were becoming better and more disciplined.⁷ The Committee was told that some larger agencies, such as the ATO and the Department of Health and Ageing had their business processes and administrative processes in place to a very high level of efficiency.⁸

Time taken to complete the review

- 3.11 The Committee was curious as to whether the detailed ANAO review process had an impact on the release of advertising campaigns.
- 3.12 The ANAO advised agencies to allow five working days from the submission of final documentation to the issue of a review report.⁹
- 3.13 The ANAO explained that they worked with each agency during the development of the campaign to ensure they were well placed to undertake a final assessment of the campaign at the appropriate time.¹⁰ The ANAO described the review as:

... an iterative process undertaken with the agencies over a period of weeks or months, prior to the receipt of the final certification.¹¹

- 3.14 The Department of Health and Ageing provided the Committee with a timeline from the certification of their campaign to its launch:

The secretary of the Department of Health and Ageing certified the campaign on 14 November 2008. The ANAO review report was provided to the minister on 18 November 2008. The ministerial launch of the campaign occurred on 21 November. And the material started to appear in the media on 23 November.¹²

6 Australian National Audit Office, Sub 1, p 18.

7 Mr Ian McPhee PSM, transcript, 22 February 2010, p 25.

8 Mr Michael White, transcript 22 February 2010, p 30.

9 Australian National Audit Office, *'Campaign Advertising Review 2008-09'* (2009), p 43.

10 Australian National Audit Office, Sub 1, p13.

11 Australian National Audit Office, *'Campaign Advertising Review 2008-09'* (2009), p 43, footnote 52

12 Ms Samantha Palmer, transcript, 26 October 2009, p 11.

- 3.15 The Committee expressed concerns about the length of time between the certification of the campaign by the Department's Secretary and the release of the ANAO compliance report. The ANAO assured the Committee:

We work in parallel with the department, so we have obviously been involved much earlier than 14 November.¹³

- 3.16 The Department of Health and Ageing supported this assertion from the ANAO.¹⁴
- 3.17 The ANAO reported that by February 2010 most agencies had developed their processes to enable the desired five-day turnaround. Additionally most agencies had also provided all documents in advance of that process enabling the ANAO to complete their work within the five days.¹⁵

Scope of the ANAO review

- 3.18 The Auditor-General provided a report to the relevant Minister on the proposed campaign's compliance with the Guidelines. This report provided a limited assurance opinion through inquiry, observation and analysis of key documents and information that the Guidelines had been adhered to.¹⁶
- 3.19 The ANAO review did not extend to an assessment of the general system controls and supporting procedures that agencies have in place to manage advertising activities, but focused on matters relating specifically to the proposed campaign.¹⁷
- 3.20 Agencies were advised by the ANAO that undertaking these reviews did not limit the Auditor-General's discretion to include matters relating to the information and advertising campaigns which may have been reviewed against the Guidelines within the scope of other audit activity at another time.¹⁸
- 3.21 The ANAO stated that if there were issues with aspects of a campaign they would ask the agency to clarify how those aspects meet the Guidelines.

13 Mr Ian McPhee PSM, transcript, 26 October 2009, p 11.

14 Ms Samantha Palmer, transcript, 26 October 2009, p 14.

15 Mr Michael White, transcript 22 February 2010, p 31.

16 Australian National Audit Office, Sub 1, p 12.

17 Australian National Audit Office, Sub 1, p 13.

18 Australian National Audit Office, Sub 1, p 13.

- 3.22 The Committee asked the Auditor-General if he had experienced a situation where the ANAO was concerned with content after receiving the advertising material from an agency. The Auditor-General indicated:

We have quite an involved process with departments, Senator, and on occasions we raise issues with them about the campaigns and the basis for the decisions relating to those campaigns. So the answer is yes.¹⁹

Issues identified by the ANAO

The need for a campaign

- 3.23 The *Guidelines on Campaign Advertising by Australian Government Departments and Agencies* stated that:

...campaigns should not be instigated unless the need is demonstrated, target recipients are clearly identified and the campaign is based on appropriate research.²⁰

- 3.24 Finance clarified the scope of campaign advertising:

In terms of campaign advertising, it is all Australian government advertising that informs the community and/or specific target audiences about their rights, entitlements and obligations, and may encourage consideration of particular issues; for example, giving up smoking.²¹

- 3.25 The ANAO identified the blurring of the distinction between ordinary business activities and advertising as being a possible issue.²²

- 3.26 In terms of identifying the need for a campaign, the Guidelines required that campaigns should not be instigated unless the need is demonstrated, target recipients are clearly identified and the campaign is based on appropriate research.²³

19 Mr Ian McPhee PSM, Senate Finance and Public Administration Committee, transcript, 23 February 2009, p 120.

20 Department of Finance and Deregulation, *Guidelines on Information and Advertising Campaigns by Australian Government Departments and Agencies* (July 2008)

21 Mr Simon Lewis, transcript, 11 March 2009, p 26.

22 Australian National Audit Office, *Campaign Advertising Review 2008-09* (2009), p 52.

23 Australian National Audit Office, Sub 10, p 19.

Reviewing a campaign for compliance with the Guidelines

- 3.27 The Committee was interested in gaining an understanding of the level of evidence the ANAO used when reviewing a campaign for compliance with the Guidelines.
- 3.28 The ANAO stated that they would review the process from the briefing documentation, through the research report, the conceptual research and market testing, to consider whether there was any disconnect with the initial research. They would also check to see if any elements of the campaign were unexplained.²⁴
- 3.29 The ANAO was asked what action it would take where the purpose of the campaign is to provide information about a policy change which required no action from recipients.
- 3.30 An example is the increase in the Age Pension announced in the 2009 Federal Budget. This resulted in increased payments being made automatically and did not require the recipient to inform relevant agencies of any further or new information. Mr Holbert from the ANAO explained:
- Levels of awareness are critical. If everybody is aware of the program and the detail that is entailed we would be looking for where the knowledge gap and the lack of understanding were that warrant the campaigns. The research goes to both the shape of campaign and the need for the campaign.²⁵
- 3.31 Some Committee members questioned the need for a campaign on the increase to the Child Care Tax Rebate from 30 per cent to 50 per cent which also required no action from recipients.
- 3.32 The Auditor-General replied that it is considered an underlying principle that all members of the public have equal rights to access comprehensive information about government policies, programs and services which affect their entitlements, rights and obligations.²⁶

Review of NESB and Indigenous materials

- 3.33 The Guidelines clearly outlined that attention needs to be paid to communicating with any disadvantaged individuals or groups who were identified as being within the designated target audience. It states:

