

The Auditor-General
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Performance Audit

Administration of Government Advertising Arrangements: March 2010 to August 2011

Australian National Audit Office

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Canberra ACT
8 February 2012

Dear Mr President
Dear Mr Speaker

The Australian National Audit Office has undertaken an independent performance audit across agencies with the authority contained in the *Auditor-General Act 1997*. I present the report of this audit and the accompanying brochure to the Parliament. The report is titled *Administration of Government Advertising Arrangements: March 2010 to August 2011*.

Following its presentation and receipt, the report will be placed on the Australian National Audit Office's Homepage—<http://www.anao.gov.au>.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Ian McPhee', is positioned above the printed name.

Ian McPhee
Auditor-General

The Honourable the President of the Senate
The Honourable the Speaker of the House of Representatives
Parliament House
Canberra ACT

AUDITING FOR AUSTRALIA

The Auditor-General is head of the Australian National Audit Office (ANAO). The ANAO assists the Auditor-General to carry out his duties under the *Auditor-General Act* 1997 to undertake performance audits, financial statement audits and assurance reviews of Commonwealth public sector bodies and to provide independent reports and advice for the Parliament, the Australian Government and the community. The aim is to improve Commonwealth public sector administration and accountability.

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Abbreviations

2008 Guidelines	<i>Guidelines on Campaign Advertising by Australian Government Departments and Agencies</i> (June 2008)
2010 Guidelines	<i>Guidelines on Information and Advertising Campaigns by Australian Government Departments and Agencies</i> (March 2010)
AEC	Australian Electoral Commission
ANAO	Australian National Audit Office
CAB	Communications Advice Branch
CALD	Culturally and Linguistically Diverse
CAS	Central Advertising System
CMUL	Communications Multi-Use List
CPGs	<i>Commonwealth Procurement Guidelines 2008</i> (Financial Management Guidance 1)
CGGs	<i>Commonwealth Grant Guidelines 2009</i> (Financial Management Guidance 23)
DCCEE	Department of Climate Change and Energy Efficiency
DoHA	Department of Health and Ageing
FaHCSIA	Department of Families, Housing, Community Services and Indigenous Affairs
Finance	Department of Finance and Deregulation
FMA Act	<i>Financial Management and Accountability Act 1997</i>
FMA Regulations	<i>Financial Management and Accountability Regulations 1997</i>
ICC	Independent Communications Committee

JCPAA	Joint Committee of Public Accounts and Audit
MMA	Master Media Agency—currently Universal McCann
NESB	People from a non-English Speaking Background
PPL	Paid Parental Leave
SMOS	Special Minister of State
Treasury	The Treasury
UM	Universal McCann

Glossary

Creative material	An advertisement or set of advertisements for a campaign.
Central Advertising System	A system of centralising the purchase of advertising space for agencies. Services to agencies under the system are provided by two specialist media buying firms—Universal McCann, contracted to provide campaign advertising services, and Adcorp, which is contracted to provide non-campaign advertising services.
Gross media spend	The GST exclusive media placement spend through the Master Media Agency. The spend is also prior to any additional or reduced fees, charges and rebates.
Total campaign cost	Those elements which collectively make up the value of a campaign, as identified in paragraph 11 of the March 2010 Campaign Guidelines. Elements include research, public relations, advertising and other consultants, production and placement of advertising and production and dissemination of other campaign materials. It does not include departmental staff and associated costs.

Summary and Recommendations

Summary

Introduction

1. Advertising is an important and legitimate element of government communication and information strategies. Governments use advertising to inform the public about taxpayer-funded programs, to explain government policies and to support the establishment and delivery of programs. It provides a mechanism for governments to connect directly with citizens, informing them about new and existing government policies, programs or services, providing advice about their obligations, rights and entitlements, and conveying other important information.
2. While government advertising is a legitimate and accepted element of government communication and information strategies, there have long been concerns that governments may use, or may be perceived to use, taxpayer funds to gain political advantage through the partisan promotion of their views or themselves, rather than to meet the genuine information needs of citizens.¹
3. Earlier ANAO reports² have referred to significant issues with the administration of government advertising in the period prior to the release of updated guidelines on government advertising in 2008³, which established enhanced administrative and certification arrangements informed by

¹ Senate Finance and Public Administration References Committee, *Government advertising and accountability*, p. xiii [Internet]. Finance and Public Administration References Committee, Canberra, 2005, available from <http://www.aph.gov.au/senate/committee/fapa_ctte/completed_inquiries/2004-07/govtadvertising/index.htm> [accessed 22 July 2011]. In the Committee's view, two major mechanisms were required to deal with these concerns: 'The first is an adequate system for disclosing the quantum of advertising expenditure and, equally importantly, for disclosing the public policy justification of major advertising campaigns. The second is the scrutiny of that justification and of the government's proposed campaign material against agreed guidelines,' p. xvii.

² ANAO Performance Audit Report No.24 2008–09, *The Administration of Contracting Arrangements in relation to Government Advertising to November 2007*, available from <http://www.anao.gov.au/~media/Uploads/Documents/2008%2009_audit_report_24.pdf> [accessed 7 December 2011]. The audit observed that it is important that the administrative arrangements in respect of government advertising provide assurance that both statutory and government policy requirements are satisfied.