24 Mr Robert Holbert, transcript, 13 May 2009, p 8.

25 Ibid

26 Mr Ian McPhee PSM, transcript, 26 October 2009, p 24.

- Particular attention should be given to the communication needs of ...those for whom English is not a convenient language in which to receive information.
 - There should be recognition of the full participation of women, ethnic and Aboriginal and Torres Strait Islander communities in Australian society by realistically portraying their interests, lifestyles and contributions to Australian society. Care should be taken that this is not done in a stereotypic way.²⁷
- 3.34 The Committee is aware of the fact that many campaigns have provision for the development of targeted advertising to inform those of non-English speaking (NESB) and Indigenous backgrounds. Often these materials are developed after the main campaign materials have been finalised and can be released long after the initial release of the main campaign materials.
- 3.35 The ANAO provided a separate compliance review for these materials.
- 3.36 The ANAO commented on this process:
- We have taken the view that we have to weigh up, I guess, the timeliness of the advertisements going out, and we have accepted agencies splitting out the English-speaking from the non-English-speaking and in some cases Indigenous campaigns. So we have accepted that. Otherwise, it would have resulted in campaigns being considerably delayed before they commenced.²⁸
- 3.37 The Committee asked about the efficiency of splitting the main campaign and the materials for minority groups in the community. The ANAO replied:
- There is no question that we would dearly like agencies to present us with the complete package of material at the one time. We encourage that. The question we face, though, is if agencies are not prepared, should the whole campaign be delayed and the benefits of the campaign be delayed for that reason alone? From an audit perspective we make it very clear what it is we have covered and so a reader of our certificate will clearly understand what we have and have not looked at.²⁹
- 3.38 Some Committee members expressed a concern that if NESB and Indigenous materials for a campaign are not released at the same time as

27 Department of Finance and Deregulation, *Guidelines on Information and Advertising Campaigns by Australian Government Departments and Agencies* (July 2008).

28 Mr Ian McPhee PSM, transcript, 26 October 2009, p 13.

29 Ibid.

the main campaign material that this could be perceived as an accessibility issue.

Cost-benefit analysis

3.39 The ANAO identified the issue of the cost-benefit analysis as being an area of the Guidelines where more detail would have been helpful.

3.40 On 30 January 2009, the Auditor-General wrote to the then Special Minister of State seeking amongst other things, greater clarity of the goal of the cost-benefit analysis:

...ie: whether the goal is to balance the effectiveness of a campaign with its estimated cost; or whether the goal is to maximise the effectiveness of a campaign, with cost being a secondary factor. While accepting that cost-benefit in this context is not a matter for precise measurement, it is an area where significant additional costs can be incurred to improve the marginal effectiveness of a campaign, and it is not clear this is necessarily in the interests of the efficient use of public monies.³⁰

3.41 Mr Michael White told the Committee that Finance would provide advice on how the cost of campaigns would be calculated.³¹

3.42 The ANAO told the Committee about the processes that they used when considering the cost-benefit analysis of a specific campaign:

I think it is important to also observe that there was no television and no radio. The first question we ask with some of these arrangements is: why won't direct mail in itself do the job? It is a reasonable question. As the department has explained, nevertheless that will get to existing recipients of the benefits but there will always be potential receivers of the benefit and others who need to know. So you need to get to them. Again, the whole campaign has to be based on a cost-benefit analysis. The assessment was that magazine and newspaper articles would do the job in this case, with no radio and no television. That is quite powerful, because the thing that we particularly focus on in the Audit Office, apart from the general adherence to the guidelines, is television, then radio and then other media. We have had none of that in these campaigns.³²

30 Australian National Audit Office, Exhibit 1.

31 Mr Michael White, transcript 13 May 2009, p 21.

32 Mr Ian McPhee PSM, transcript, 26 October 2009, p 27.

3.43 Ms Sally Webster from the University of Canberra told the Committee that it was important that in any cost benefit analysis, value for money was more than just procedures and keeping the number of campaigns to a minimum. She considered that the advertising focus should be more than just money spent, it should:

...reach the target audience in a creative way that informs and persuades.³³

3.44 This was echoed by Mr Scott McClellan from the Australian Association of National Advertisers who informed the Committee that he considered that there was tension between the need to evaluate and be accountable and the need to be creative.³⁴ He considered that the pendulum had perhaps swung too far back towards being accountable.³⁵

Websites

3.45 The Auditor-General informed the Committee that linkages to websites and defining the boundaries was very much a contemporary issue.³⁶

3.46 The ANAO had had discussions with Finance around the identification of a boundary around materials for campaigns. Mr Michael White told the Committee that much of that discussion was focused on the depth of review for websites where links are attached. He stated:

Certainly there is a rule that all of the government campaigns refer to either an agency or the .gov.au website, and that is the only website that the campaign materials go directly to. We do look at the prime websites of agencies, if they are included with those materials, to ensure that those requirements have been followed.³⁷

3.47 The ANAO were careful to ensure that they did not go outside the bounds of the campaign advertising reviews.³⁸ The Auditor-General also informed the Committee that it would not be possible to look at a campaign with a link to another website and review that entire website for adherence to government policy due to the time factor.³⁹

33 Ms Sally Webster, transcript, 21 September 2009, p 8.

34 Mr Scott McClellan, transcript, 23 November 2009, p 31.

35 Mr Scott McClellan, transcript, 23 November 2009, p 31-2.

36 Mr Ian McPhee PSM, transcript, 9 September 2009, p 11.

37 Mr Michael White, transcript 13 May 2009, p 21.

38 Mr Simon Lewis, transcript, 9 September 2009, p 12.

39 Mr Ian McPhee PSM, transcript, 9 September 2009, p 13.

- 3.48 The ANAO noted that the primary guide for websites is the *Web Publishing Guide*, issued by the Australian Government Information Management Office, to assist agencies to manage their websites, and to identify their legal and policy obligations.⁴⁰

Impact of the Guidelines on creativity

- 3.49 As mentioned above, there was concern expressed during the inquiry as to whether the accountability processes allow for more creative decisions in government advertising.⁴¹ Ms Webster raised the concern that the introduction of the Guidelines may have caused a risk averse approach from public servants:

... afraid to be bold and innovative in their choice of creative campaigns due to the range of auditing and approval processes that are now in place.⁴²

- 3.50 The ANAO maintained that they were not involved during the creative process at all and would excuse themselves if asked questions during the creative process.⁴³ They did look at the creative material as part of the review but only once it had been finalised.⁴⁴
- 3.51 When questioned by the Committee as to whether the ANAO considered campaigns were becoming less creative, the ANAO were clear that they felt this was not happening.⁴⁵

The Auditor-General's role in compliance

Auditor-General's involvement in decision-making

- 3.52 As mentioned in Chapter 1, the Auditor-General wrote to the Prime Minister in 2007, expressing his concern about the possibility of the person

40 Australian Government Information Management Office 'Web Publishing Guide' as viewed at <http://webpublishing.agimo.gov.au/> on 11 May 2010