³ Department of Finance and Deregulation, *Guidelines on Campaign Advertising by Australian Government Departments and Agencies*, June 2008.

recommendations of the Joint Committee of Public Accounts and Audit (JCPAA)⁴ and a Senate inquiry.⁵

4. The enhanced arrangements introduced in 2008 made it clear that campaign development was to be wholly undertaken by the commissioning department or agency, addressing one of the most challenging areas in relation to earlier campaigns, that of achieving clarity in the roles of ministers and their offices on the one hand and agencies on the other.⁶ The 2008 Guidelines provided that campaigns could be approved for launch only when the responsible agency chief executive had certified that the campaign complied with the Guidelines and relevant government policies. For campaigns with expenditure over \$250 000 the Auditor-General provided a report to the responsible minister on the proposed campaign's compliance with the Guidelines, based on a limited assurance approach.⁷ The Government decided in early 2010 to revise the 2008 arrangements by not continuing the Auditor-General's review role and establishing an Independent Communications Committee (ICC) to provide advice—rather than limited assurance—on compliance to agency chief executives, who would in turn provide a certification to the relevant Minister.⁸ The Auditor-General was requested to undertake performance audits of the administration of government advertising and the ANAO has continued to schedule periodic performance audits in the performance audit program.⁹

⁴ In its September 2000 report (No.377) *Guidelines for Government Advertising*, the JCPAA recommended the adoption of guidelines for advertising, similar to those proposed in ANAO Audit Report No.30 1994-95 *Commonwealth Government Information and Advertising*, which had suggested the adoption of principles and guidelines for the development, content and presentation of government advertising. The JCPAA's recommendations were not taken up by the government of the day.

⁵ In 2004 and 2005, the Senate Finance and Public Administration References Committee also undertook an inquiry into government advertising, and the non-government majority report of December 2005, *Government advertising and accountability*, recommended the adoption of guidelines and reporting on compliance against the guidelines for all campaigns valued at more than \$250 000.

⁶ ANAO Report No.2 2009–10, *Campaign Advertising Review 2008–09*, p.9.

⁷ The review of a proposed advertising campaign's compliance, undertaken by the ANAO as the basis for the Auditor-General's report, was designed to provide limited assurance in accordance with the relevant Australian Standard on Assurance Engagements. The limited assurance approach was designed to ensure sufficient appropriate evidence was obtained to enable an assurance conclusion to be formed in relation to an advertising campaign's compliance with the Guidelines.

⁸ ANAO Report No.38 2009–10, *Campaign Advertising Review July 2009–March 2010*, provides further background on the changes.

⁹ *ibid.*, p.7.

5. The potential benefits of, and risks relating to, the administration of government advertising have been acknowledged by the Australian Government—including by the then Cabinet Secretary and Special Minister of State (SMOS), Senator the Hon Joe Ludwig, in the context of releasing in March 2010 the current *Guidelines on Information and Advertising Campaigns by Australian Government Departments and Agencies* (2010 Guidelines)¹⁰:

Government advertising is a key mechanism through which governments can communicate information directly to the public to explain the impact of changes to existing policies or to inform people of important public initiatives...At the same time, governments have an obligation to establish a framework for delivering this information in a transparent, accountable and fiscally responsible way.¹¹

6. The 2010 Guidelines, combined with certain advertising-specific procurement arrangements¹² and the Australian Government's financial management requirements¹³, make up the revised campaign advertising framework applying since March 2010 to all departments and agencies subject to the *Financial Management and Accountability Act 1997* (FMA Act).¹⁴

7. The 2010 Guidelines provide that three underlying principles govern the use of public funds for all government information and advertising campaigns:

¹⁰ The 2010 Guidelines were informed by the *Independent Review of Government Advertising Arrangements* conducted by Dr Allan Hawke AC in early 2010.

¹¹ Ludwig, J (Cabinet Secretary, Special Minister of State), *Changes to the Framework for Government Advertising*, media statement, Parliament House, Canberra, 31 March 2010. The statement is referred to in *New Arrangements for Government Advertising*, media release, Parliament House, Canberra, 31 March 2010.

¹² A Communications Multi-Use List of all communications consultants interested in working on government information and advertising campaigns must be used by agencies to select communications consultants for campaigns over \$250 000, and replaces all other agency procurement mechanisms. A Central Advertising System consolidates government advertising expenditure with the goal of securing media discounts for government. Two 'master media' agencies are contracted by Finance to manage media planning, placement and rates negotiations with media outlets.

¹³ Financial framework requirements, established by the *Financial Management and Accountability Act 1997* and *Financial Management and Accountability Regulations 1997*, operate independently of the 2010 Guidelines. The framework promotes the proper use of Commonwealth resources.

¹⁴ At 20 December 2011, 109 agencies were subject to the FMA Act, including the 20 departments of state. They are referred to collectively as 'agencies' in this audit.