41 Ms Sally Webster, transcript, 21 October 2009, pp 5-6.

42 Ms Sally Webster, transcript, 21 October 2009, p 6.

43 Mr Michael White, transcript 10 February 2010, p 15.

44 Mr Michael White, transcript 10 February 2010, p 16.

45 Mr Michael White, transcript, 22 February 2010, p. 20.

reviewing government advertising being placed in an unenviable position.⁴⁶

- 3.53 Additionally some Committee members expressed concerns that scrutinising government advertising was placing the Auditor-General and ANAO in a decision-making role, rather than just an auditing or review role. This was based on the observation that some campaigns did not proceed or were changed following discussions with the ANAO.
- 3.54 The ANAO advised the Committee that there were campaigns that were modified as a result of enquiries and concerns from the ANAO.⁴⁷ Additionally campaign materials had been altered following a campaign launch requiring a second Auditor-General's report.⁴⁸
- 3.55 The ANAO further advised the Committee that there was one campaign that did not proceed after the ANAO had outlined the additional evidence required to enable the agency to demonstrate compliance.⁴⁹ The proposal was in the early stage of the review process and had not reached the stage where the ANAO had received certification from the agency.⁵⁰
- 3.56 The Auditor-General told the Committee that the ANAO tried to be constructive in its approach to working with agencies. If an agency had a campaign which did not comply with the Guidelines, but subsequently modified their approach, the ANAO would provide another view as to whether that would be acceptable.⁵¹
- 3.57 Mr Holbert specified that the advice provided to agencies was to outline the additional evidence and documentation that the agency would need to provide in order to demonstrate compliance.⁵²
- 3.58 The ANAO advised the Committee that there were 11 campaigns that were issued an opening letter but did not proceed to finalisation.⁵³
- 3.59 The Auditor-General made the point to the Committee that the ANAO was not involved in the administration of campaigns and to conduct the

46 See *The Role of the Auditor-General* Chapter 1

47 Mr Ian McPhee PSM, transcript, 13 May 2009, p 11.

48 Australian National Audit Office, *'Campaign Advertising Review 2008-09'* (2009), p 35.

49 Mr Robert Holbert, transcript, 13 May 2009, p 20.

50 Mr Robert Holbert, transcript, 13 May 2009, p 19.

51 Mr Ian McPhee PSM, transcript, 11 March 2009, p 25.

52 Mr Robert Holbert, transcript, 13 May 2009, p 20.

53 Australian National Audit Office, Sub 21.

review, they required a certain level of evidence and support from the agency.⁵⁴

3.60 When challenged as to whether the ANAO was involved in co-decision making with agencies during the review process, the Auditor-General stated that they were obliged to raise any concerns regarding compliance with agencies. The Auditor-General clarified that the ANAO provided feedback but that agencies were not obliged to respond to that feedback.⁵⁵

3.61 The Auditor-General provided an analogy with the financial statements audit:

It is unheard of for an auditor not to give early warning on significant matters that affect the audit opinion. It is part of the standards that the auditors work with and it is absolutely the right way to go.⁵⁶

Weight of the review opinion

3.62 The Committee raised the question of the influence of the review by the Auditor-General.

3.63 The Guidelines stated that the Auditor-General was required to provide a report to the Minister responsible for the agency undertaking the campaign on the proposed campaign's compliance with the Guidelines.

3.64 The Guidelines also provided for the situation where a campaign could be exempted from compliance with the Guidelines on the basis of national emergency, extreme urgency or other extraordinary reasons the Cabinet Secretary considered appropriate.⁵⁷

3.65 For example, the Department of Health and Ageing's H1N1 Influenza (Human Swine Flu) Vaccination and Prevention Program was granted an exemption from the Guidelines based on the threat of a potential pandemic in Australia, which required urgent information activities to support public health and safety.⁵⁸

3.66 The Committee asked the Auditor-General to clarify if agencies were required to comply with ANAO review reports. The Auditor-General

54 Mr Ian McPhee PSM, transcript, 13 May 2009, p 6.

55 Mr Ian McPhee PSM, transcript, 9 September 2009, p 24.

56 Mr Ian McPhee PSM, transcript, 9 September 2009, p 25.

57 Department of Finance and Deregulation, *Guidelines on Information and Advertising Campaigns by Australian Government Agencies and Agencies* (July 2008)

58 Department of Finance and Deregulation, *Campaign Advertising by Australian Government Agencies and Agencies, Half Year Report 1 July – 31 December 2009*, p 10.

informed the Committee that the review process performed by the ANAO provided a review opinion rather than an executive function.⁵⁹ The Auditor-General explained:

The reality is that it is like any audit report. I put them up and there are my recommendations. At the end of the day it is up to the executive to decide whether to accept them or not.⁶⁰

- 3.67 However, some Committee members felt that there was a perception amongst agencies that the ANAO had the power of veto when it came to campaigns proceeding.
- 3.68 Conversely, some Committee members were concerned that if the Auditor-General had reported that the campaign did not comply with the Guidelines, there was nothing in the Guidelines to actually prevent a campaign going ahead.

Other issues

Partisanship/Guideline 3

- 3.69 There was particular interest from Committee members about the process of the Auditor-General assessing the compliance of campaigns against Guideline 3.
- 3.70 Guideline 3 stated that material should not be directed at promoting party political interests.

19. Material should be presented in a manner free from partisan promotion of government policy and political argument, and in objective language. The dissemination of information using public funds should not be directed at fostering a positive impression of a particular political party or promoting party political interests. Dissemination of information may be perceived as being party-political because of any one of a number of factors, including:

- a. the content of the material - what is communicated;
- b. the source of the campaign - who communicates it;
- c. the reason for the campaign - why it is communicated;
- d. the purpose of the campaign - what it is meant to do;

59 Mr Ian McPhee PSM, transcript, 8 February 2010, p 10-11.

60 Mr Ian McPhee PSM, transcript, 11 March 2009, p 23.

- e. the choice of media - how, when and where it is communicated;
- f. the timing, geographic and demographic targeting of the campaign;
- g. the environment in which it is communicated; or
- h. the effect it is designed to have.

20. The information and material presented in a campaign should 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. be designed to influence public support for a political party, a candidate for election, a Minister or a Member of Parliament; or
- e. refer or link to the websites of politicians or political parties.⁶¹

3.71 Some Committee members contended that if a government is promoting its policies by advertising using public money when the opposing party disagrees with the policies, this could be seen as partisan promotion of government policy. Members also expressed concern that in a competitive political system, practically any expenditure on advertising by governments is liable to be interpreted in some quarters as “partisan promotion.” This could place the Auditor-General, whose primary client is the Parliament, not the Executive, in a difficult position where a positive review report could be seen as publicly endorsing controversial promotion of government policy. It was this concern in large part that led to the Committee’s inquiry.

3.72 The Institute of Public Administration Australia (IPAA) had the following view in their submission to the Committee’s inquiry into the Auditor-General’s Act:

...declaring whether something being advertised is political or ‘non-political’ is a minefield for the Auditor-General. It involves a subjective determination, nuanced in the contours of the day-to-day politics. We may all be able to spot blatant political advertising, but so much of what a government advertises is not in this category and would be subject to various legitimate

61 Department of Finance and Deregulation, *Guidelines on Information and Advertising Campaigns by Australian Government Agencies and Agencies* (July 2008)

explanations. Was the terrorism alert advertising political or not?
Was the industrial relations advertising political or not? These are
not matters to be decided by the Auditor-General.⁶²

3.73 Following a request from the Committee, the ANAO obtained legal advice on the meaning of *a manner free from partisan promotion of government policy and political argument, and in objective language* which they provided to the Committee. The advice stated that:

...it would be possible for there to be an information program conducted by the Government about a particular government policy that did not within the meaning of the Guidelines amount to an 'excessive dedication to' that policy and did not display 'bias' or 'prejudice' in favour of that policy, notwithstanding that competing political parties did not support that policy.⁶³

3.74 Mr Grant of Finance told the Committee that the legal advice indicated that a campaign did not need to have bipartisan support to satisfy the Guidelines.⁶⁴ He stated that the Guidelines do not specify that the government policy is supported or not by the rest of the parliament.⁶⁵

3.75 The Auditor-General informed the Committee that he considered that there was capacity to expand the Guidelines around the issue of what might be partisan, including the level of research support required to make a decision.⁶⁶

Involvement of Ministers

3.76 The *Campaign Advertising Review 2008-09* stated that clearly defining the role of Ministers and that of agencies in advertising campaigns was a challenge. The ANAO maintained that:

The involvement of Ministers and their offices under former arrangements in making key decisions in approving strategies and briefs, in selecting certain consultants, and in the approval of final creative material and media plans meant that the basis for decisions and the accountability for decisions were not always clear⁶⁷

62 Institute of Public Administration Australia, sub 5 (submission to the Inquiry into the Auditor-General's Act, Joint Committee of Public Accounts and Audit), npn.

63 Australian National Audit Office, Exhibit 13.

64 Mr John Grant, transcript, 26 October 2009, p 20.

65 Mr John Grant, transcript, 26 October 2009, p 22.

66 Mr Ian McPhee PSM, transcript, 22 February 2010, p 23.

67 Australian National Audit Office, *'Campaign Advertising Review 2008-09'* (2009), p 9.

3.77 Upon the release of the Guidelines in July 2008, the Government's media release stated:

Ministers will be briefed on the progress of campaign development, but responsibility for that development will be wholly undertaken by the commissioning department, with assistance from the Department of Finance and Deregulation.⁶⁸

3.78 The *Business Planning Processes for Campaign Information and Advertising Activities* (February 2009) provided the following guidance on the role of Ministers:

Ministers are responsible for authorising campaign development in their portfolios, consistent with normal financial management processes, and for authorising the launch of a campaign. While Ministers do not have responsibility for campaign development, they have a legitimate interest in the development of campaigns in their portfolios. It is reasonable that Ministers be briefed at strategic stages of campaign development.

3.79 The Auditor-General told the Committee that he considered that the review process was necessary to allow agencies to follow the Guidelines as set out and to be independent of any other views that Ministers or their offices may have in the details of the campaign.⁶⁹

3.80 The Auditor-General made the point that:

The issue that we have been promoting strongly is that the decisions on the implementation of these campaigns are the decisions of the department. For instance, we did not want ministers deciding to run television before the research had been done. The case as to whether the guidelines have been satisfied or not has to be made on its merits not on the basis of government decisions. That is the point we have been making. We have never said it is inappropriate for ministers' offices to be consulted on campaigns. The important factor from our perspective is who has the decision making responsibilities. The guidelines are very clear about the secretary's responsibilities in terms of campaign design and implementation. We have been very clear all the way through about that matter.⁷⁰

68 New Advertising Guidelines joint media release, viewed at http://www.smos.gov.au/media/2008/mr_222008_joint.html on 19 May 2010

69 Mr Ian McPhee PSM, transcript, 11 March 2009, p 13.

70 Mr Ian McPhee PSM, transcript, 9 September 2009, p 17.

- 3.81 Additionally, the Committee was informed that as part of the review process, the ANAO sought representation from chief executives that their certification was based on their opinions and that they had not been directed by Ministers or their officers in relation to any aspects of a campaign.⁷¹
- 3.82 In practice, the distinction between Ministers being 'consulted', as distinct from having decision-making powers was not always clear-cut, in the evidence to the inquiry.⁷² For example, evidence was provided to the Committee that during the development of the climate change advertising campaign, the Minister's office provided feedback on an aspect of the campaign which was subsequently changed. When asked to clarify this impact of this feedback, Dr Parkinson affirmed that he was not directed by the Minister or the Minister's office and the decision was his alone.

I was not given any directives by the minister or the minister's office. More importantly, were I given directives, I would not have accepted them because of these guidelines, which I think are very valuable.⁷³

71 Mr Ian McPhee PSM, transcript, 13 May 2009, p 6.

72 Transcript, 9 September 2009, p 17.

73 Dr Martin Parkinson, transcript, 9 September 2009, p 18.

The refined framework for government advertising campaigns

Independent Review of Government Advertising Arrangements

- 4.1 The Government indicated in the *Campaign Advertising by Australian Government Departments and Agencies, Full Year Report 2008-09* that it would review the Guidelines prior to July 2010.¹
- 4.2 On 31 March 2010 the Government announced amendments to the *Guidelines on Campaign Advertising by Australian Government Departments and Agencies*.²
- 4.3 These amendments followed an independent review by Dr Allan Hawke³ which was conducted in early 2010. The *Independent Review of Government Advertising Arrangements* was released and also tabled out of session in Parliament on 31 March 2010.⁴
- 4.4 The terms of reference for the independent review were agreed between the secretaries of the Department of the Prime Minister and Cabinet

1 Department of Finance and Deregulation, *'Campaign Advertising by Australian Government Departments and Agencies, Full Year Report 2008-09'* (2009), p. iv.

2 New arrangements for government advertising media release, viewed at http://www.smos.gov.au/media/2010/mr_202010.html accessed 31 May 2010

3 Dr Allan Hawke was a public servant with over 30 years experience, including appointments as Secretary of the Department of Veterans' Affairs, the Department of Transport and Regional Services and the Department of Defence.

4 New arrangements for government advertising media release, viewed at http://www.smos.gov.au/media/2010/mr_202010.html accessed 31 May 2010

(PM&C) and the Department of Finance and Deregulation (Finance), and approved by the Cabinet Secretary and Special Minister of State.

4.5 The terms of reference were as follows:

The review is to examine and report on the effectiveness of current government advertising arrangements in achieving government objectives to inform and engage with members of the community.