- members of the public have equal rights to access comprehensive information about government policies, programs and services which affect their entitlements, rights and obligations;
- governments may legitimately use public funds to explain government policies, programs or services, to inform members of the public of their obligations, rights and entitlements, to encourage informed consideration of issues or to change behaviour; and
- government campaigns must not be conducted for party political purposes.¹⁵

8. The 2010 Guidelines also include five detailed 'Information and Advertising Campaign Principles' (the Principles)¹⁶ as a basis for regulating the probity and cost-effectiveness of government campaign advertising; and establish a revised certification process to promote, advise on and document agency compliance with the regulatory framework.

9. As mentioned above, the ICC¹⁷ provides advice to agency chief executives on all advertising campaigns valued at more than \$250 000, or where requested to do so by the chief executive.¹⁸ The committee provides advice on compliance with Principles 1 to 4 of the 2010 Guidelines but not on Principle 5, which is considered to relate to a chief executive's normal responsibilities. Following the receipt of ICC advice, chief executives certify compliance against Principles 1 to 5 and provide the certification to the relevant minister, who may decide to launch the campaign or approve its

¹⁵ *Guidelines on Information and Advertising Campaigns by Australian Government Departments and Agencies* (March 2010), paragraph 8, available from <http://www.finance.gov.au/advertising/docs/Guidelines-on-Information-and-Advertising-Campaigns-by-Australian-Government-Departments-and-Agencies-March-2010.pdf> [accessed 24 November 2011].

¹⁶ Principle 1: campaigns should be relevant to government responsibilities. Principle 2: campaign materials should be presented in an objective, fair and accessible manner and be designed to meet the objectives of the campaign. Principle 3: campaign materials should be objective and not directed at promoting party political interests. Principle 4: campaigns should be justified and undertaken in an efficient, effective and relevant manner. Principle 5: campaigns must comply with legal requirements and procurement policies and procedures. The five principles contain additional requirements set out in 18 sub-paragraphs.

¹⁷ The three members are Dr Allan Hawke AC (chair), Ms Helen Williams AO and Ms Anthea Tinney PSM. Ms Barbara Belcher AM, a foundation member of the committee, resigned in June 2010 and was replaced by Ms Tinney in October 2010.

¹⁸ The ICC's terms of reference provide that its specific responsibilities include: overseeing the operation of the Guidelines to ensure compliance with their integrity and spirit, providing advice to chief executives on compliance of proposed campaigns with Principles 1 to 4 of the Guidelines, publicly providing assessments of campaigns' compliance with the Guidelines, reporting on trends or emerging issues associated with advertising campaigns, and considering and proposing revisions to the Guidelines in light of experience.

launch. Publication and reporting requirements are also set out in the 2010 Guidelines, to promote transparency and accountability.¹⁹

10. The 2010 Guidelines make provision for the SMOS to exempt campaigns from their operation on the basis of a national emergency, extreme urgency or other compelling reason²⁰; with one exemption granted since the 2010 Guidelines took effect.²¹ An earlier exemption granted to the Australian Electoral Commission (AEC) under the 2008 Guidelines remained in place following the release of the 2010 Guidelines.²²

11. The Department of Finance and Deregulation (Finance) provides secretariat support to the ICC and advice to agencies on the framework, while the SMOS²³ is responsible for the administration of the campaign advertising framework.

12. While these elements of the revised campaign advertising framework remain in place, it has continued to evolve. In August 2011 Finance advised agencies of a new Peer Review Group modelled on Victorian Government arrangements²⁴ and a revised role for Finance.²⁵ The audit focuses on the

¹⁹ Paragraph 14 sets out the documentary requirements for the certification process. Paragraph 17 provides for the publication of campaign research reports and for the details of advertising campaigns to be published in agency annual reports.

²⁰ The 2008 Guidelines provided for exemptions on the basis of a national emergency, extreme urgency or other extraordinary reasons the Cabinet Secretary considered appropriate. The Auditor-General was to be informed of exemptions and they were to be formally recorded and reported to the Parliament.

²¹ The Cabinet Secretary approved an exemption for the Treasury's Tax Reform Campaign in May 2010, which is considered later in this audit report. The 2010 Guidelines provide that the ICC will be informed of an exemption and it will be formally recorded and reported to the Parliament.

²² The exemption was granted on 17 August 2009 for campaign advertising regarding federal elections, by-elections or referenda. The AEC did not seek to renew its campaign exemption when the revised Guidelines were released in March 2010, and relied on its 2009 exemption as a basis for not undergoing ICC certification processes for the 2010 Federal Election Campaign. While internal legal advice received by Finance concluded that the exemption continued to be effective, it would have been prudent for the AEC, in consultation with Finance, to seek to refresh the exemption following the release of the 2010 Guidelines and the commencement of the revised campaign advertising framework.

²³ In September 2010 the previously combined roles of Cabinet Secretary and SMOS were split, resulting in the SMOS having responsibility for campaign advertising. The wording of the 2010 Guidelines was amended to reflect the revised ministerial responsibilities.

²⁴ The Peer Review Group, to be chaired by the Department of the Prime Minister and Cabinet, was introduced to improve the quality and timeliness of campaigns by exposing individual departments to scrutiny through a regular peer review process.