The Review is to look at:

- the appropriateness and clarity of the current Guidelines on Campaign Advertising by Australian Government Departments and Agencies (Guidelines);
- the effectiveness of the current governance arrangements for government advertising, including:
 - ⇒ the Auditor-General's role in reviewing proposed advertising campaigns; and
 - ⇒ sources of whole-of-government professional expertise and advice on media and communications strategy;
- the effectiveness and efficiency of the current approval process for proposed advertising campaigns, including the administrative effort, timeframes and cost of current approval processes; and
- the adaptability of the Guidelines and associated arrangements to emerging issues, including increasing Government initiatives to engage with the community through a range of platforms and encourage debate on important issues.⁵

The Hawke Report

4.6 Dr Hawke informed the Committee that he was appointed to lead that review on 27 January 2010. He commenced work on 8 February and presented the final report to the secretaries of PM&C and Finance on 26 February 2010.⁶

4.7 In conducting the *Independent Review of Government Advertising Arrangements*, Dr Hawke indicated that he met with a range of people including the Auditor-General, 16 secretaries of departments, the Second Commissioner of Taxation, Senator the Hon Joe Ludwig, the Minister for Defence and former Special Minister of State, Senator the Hon John

5 Hawke, A. 'Independent Review of Government Advertising Arrangements' (2010), p 6-7.

6 Dr Allan Hawke AC, transcript, 17 June 2010, p 19.

Faulkner, and Ms Sharon Grierson MP, then Chair of the Joint Committee of Public Accounts and Audit.⁷

4.8 Dr Hawke also met with the Auditor-General to hear his views and to discuss the framework of the review and the terms of reference.⁸

4.9 The Auditor-General advised the Committee that he was made aware of the review of the Guidelines by Dr Hawke in late January 2010 and was advised that Dr Hawke would like to meet with him to discuss his views on:

- the Guidelines, the process and governance;
- challenges or frustrations experienced with the current arrangements; and
- suggestions to improve the process and ensure government objectives are met, the government gets value for money, and there still remains appropriate checks and balances.⁹

4.10 The Auditor-General further advised the Committee that:

- On 11 February 2010 my office received a copy of the final Terms of Reference for the review being undertaken by Dr Hawke.
- On 22 February 2010 I met with Dr Hawke to discuss my perspective on the current government advertising arrangements.
- I was advised by phone that Dr Hawke's report (dated 26 February 2010) had been provided to the Special Minister of State, and on 25 March 2010 I was advised of the outcome of the review as it affected my office.
- A copy of the report was provided to my office on 26 March 2010.¹⁰

4.11 The Hawke Report made eight recommendations relating to the content of the Guidelines, governance arrangements, accountability and transparency and the costs of proposed arrangements.

Report findings of issues with review arrangements

4.12 The Report found a number of issues with the review arrangements which could be grouped into four main areas:

- The appropriateness and clarity of the Guidelines;

7 Department of Finance and Deregulation, Sub 25, p 2.

8 Dr Allan Hawke AC, transcript, 17 June 2010, p 20.

9 Australian National Audit Office, Sub 23, p 1.

10 Ibid.

- The effectiveness of the governance arrangements;
- The effectiveness and efficiency of the current approval process; and
- Adaptability to emerging issues.¹¹

Issues with the Guidelines

- 4.13 The Report found that the framing of the Guidelines in a negative way meant that there was a lack of clarity about activities that were 'campaign advertising', as campaign advertising was not defined and there was little guidance for agencies in determining when the Guidelines did or did not apply.¹²
- 4.14 Additionally the Report suggested that the Guidelines could more fully acknowledge the overarching objective of government communications:
- ...which is to inform and engage with the public, the positive impacts of Government communication activities and the legitimate role that Government has in informing and engaging with citizens.¹³
- 4.15 The Guidelines were also seen to lack clarity in the boundary between business as usual and operational communication activities and activities that are subject to the Guidelines.
- 4.16 The Report recommended changes to the Guidelines.

Issues with the role of the Auditor-General

- 4.17 The Report stated that concerns had been raised that the current governance arrangements may compromise the real or perceived independence of the Auditor-General.¹⁴
- 4.18 The Committee was concerned that the Report stated that the Auditor-General's role directly undermined the proper accountability of secretaries.

Secretaries have also raised serious concerns that the Auditor-General's role directly undermines the proper

11 Hawke, A. 'Independent Review of Government Advertising Arrangements' (2010), pp 14-21.

12 Hawke, A. 'Independent Review of Government Advertising Arrangements' (2010), p 14.

13 Ibid

14 Hawke, A. 'Independent Review of Government Advertising Arrangements' (2010), p 16.

accountability of Secretaries/CEOs for the management of their departments and agencies.¹⁵

- 4.19 When questioned as to the number of secretaries that raised this, Dr Hawke responded that it was the majority of secretaries.¹⁶ This was further clarified in correspondence:

Ten of the 16 Secretaries interviewed raised this issue as a concern. Please note that all secretaries were invited to participate in the review.¹⁷

- 4.20 The Report also contended that the Auditor-General was also placed in the invidious position whereby he could countermand Cabinet's decision.¹⁸ Paragraph 4.31 refers.

- 4.21 The Report recommended that this role of the Auditor-General be abolished.

The Auditor-General's role in reviewing proposed advertising campaigns before their launch be abolished, with the Auditor-General requested to conduct a performance audit on at least one campaign per year or the administration of the campaign advertising framework.¹⁹

- 4.22 The Report also recommended the establishment of an Independent Government Communications Committee which is discussed later in this chapter.

Issues with the effectiveness and efficiency of the approval process

- 4.23 The Report indicated that agencies had provided feedback around the process for securing approval for an advertising campaign, indicating that the process was administratively onerous, time-consuming and costly.²⁰

- 4.24 There were also concerns expressed about the cost-benefit analysis, with agencies stating that they considered the ANAO was focusing on achieving savings in campaign advertising expenditure.²¹

15 Ibid

16 Department of Finance and Deregulation, Sub 25, p 3.

17 Department of Finance and Deregulation, Sub 26, npn.

18 Hawke, A. 'Independent Review of Government Advertising Arrangements' (2010), p 15.

19 Hawke, A. 'Independent Review of Government Advertising Arrangements' (2010), p 26.

20 Hawke, A. 'Independent Review of Government Advertising Arrangements' (2010), p 18.

21 Hawke, A. 'Independent Review of Government Advertising Arrangements' (2010), p 20.

ANAO response

- 4.25 The Auditor-General wrote to the Special Minister of State on 29 March 2010 expressing his concerns about key statements in the Hawke Report.²²
- 4.26 The letter also addressed what it called inaccuracies in the Hawke Report regarding the role performed by the ANAO.
- 4.27 Following agreement from the Auditor-General this letter was published on Finance's website on 31 March 2010, along with the Hawke Report and the amended Guidelines. As well as addressing his concerns around the review process and findings, the Auditor-General registered his view that the Guidelines had been softened.²³
- 4.28 The Auditor-General told the Committee on 17 June that:
- I was also disappointed I had not been consulted or provided with the opportunity to provide my perspective on the report ahead of the government taking its decision to change the arrangements.²⁴
- 4.29 In response to references in the Hawke Report that the ANAO had been involved in areas beyond its competence or expertise, the Auditor-General provided a list of specialists utilised for advice and training²⁵ as well as a list of qualifications and experience of staff undertaking the reviews.²⁶

Dr Allan Hawke AC

- 4.30 Dr Hawke appeared in front of the Committee at a public hearing on 17 June 2010.
- 4.31 The Committee was particularly interested in the evidence base for some of the conclusions made in the Hawke Report such as the Auditor-General's ability to countermand Cabinet's decision.
- 4.32 When questioned about whether there should have been more consultation with the Auditor-General around the report findings, Dr Hawke told the Committee that he could have done this differently.