²⁵ Agencies are no longer required to seek campaign development advice or involve Finance in campaign advertising tender processes. Finance will engage with agencies only if they specifically seek its assistance.

campaign advertising framework as it applied from the release of the 2010 Guidelines to the announcement of the Peer Review Group on 3 August 2011.

Audit objectives and scope

Audit objectives

13. The audit objectives were:

- to assess the effectiveness of the revised certification process in promoting compliance of government advertising campaigns (campaigns) with the March 2010 *Guidelines on Information and Advertising Campaigns by Australian Government Departments and Agencies* (2010 Guidelines);
- to assess the effectiveness of agency administration in developing campaigns and implementing key processes against the requirements of the campaign advertising framework;
- to assess the effectiveness of Finance's administration of the campaign advertising framework; and
- to assess the effect on campaigns of an exemption from the 2010 Guidelines.

Audit criteria and scope

14. To form a conclusion against the audit objectives, the audit considered:

- the interpretation of the requirements of the 2010 Guidelines, and the provisions for exemptions under the 2010 Guidelines;
- the campaign certification process established under the 2010 Guidelines;
- Finance's administrative arrangements in support of FMA Act agencies, governance arrangements for the exemption process, and procurement elements associated with advertising campaigns, including the Master Media Agency (MMA) contract;

- for three campaigns, compliance with the requirements of the campaign advertising framework; and
- for two exempt campaigns, whether the campaigns were developed in accordance with the non-exempt elements of the 2010 Guidelines and the applicable elements of the campaign advertising framework.

Selected agencies

15. Four agencies and advertising campaigns were initially selected for review: the Department of Families, Housing, Community Services and Indigenous Affairs (FaHCSIA, Paid Parental Leave Campaign); the Department of Health and Ageing (DoHA, Health Reform Campaign); the Department of the Treasury (Treasury, Tax Reform Campaign); and the Australian Electoral Commission (AEC, 2010 Federal Election Campaign).

16. These agencies were selected as they administered two campaigns subject to the normal provisions of the 2010 Guidelines (the Paid Parental Leave and Health Reform Campaigns) and two campaigns exempted from the certification processes of the Guidelines (the Tax Reform and 2010 Federal Election Campaigns).

17. The audit was extended on 11 August 2011, following a request from the Leader of the Opposition on 29 July 2011, to include the Clean Energy Future Campaign administered by the Department of Climate Change and Energy Efficiency (DCCEE).

Overall conclusion

18. A revised campaign advertising framework (framework) for FMA Act agencies was introduced in 2010 comprising amended guidelines, advertising-specific procurement arrangements and the Australian Government's financial management requirements.

19. As part of the framework, a revised campaign certification process for FMA Act agencies was introduced to promote, advise on, and document agency compliance with the amended guidelines (2010 Guidelines) promulgated on 31 March 2010. The 2010 Guidelines contain five Principles as a basis for regulating the probity and cost-effectiveness of government campaign advertising, and set out reporting requirements to promote transparency and accountability. Through the certification process, agency chief executives receive advice from the Independent Communications Committee (ICC) on the compliance of campaigns over \$250 000 with

Principles 1 to 4 of the Guidelines, as an input to their own certification against Principles 1 to 5 of the Guidelines. Chief executive certifications are provided to the relevant Minister before campaigns are approved for launch.

20. The audit assessed the effectiveness of the revised certification process in promoting campaign compliance with the 2010 Guidelines; the effectiveness of agency administration in developing campaigns and implementing key processes against the requirements of the framework; and Finance's administration of the framework.

21. Where it applied²⁶, the revised certification process for FMA Act agencies has been generally effective in promoting compliance with the 2010 Guidelines. The compliance assessments prepared for the ICC by FaHCSIA and DoHA, and the certifications signed-off by those agencies' chief executives following the receipt of ICC advice, contained reasonable representations of campaign compliance with the Principles in the 2010 Guidelines. Further, the operations of the ICC established a vehicle for discussion and debate between the committee, Finance, FaHCSIA, DoHA and DCCEE on the development, timing and content of agency campaigns and creative materials; a process which informed the ICC's advice to chief executives on compliance with Principles 1 to 4 of the 2010 Guidelines.²⁷ The practice of agency chief executives certifying campaign compliance has also continued to provide an important discipline on agencies to document compliance with the Principles.

22. In contrast, where a campaign exemption has been granted under the Campaign Guidelines yet the responsible agency was still expected to comply with the 'intent' of the Guidelines, as in the case of Treasury and the AEC,²⁸ there was not the same level of discipline evident in the processes of the

²⁶ The certification process did not apply to the AEC's 2010 Federal Election Campaign or Treasury's Tax Reform Campaign. It did apply to DCCEE's Clean Energy Future Campaign, FaHCSIA's Paid Parental Leave Campaign and DoHA's Health Reform Campaign.

²⁷ The ICC does not provide advice on compliance with Principle 5, which is considered to relate to the regular responsibilities of chief executives. To receive additional comfort on compliance with Principle 5, agencies sought internal and/or external legal advice.