22 Australian National Audit Office, *'Campaign Advertising Review 2009 – 31 March 2010'*, p 44.

23 *Auditor-General's response to the Review* 29 March 2010 viewed at <http://www.finance.gov.au/advertising/independent-review-government-advertising.html> on 19 May 2010.

24 Mr Ian McPhee PSM, transcript, 17 June 2010, p 1.

25 Australian National Audit Office, Sub 24, Attachment A.

26 Australian National Audit Office, Sub 24, Attachment B.

If you are saying that I should have consulted the Auditor-General on those views you may be right. In retrospect maybe I got that wrong.²⁷

4.33 The Committee clarified with Dr Hawke that the Auditor-General did not have the power to countermand Cabinet decisions, as it was always the decision of the secretary of the agency. Dr Hawke responded:

I do not always get everything right.²⁸

The amended Guidelines

4.34 Prior to the release of the Hawke Report, the Committee heard a range of evidence asserting that the Guidelines had generally held up well and in the opinion of the Auditor-General had been particularly useful in establishing the expectations that all government advertising campaigns must meet.²⁹

4.35 The Auditor-General told the Committee several times over the course of the inquiry that the ANAO were continuing to refine their arrangements in light of experience and in consultation with Finance. The Auditor-General considered that agencies were gaining the benefit of the collective experience of the ANAO as they completed more campaign reviews.³⁰

4.36 The Hawke Report identified three main issues with the Guidelines, being:

- definition of an advertising campaign;
- commentary around party political advertising; and
- justification for a campaign.³¹

4.37 A set of amended Guidelines was included as an appendix to the Report, which were adopted by the Government with one change.³²

27 Dr Allan Hawke AC, transcript, 17 June 2010, p 30.

28 Ibid

29 Mr Ian McPhee PSM, transcript, 11 March 2009, p 2.

30 Mr Ian McPhee PSM, transcript, 11 March 2009, p 2; Mr Ian McPhee PSM, transcript, 13 May 2009, p 6.

31 Hawke, A. 'Independent Review of Government Advertising Arrangements' (2010), p 22.

32 The exception of the threshold for chief executive certification and independent review of proposed campaigns was not be revised upwards, and remained at the level of \$250,000.

Independent Communications Committee

- 4.38 Recommendation 4 of the Hawke Report suggested that the review of compliance be undertaken by an independent government communications committee or continue with the existing IDCC with an independent chair. The first option was selected by the Government.
- 4.39 The new Independent Communications Committee (ICC) was appointed to provide advice to *Financial Management and Accountability Act 1997* (FMA Act) agencies in relation to proposed advertising campaigns valued at more than \$250,000.
- 4.40 This committee was initially comprised of former public servants Dr Allan Hawke AC, Ms Barbara Belcher and Ms Helen Williams AO.
- 4.41 Advertising campaigns with expenditure in excess of \$250,000 are considered by the ICC which provides a report to the responsible agency chief executive on compliance with key aspects of the updated *Guidelines on Information and Advertising Campaigns by Australian Government Departments and Agencies* (March 2010).
- 4.42 Agency chief executives are required to receive and consider the ICC's report on compliance before they can certify that a campaign complies with the Guidelines.
- 4.43 The ICC is supported by a secretariat within Finance.

Differences between the ICC and the role of the Auditor-General

- 4.44 When questioned by the Committee as to the difference between the role of the ICC and the role of the Auditor-General, Dr Hawke responded:

I think we take a stronger view in terms of that we are advising the secretaries etcetera. I think there was a feeling, I might be wrong again, among departments that the Auditor-General was taking a much stronger hands-on role of an approval nature rather than an advisory nature. He might have a different view.³³

Committee comment

- 4.45 The Committee commends the ANAO for the diligence with which it undertook its role and believes that the result of increased transparency around expenditure on government advertising was worthwhile.

33 Dr Allan Hawke AC, transcript, 17 June 2010, p 40.

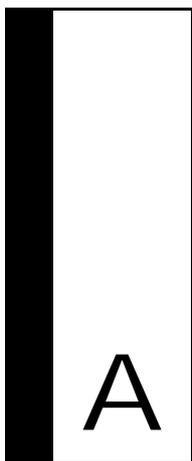
- 4.46 However, it is important to note that by the end of this inquiry process, all Committee members agreed that being involved in the scrutiny of proposed advertising campaigns was not an appropriate role for the Auditor-General. They considered that it blurred the boundary between executive decision-making and audit review.
- 4.47 As mentioned previously, some Committee members had concerns that a positive review report by the Auditor-General could be seen to be publically endorsing government policy.
- 4.48 The Committee noted the view of the IPAA, that ‘political’ or ‘non-political’ determinations are subjective:
...nuanced in the contours of the day-to-day politics.³⁴
- 4.49 The Committee is pleased that the ANAO has agreed to undertake a conventional performance audit on at least one campaign per year or the administration of the campaign advertising framework. The Committee has a statutory duty to examine all Auditor-General’s reports on behalf of the Parliament and will do so on all advertising reports.
- 4.50 The Committee considers that in future, any substantial proposed changes to the Auditor-General’s role should be first referred to the Committee on behalf of the Parliament for review and not effectively implied by executive announcement. This would more properly reflect the Auditor-General’s standing, under his Act, as an Independent Officer of the Parliament. The Committee believes that many of the difficulties with the advertising function, discussed in this report, would have been apparent at a very early stage if such a process had been followed.

Recommendation 1

The Committee recommends that any substantial proposed changes to the role of the Auditor-General, in accordance with his standing as an Independent Officer of the Parliament, be first reviewed by the Joint Committee of Public Accounts and Audit.

34 Institute of Public Administration Australia, sub 5 (submission to the Inquiry into the Auditor-General’s Act, Joint Committee of Public Accounts and Audit), npn.