²⁸ In practice, the campaign exemptions provided to Treasury for the Tax Reform Campaign and the AEC for the 2010 Election Campaign were partial exemptions from the 2010 Guidelines, as SMOS indicated that the agencies were expected to continue to adhere to the 'intent' of the Guidelines. Moreover, the exemption mechanism cannot exempt campaigns or agencies from legal requirements, which operate independently of the Guidelines.

responsible agencies to demonstrate compliance with those elements of the 2010 Guidelines which had not been exempted.²⁹

23. While the certification process provided a generally effective framework for promoting compliance with the 2010 Guidelines, where it applied, there were aspects of DCCEE's administration of the Clean Energy Future Campaign that suggested greater discipline could be applied in the implementation of key processes. The audit highlighted scope for improvement in processes for: documenting the source(s) of campaign statements; the giving and recording of financial approvals; signing-off ministerial briefs and record keeping; and procurement practices affecting the capacity of a tender to achieve value for money. Going forward, there is also room for greater emphasis to be given by agencies to the explicit assessment of the overall cost-effectiveness of the media buy for campaigns.

24. As the central government department responsible for the administration of the campaign advertising framework, Finance has released key documents in a timely manner³⁰ and has been a source of helpful advice to agencies and the SMOS. Finance has also managed a large volume of often complex inquiries well, and has provided support to agencies through a number of useful resources such as an indicative campaign development timeline and a pro forma document for chief executive certifications. Nevertheless, there would be benefit in Finance reviewing some aspects of its strategy for supporting agencies, and enhancing its reports to Parliament on the campaign advertising framework.

25. There would also be benefit in Finance providing written guidance to agencies on the interpretation of key terms in the 2010 Guidelines, which are drafted in a manner suggesting that a hierarchy of requirements applies, but do not otherwise define or make explicit the meaning of key terms for

²⁹ There was an incomplete Treasury and AEC record available for the purpose of assessing compliance with the non-exempt elements of the 2010 Guidelines, requiring the ANAO to rely on a combination of internal and external sources of information to assess compliance.

³⁰ These include the 2010 Guidelines and the half-year and full-year reports on campaign advertising by departments and agencies, which report on the Australian Government's campaign advertising framework and expenditure.

the benefit of agencies.³¹ Clarity of meaning is particularly important in the context of a regulatory framework relying on formal written certifications.

26. The ANAO has made five recommendations aimed at strengthening the integrity and transparency of the campaign advertising framework within existing policy settings by refining agencies' systems and processes, the support provided by Finance to agencies, and Finance's reporting on the framework.

Key findings

27. The ANAO's assessment of agency administration against the requirements of the campaign advertising framework identified scope for improvement in processes for: documenting the source(s) of campaign statements; assessing the overall cost-effectiveness of the media buy for campaigns; giving and recording financial approvals; signing-off ministerial briefs and record keeping; procuring services; and evaluating campaigns. There is also scope for refining aspects of Finance's administration of the campaign advertising framework and its reporting on the framework.

Campaign statements

28. Principle 2 of the 2010 Guidelines provides that campaign materials should enable the recipients of the information to distinguish between facts, comment, opinion and analysis (paragraph 20) and that where information is presented as a fact, it should be accurate and verifiable (paragraph 21).

29. The certification process for the FaHCSIA, DoHA and DCCEE campaigns was informed by an active process of discussion and debate between the ICC, supported by Finance, and the responsible agencies on campaign compliance with Principle 2. The certification documents mandated in paragraph 14 of the 2010 Guidelines—comprising ICC advice to chief executives on compliance with Principles 1 to 4 of the Guidelines, and chief

³¹ The 2010 Guidelines suggest that agencies need to distinguish between requirements that 'must' be complied with, those which 'should' be complied with, and those that 'will' be complied with, although these terms are not defined or otherwise explained. In contrast, the *Commonwealth Procurement Guidelines* and *Commonwealth Grant Guidelines* issued by Finance clearly define these key terms—obligations which must be complied with, in all circumstances, are denoted by use of the term *must*, while use of the term *should* denotes matters of sound practice. The ANAO adopted these definitions to analyse the status of requirements in the 2010 Guidelines.

executive certifications of compliance with Principles 1 to 5 of the Guidelines—were also prepared and signed-off.³²

30. The Government's Clean Energy Plan was a complex package and DCCEE relied heavily on the work of other agencies, particularly the Treasury, for technical input when developing the Clean Energy Future Campaign. DCCEE established an e-mail process to consult with Treasury on proposed campaign statements relating to its responsibilities, and also prepared a 'matrix of factual statements and supporting sources' to document the source of 142 statements appearing in campaign materials.³³ While DCCEE adopted a sound approach in preparing the matrix, the initiative was not well implemented as the department was not able to establish a clear line of sight between 52 statements presented as fact in the campaign and the sources cited in the matrix to support those statements. There were also instances where the sources cited in the matrix did not, on their face, support or lend support to statements presented as fact in campaign materials, and further research and analysis was required in the course of the audit to document a source for those statements.

31. A 20-page colour booklet³⁴ mailed to 9.8 million households during August 2011, at a cost of approximately \$4.2 million, was an important element of the Clean Energy Future Campaign. DCCEE's matrix referenced 99 discrete statements appearing in the household mail-out, including four 'headline' statements appearing prominently at the beginning of the document.³⁵ It was necessary to access material not cited by DCCEE in the matrix to establish an authoritative source—Treasury modelling and distributional analysis—for the headline statements. Further, the matrix did not reference three key statements

³² The Treasury and AEC campaigns were exempt from the certification process.

³³ The final version of the matrix provided to the ICC referenced sources for 142 discrete statements made in the various campaign elements—including television, radio and print advertisements. The final version of the matrix was attached to DCCEE's Statement of Compliance for the household mail-out booklet, which is discussed below.

³⁴ Australian Government, *What a carbon price means for you: the pathway to a clean energy future*. Available from <http://www.cleanenergyfuture.gov.au/wp-content/uploads/2011/08/What_a_carbon_price_means_to_you.pdf> [accessed 9 December 2011].

³⁵ The headline statements at page 2 of the household mail-out were: 'What the carbon price package means for Australian households...[i] 9 in 10 households will receive some combination of tax cuts and increased payments to help them with the cost of living impact of the carbon price. [ii] Over 1 million extra Australians will no longer need to lodge a tax return. [iii] Almost 6 million households will be assisted to meet their average price impact. [iv] Over 4 million households will get assistance that is at least 20 per cent more than their average price impact.'

appearing in the Introduction to the household mail-out³⁶, and the ANAO was required to assess comparable statements appearing elsewhere in the mail-out which had been included in the matrix.³⁷ For two of the key statements³⁸, it was necessary to access material not cited by DCCEE to establish an authoritative source—Treasury information and DCCEE calculations.³⁹

32. In light of its experience in developing the Clean Energy Future Campaign, there would be merit in DCCEE reviewing its campaign certification processes to establish a clearer line of sight between information presented as fact in a campaign and the sources cited in support of that information. In this context, it is a matter of judgment as to when there is sufficient support, on the basis of analysis, to turn a forecast into an unqualified statement. These are judgments to be weighed by chief executives, and ministers, in situations where advertising campaigns strip away the supporting analysis to deliver clear and unequivocal statements such as some of the statements made in the household mail-out for the Clean Energy Future Campaign. While prudence would suggest that significant statements that are based on analysis should indicate this position in some way, particularly when government is responsible for a campaign, there may be situations when the weight of evidence makes qualification of such statements unnecessary. A review of the certification processes could usefully inform the development of future advertising campaigns by the department.

³⁶ The three key statements were: [i] 'The carbon price package will ensure that by the end of the decade Australia will cut 160 million tonnes of pollution from the atmosphere each year. That's the equivalent of taking 45 million cars off the road'. [ii] '...over half of the money raised from the carbon price will be used to fund tax cuts, pension increases and higher family payments'. [iii] '...the biggest polluters will pay for every tonne of carbon pollution they put into the atmosphere'.

³⁷ The comparable statements were: [i] 'By 2020 the carbon price package will take 160 million tonnes of pollution out of the atmosphere every year. That's the equivalent of taking forty-five million cars off the road'. [ii] '... over half of the money raised under the carbon price will be used by the Government to cut taxes and increase payments to assist households, as detailed in this booklet'. [iii] 'A carbon price is not a tax on households—it will be paid by Australia's biggest polluters. This means around 500 big polluters will be required to pay for their pollution'.

³⁸ Only the following statement was supported by the source cited in DCCEE's matrix: '... over half of the money raised under the carbon price will be used by the Government to cut taxes and increase payments to assist households, as detailed in this booklet'.

³⁹ In the case of the key statement relating to the 500 biggest polluters paying the carbon tax, the source cited in the matrix only provided a starting point for further calculation and presumed prior knowledge of the operation of related legislation in order to undertake that calculation.

33. The Treasury also adopted a process to obtain technical clearance from its internal policy areas of materials prepared for the Tax Reform Campaign⁴⁰, but did not document that its policy areas had cleared those materials for factual accuracy. Treasury advised that it reviewed its processes for technical clearance of campaign material after the campaign ended and introduced an improved sign-off process. While the department was able to demonstrate improvement in its internal processes for clearing material provided to DCCEE for the Clean Energy Future Campaign—informed by its experience in developing the Tax Reform Campaign—there was some inconsistency in implementing the revised arrangements, with internal clearance forms not fully completed in all cases.

34. Where legislation has not been passed before the launch of an advertising campaign, information in creative material which is presented as fact carries the risk of changing if the legislation is amended or not passed. FaHCSIA included a clear disclaimer in its Paid Parental Leave Campaign brochure stating that until the scheme became law, it was possible that some details outlined in the brochure could change. There was some inconsistency in the approach adopted by DCCEE for the Clean Energy Future Campaign, with disclaimers included in the household mail-out booklet and print advertisement, but not the radio and television advertisements. DoHA's Health Reform Campaign and Treasury's Tax Reform Campaign did not identify that some information presented as fact may change subject to the passage of legislation.⁴¹ The risk of providing the community with information that may change is likely to be higher where the underlying policy position is still subject to active debate in the Parliament, and there would have been merit in considering the use of disclaimers in those circumstances.⁴²

⁴⁰ Such as press material and scripts for radio and television advertisements.