Robert Oakeshott MP
Committee Chair



Appendix A – Guidelines on Campaign Advertising by Australian Government Departments and Agencies



Australian Government
Department of Finance and Deregulation



June 2008

**Guidelines on Campaign Advertising
by Australian Government
Departments and Agencies**

Asset Management Group

Guidelines on Campaign Advertising

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Guidelines on Campaign Advertising

Introduction

1. These Guidelines set out the principles applying to Australian Government departments and agencies undertaking information and advertising campaigns.
2. Government information and advertising campaigns with expenditure in excess of \$250,000 must be reviewed by the Auditor-General, who will report on the proposed campaign's compliance with these Guidelines. A Minister responsible for a campaign with expenditure of \$250,000 or less may ask the Auditor-General to review that campaign's compliance with these guidelines where the campaign is of a sensitive nature or the Minister considers that such review is appropriate.

Underlying Principles

3. The underlying principles governing the use of public funds for government information and advertising campaigns ('campaigns') are that:
 - a. all members of the public have equal rights to access comprehensive information about government policies, programs and services which affect their entitlements, rights and obligations;
 - b. governments may legitimately use public funds for information programs or education campaigns to explain government policies, programs or services and to inform members of the public of their obligations, rights and entitlements; and
 - c. government campaigns shall not be conducted for party political purposes.
4. Agencies subject to the *Financial Management and Accountability Act 1997* ('agencies') must comply with the Guidelines.
5. Agencies must also comply with all policies and processes in relation to government campaigns which are issued and amended from time to time by the Cabinet Secretary or the agency responsible for such policies, currently the Department of Finance and Deregulation ('Finance').
6. Government campaigns can be approved for launching by a Minister only when:
 - a. the Chief Executive of the agency undertaking the campaign certifies that the campaign complies with the Guidelines and relevant government policies; and
 - b. for those campaigns with expenditure in excess of \$250,000, the Auditor-General provides a report to the Minister responsible for the agency undertaking the campaign on the proposed campaign's compliance with the Guidelines.
7. The Cabinet Secretary can exempt a campaign from compliance with these Guidelines on the basis of a national emergency, extreme urgency or other extraordinary reasons the Cabinet Secretary considers appropriate. Where an exemption is approved, the Auditor-General will be informed of the exemption and the reasons for the decision will be formally recorded and reported to the Parliament.
8. The Government will make publicly available the expenditure for all campaigns commissioned by any agency.

Guidelines on Campaign Advertising

Definition of Campaign Advertising

9. For the purposes of these Guidelines, government campaigns do not include advertisements for specific jobs, tender advertising, or other similar routine advertising carried out by government agencies in relation to their operational activities.
10. Campaign costs include those activities involved in the development, production and dissemination of information to the public about Government programs, policies and matters which affect their benefits, rights and obligations. Examples of these activities include:
 - a. the use of market research agencies, public relations consultants, advertising agencies and/or other specialist consultants in the development of such material; and
 - b. the production of press, radio, on-line, other electronic media, cinema and television advertisements, audio-visual material and printed material (pamphlets explanatory booklets, etc).

Guidelines for Campaign Advertising

11. Consideration should be given to information requirements during policy development and program planning. Campaigns should be instigated only where a need is demonstrated, target recipients are clearly identified and the campaign is based on appropriate research.

Guideline 1: Material should be relevant to government responsibilities

12. The subject matter of material to be communicated to the public should be directly related to the Government's responsibilities. As such, only policies or programs underpinned by legislative authority, appropriation of the Parliament, or a Cabinet Decision which is intended to be implemented during the current Parliament, should be the subject of an advertising campaign.
13. Examples of suitable uses for government campaign advertising include to:
 - a. inform the public of new, existing or proposed government policies, or policy revisions;
 - b. provide information on government programs or services or revisions to programs or services to which the public are entitled;
 - c. disseminate scientific, medical or health and safety information; or
 - d. provide information on the performance of government to facilitate accountability to the public.

Guidelines on Campaign Advertising

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

14. The material communicated must be presented in an explanatory, fair, objective and accessible manner. Specifically, information in campaigns should be directed at the provision of objective, factual and explanatory information and enable the recipients of the information to reasonably and easily distinguish between facts, on the one hand, and comment, opinion and analysis on the other.
15. Where information is presented as a fact, it should be based on accurate, verifiable facts, and expressed in conformity with those facts. No factual claim should be made which cannot be substantiated. When making a factual comparison, the material should not attempt to mislead the recipient about the situation with which the comparison is made and it should state explicitly the basis for the comparison.
16. Pre-existing policies, products, services and activities should not be presented as new.
17. Special attention should be paid to communicating with any disadvantaged individuals or groups which are identified as being within the designated target audience. Particular attention should be given to the communication needs of young people, the rural community and those for whom English is not a convenient language in which to receive information.
18. There should be recognition of the full participation of women, ethnic and Aboriginal and Torres Strait Island communities in Australian society by realistically portraying their interests, lifestyles and contributions to Australian society. Care should be taken that this is not done in a stereotypic way.

Guidelines on Campaign Advertising

6

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

19. Material should be presented in a manner free from partisan promotion of government policy and political argument, and in objective language. The dissemination of information using public funds should not be directed at fostering a positive impression of a particular political party or promoting party political interests. Dissemination of information may be perceived as being party political because of any one of a number of factors, including:
 - a. the content of the material - what is communicated;
 - b. the source of the campaign - who communicates it;
 - c. the reason for the campaign - why it is communicated;
 - d. the purpose of the campaign - what it is meant to do;
 - e. the choice of media - how, when and where it is communicated;
 - f. the timing, geographic and demographic targeting of the campaign;
 - g. the environment in which it is communicated; or
 - h. the effect it is designed to have.
20. The information and material presented in a campaign should 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. be designed to influence public support for a political party, a candidate for election, a Minister or a Member of Parliament; or
 - 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

21. Campaigns should be justified by a cost/benefit analysis which would be best done after preparation of the communications strategy and consultant briefs. The nature of the campaign, including the method, medium and volume of the publicity activities, should be justified in terms of society's needs, efficiency and effectiveness, and there should be a clear audit trail regarding decision making.
22. Existing procurement policies and procedures for the tendering and commissioning of services and the employment of consultants should be followed.

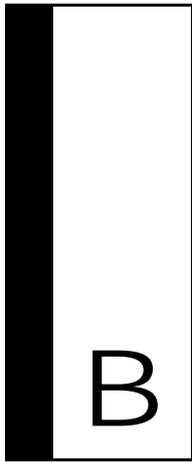
Guidelines on Campaign Advertising

Guideline 5: Advertising must comply with legal requirements

23. Campaigns and related material, the manner of presentation and the delivery of the campaign must comply with all relevant laws including:
- laws with respect to broadcasting and media;
 - privacy laws;
 - intellectual property laws;
 - electoral laws;
 - trade practices and consumer protection laws; and
 - workplace relations laws.
24. Distribution of unsolicited material should be carefully controlled. The information conveyed should clearly and directly affect the interests of recipients.