⁴¹ The print advertisement for the Health Reform Campaign stated that: 'For the first time the Australian Government will take dominant funding responsibility for our health system—providing a secure funding base into the future'. At the time DoHA was developing the campaign, the amendments required to the *Federal Financial Relations Act 2009* around GST funding had not been introduced. Nor had the Western Australian Government agreed to the proposed reforms or GST funding arrangements. Some other elements of the reforms did not require legislation for their implementation.

⁴² The new Prime Minister cancelled Treasury's campaign earlier than planned, on 24 June 2010, to facilitate negotiations with industry on an alternative policy approach. An agreement with the mining industry was subsequently reached on a new Mineral Resources Rent Tax to replace the Resource Super Profits Tax, which had been the subject of the campaign.

Cost-effectiveness

35. Earlier ANAO reports on government advertising⁴³ have highlighted the financial framework requirement that the spending of public money not be approved unless reasonable inquiries have been undertaken that demonstrate that the proposed expenditure will make efficient and effective use of public money.

36. The 2008 Guidelines provided that material should be produced and distributed in an efficient, effective and relevant manner, and that campaigns should be justified by a cost-benefit analysis. The requirement for a cost-benefit analysis was subsequently removed from the 2010 Guidelines on the advice of the Hawke Review, which favoured an approach focusing on cost-effectiveness. The Government accepted the Review's recommendation that the provision of information regarding the cost-effectiveness of proposed campaigns be mandatory at the initial Cabinet approval stage, with the Cabinet Handbook to be revised accordingly.⁴⁴ Further, Principle 4 of the 2010 Guidelines provides that campaigns should be justified and undertaken in an efficient, effective and relevant manner.⁴⁵

37. The audited agencies could generally show that they had liaised regularly with the Master Media Agency (MMA) on the media buy for their respective campaigns, but did not document that they had made an explicit assessment of the overall cost-effectiveness of the proposed media placement approach recommended by the MMA. While this does not necessarily mean that value for money was not achieved, the agencies should have satisfied themselves that the proposed media mix was a cost-effective way to achieve

⁴³ ANAO Audit Report No.24 2008–09, *The Administration of Contracting Arrangements in relation to Government Advertising to November 2007*; ANAO Report No.2 2009–10, *Campaign Advertising Review 2008–09*; and ANAO Report No.38 2009–10, *Campaign Advertising Review July 2009–March 2010*.

⁴⁴ Finance also advised agencies on 20 May 2010 that initial consideration of proposed campaign costs, effectiveness and impact would take place at the budget approval stage, with the Cabinet Handbook to be amended accordingly. In the course of the audit Finance advised the ANAO that while the Cabinet Handbook has not been amended, PM&C has been provided with information about implementing the recommendation and PM&C's development of the next edition of the Cabinet Handbook is underway.

⁴⁵ The reference to efficiency and effectiveness in Principle 4 alludes to the requirements of the FMA Act and Regulations—which operate independently of the 2010 Guidelines—for the 'proper use' of all Commonwealth resources, which until recently meant efficient, effective and ethical use that is not inconsistent with the policies of the Commonwealth. As discussed below, the definition of proper use in section 44(3) of the FMA Act was amended with effect from 1 March 2011.

the objectives of the campaign before authorising the proposed media spend with the MMA.

38. While agencies are required to place their advertising through the MMA, which brings specialist expertise and market knowledge to the table, the cost-effectiveness of the media buy undertaken by MMA on an agency's behalf—including issues of quantity and quality—remains an agency responsibility. Agency approvers of spending proposals must satisfy themselves on the question of cost-effectiveness and should not assume that the MMA's involvement will, of itself, secure value for money.⁴⁶

39. The financial framework requirements also operate at an agency level, and are in addition to the arrangements put in place by Finance through the deed of contract with the MMA to secure discounts on media rates for the Australian Government. Agencies are not able to rely on the operation of the deed alone to satisfy the financial framework requirements for efficient and effective use of Commonwealth resources, which apply to agencies' individual spending proposals.

40. Further, while the campaign budget agreed by government provides policy authority and a financial ceiling for agencies' delivery of campaigns, it does not require agencies to spend to the limit of that authority—not least because the Parliament has recently amended the financial management framework to highlight the need for 'economical' use of Commonwealth resources, requiring agencies to have explicit regard to minimising cost when considering spending proposals.^{47 48}

⁴⁶ The financial framework requirements apply to all spending proposals, including the purchase of goods and services relating to the delivery of advertising campaigns, such as the media buy undertaken by the MMA, developmental research services, campaign creative development, printing and distribution.