Contacts for Further Information

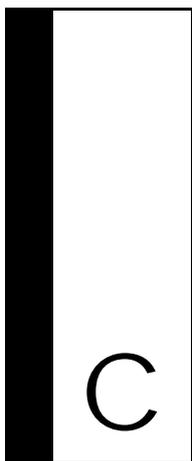
25. Department of Finance and Deregulation
Director, Government Advertising
Phone: 02 6215 2328
website: finance.gov.au
email: governmentadvertising@finance.gov.au



Appendix B – List of Submissions

- 1 Australian National Audit Office
- 2 Australian National Audit Office
- 3 Australian National Audit Office
- 4 Department of Finance and Deregulation
- 5 Australian National Audit Office
- 6 Ms Sally Webster
- 7 Australian National Audit Office
- 8 Australian National Audit Office
- 9 Department of Climate Change
- 10 Australian National Audit Office
- 11 Australian National Audit Office
- 12 Australian Association of National Advertisers
- 13 Department of Finance and Deregulation
- 14 Department of Health and Ageing
- 15 Australian Taxation Office
- 16 Australian National Audit Office
- 17 Department of Finance and Deregulation
- 18 Australian National Audit Office
- 19 Australian Taxation Office
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- 25 Department of Finance and Deregulation
- 26 Department of Finance and Deregulation



Appendix C – List of Exhibits

- 1 Australian National Audit Office
Correspondence: From Auditor-General to Special Minister of State and Cabinet Secretary, 30Jan09
(Related to Submission No. 1)

- 2 Australian National Audit Office
Correspondence: From Auditor-General to Special Minister of State, 25Mar08
(Related to Submission No. 1)

- 3 Australian National Audit Office
Correspondence: From Auditor-General to the Prime Minister, 26Nov07
(Related to Submission No. 1)

- 4 CONFIDENTIAL

- 5 Australian National Audit Office
Correspondence: Auditor-General to Agencies, 2Jul08
(Related to Submission No. 1)

- 6 CONFIDENTIAL

7 CONFIDENTIAL

8 CONFIDENTIAL

9 CONFIDENTIAL

10 Australian National Audit Office
ANAO Campaign Summary Sheet
(Related to Submission No. 1)

11 Australian National Audit Office
*Auditor-General's Review of Information and Advertising Campaigns -
Overview (for agencies) - 24Feb09*
(Related to Submission No. 1)

12 Australian National Audit Office
*Auditor-General's Review of Information and Advertising Campaigns -
Advice for Departments and Agencies (24Feb09)*
(Related to Submission No. 1)

13 Australian National Audit Office
Correspondence: Legal Advice
(Related to Submission No. 1)

14 Australian National Audit Office
*Guidelines on Campaign Advertising by Australian Government
Departments and Agencies - Relevance of High Court's Decision in
Reith v Morling*
(Related to Submission No. 1)

-
- 15 Australian National Audit Office
Auditor-General's Review of Information and Advertising Campaigns - Advice for Departments and Agencies
(Related to Submission No. 1)
- 16 Australian National Audit Office
Identification of issues raised with FaHCSIA relating to Guideline 3
(Related to Submission No. 1)
- 17 Australian National Audit Office
Climate Change Household Action Advertising Campaign - Phase1 (Folder 1) (Department of Climate Change)
(Related to Submission No. 1)
- 18 Australian National Audit Office
Economic Security Strategy Phase 1 (Department of Families, Housing, Community Services and Indigenous Affairs (Folder 2)
(Related to Submission No. 1)
- 19 Australian National Audit Office
Economic Security Strategy (FaHCSIA) - Original correspondence (plus attachments A-E) provided to the ANAO
(Related to Submission No. 1)



Appendix D – List of witnesses appearing at public hearings

Wednesday, 11 March 2009 - Canberra

Individual

Mr Geoff Wilson, Independent Auditor

Australian National Audit Office

Mr David Crossley, Executive Director

Mr Bob Holbert, Audit Manager

Mr Ian McPhee, Auditor-General

Mr Peter White, Group Executive Director

Mr Michael White, Executive Director

Department of Finance and Deregulation

Mr John Grant, First Assistant Secretary, Procurement Division

Mr Simon Lewis PSM, Deputy Secretary, Asset Management Group

Ms Laurie Van Veen, Branch Manager, Communications Advice Branch

Wednesday, 13 May 2009 - Canberra

Australian National Audit Office

Mr Bob Holbert, Audit Manager

Mr Ian McPhee, Auditor-General

Mr Michael White, Executive Director

Wednesday, 9 September 2009 - Canberra

Australian National Audit Office

Mr Bob Holbert, Audit Manager

Mr Ian McPhee, Auditor-General

Mr Michael White, Executive Director

Department of Climate Change

Ms Helen Grinbergs, Assistant Secretary, Coordination and Frameworks Branch

Dr Martin Parkinson, Secretary

Department of Finance and Deregulation

Mr John Grant, First Assistant Secretary, Procurement Division

Mr Simon Lewis PSM, Deputy Secretary, Asset Management Group

Ms Laurie Van Veen, Branch Manager, Communications Advice Branch

Monday, 21 September 2009 - Canberra

University of Canberra

Ms Sally Webster, Lecturer

Monday, 26 October 2009 - Canberra

Australian National Audit Office

Mr Ian McPhee, Auditor-General

Ms Rachel Palmer, Senior Director

Mr Michael White, Executive Director

Australian Taxation Office

Mr Kevin Fitzpatrick, Acting Second Commissioner

Ms Fay Styman, Assistant Commissioner, Strategic Communications

Department of Education, Employment and Workplace Relations

Ms Barbara Grundy, Branch Manager, Strategic Communications

Mr Murray Kimber, Branch Manager, Early Childhood Education and Care

Mr Michael Manthorpe, Deputy Secretary, Early Childhood Education and Child Care

Department of Finance and Deregulation

Mr John Grant, First Assistant Secretary, Procurement Division

Ms Laurie Van Veen, Branch Manager, Communications Advice Branch

Department of Health and Ageing

Mr Simon Cotterill, Assistant Secretary, Drug Strategy Branch

Ms Rosemary Huxtable, Acting Deputy Secretary

Ms Samantha Palmer, General Manager, Communications and People Strategy

Monday, 23 November 2009 - Canberra

Australian Association of National Advertisers

Mr Scott McClellan, Chief Executive Officer

Australian National Audit Office

Mr Steve Chapman, Deputy Auditor-General

Mr Bob Holbert, Audit Manager

Mr Ian McPhee, Auditor-General

Ms Rachel Palmer, Senior Director

Mr Peter White, Group Executive Director

Mr Michael White, Executive Director

Commonwealth Ombudsman

Professor John McMillan, Commonwealth Ombudsman

Monday, 22 February 2010 - Canberra

Australian National Audit Office

Mr Ian McPhee, Auditor-General

Ms Rachel Palmer, Senior Director

Mr Michael White, Executive Director

Thursday, 17 June 2010 - Canberra

Australian National Audit Office

Mr Ian McPhee, Auditor-General

Mr Michael White, Executive Director

Private Capacity

Dr Allan Hawke AC