⁴⁷ Amendments to the definition of 'proper use' in section 44(3) of the FMA Act, which took effect on 1 March 2011, added the requirement for 'economical' use in addition to the existing requirements for efficient, effective and ethical use. While the term 'economical' is not defined in the FMA Act, Finance has advised agencies that 'economy' relates to 'minimising cost', and that while the concepts of efficiency and effectiveness already encompassed the concept of economy, the addition of the term economical was 'intended to emphasise the requirement to avoid waste and increase the focus on the level of resources that the Commonwealth applies to achieve outcomes.' Finance Circular No. 2011/01, *Commitments to spend public money (FMA Regulations 7 to 12)*, 31 March 2011, pp.11–12, available from <<http://www.finance.gov.au/publications/finance-circulars/2011/docs/Finance-Circular-2011-01-FMA-Regulations-7-12.pdf>> [accessed 3 December 2011].

41. While the recent amendments to the financial management framework did not apply to the campaigns examined in the audit⁴⁹, all campaigns developed since the amendments came into effect will be required to comply with the now explicit requirement for economical use of Commonwealth resources. There would be merit in Finance providing further specific advice to agencies on the implications of the amendments to campaign advertising, as a means of supporting agencies in making assessments on the efficient, effective and economical use of Commonwealth resources in the campaign advertising context.

Approvals and record-keeping

42. Principle 5 of the 2010 Guidelines provides that procurement policies and procedures for the tendering and commissioning of services and the employment of consultants should be followed, and there should be a clear audit trail regarding decision-making. These requirements also exist independently of the Guidelines, as they have their basis in the FMA Act and Regulations, the CPGs and internal agency requirements governing financial approvals and procurement.

43. FaHCSIA, DoHA, AEC and Treasury procurement processes provided an audit trail, supported by documentation of the relevant financial approvals and the basis for decisions. Authorisations were completed by people with appropriate delegation and the invoices received matched the approved budget for the stated procurement.

44. DCCEE's management and recording of approvals for the Clean Energy Future Campaign fell short of sound practice. Shortcomings were identified in the approval of ministerial briefs and record keeping practices for those briefs, and the giving and recording of financial approvals for spending proposals.

⁴⁸ The amended definition of 'proper use' also applies to FMA Regulation 9, which now requires that an approver must not approve a spending proposal unless the approver is satisfied, after making reasonable inquiries, that giving effect to the spending proposal would be a proper use of Commonwealth resources, within the meaning of section 44(3) of the FMA Act. While the amended FMA Regulation 9 came into effect on 1 July 2010, broad transitional and savings provisions gave agencies until 1 July 2011 to update internal procedures, guidance and delegations.

⁴⁹ The FMA Act amendments took effect on 1 March 2011 and therefore post-dated the FaHCSIA, DoHA, AEC and Treasury campaigns. DCCEE could rely on broad transitional and savings provisions intended to give agencies an opportunity to update internal procedures, delegations and guidance.

45. DCCEE was often unable to provide the ANAO with complete or signed versions of ministerial briefs⁵⁰, and the department advised that it would amend its processes to improve the management of ministerial briefs and ensure that responsible officials sign all future advice to ministers and parliamentary secretaries.

46. A verbal financial approval⁵¹ was given by a DCCEE delegate for a spending proposal, valued at \$1.7 million, for the household mail-out distribution contract. However, a different person was recorded in DCCEE's systems as having given the approval, resulting in a breach of the financial management regulations.⁵² Six other DCCEE spending proposals only received the necessary financial approvals⁵³ after the relevant funding agreement was entered into, resulting in further breaches of the financial management regulations⁵⁴ to be recorded in the department's annual Certificate of Compliance to the minister.⁵⁵ Finance guidance emphasises the need to clearly determine the financial approver for spending proposals, to preserve accountability.⁵⁶ Further, well documented written approvals, rather than verbal approvals, remain the most appropriate means for considering the majority of spending proposals and in particular high-value spending proposals such as the household mail-out contract. DCCEE advised that all financial delegates in the relevant Division would attend training to refresh

⁵⁰ This shortcoming resulted from the departmental practice of only scanning into the ministerial correspondence system the cover page of ministerial briefs and relying on officials to place the full version on local files. As a consequence, the ANAO was provided with composite briefs comprising a scanned front page sourced from the ministerial tracking system, with the remaining pages sourced from elsewhere. Further, while the front pages of ministerial briefs were signed and dated by the Minister, the majority of briefs provided to the ANAO were not signed or initialled by the official tendering the advice. Ministerial briefs tendered by the Secretary were an exception. In a number of cases ministerial briefs were stamped as 'signed' above the responsible official's signature block—a practice which lends no additional authority to a document.

⁵¹ For the purposes of FMA Regulation 9.

⁵² FMA Regulation 12 provides that if approval of a spending proposal has not been given in writing, the approver must record the terms of the approval in writing as soon as practicable after giving the approval. The written record of the approval should be an accurate record.

⁵³ Under FMA Regulation 9.

⁵⁴ FMA Regulation 8 requires that Regulation 9 approvals be given before an arrangement is entered into.

⁵⁵ DCCEE advised that a number of financial delegates could potentially give approvals for spending proposals within the relevant Division, and this had led to the wrong official being recorded as the approver.

⁵⁶ Finance Circular 2011/01, *Commitments to spend public money (FMA Regulations 7 to 12)*, 31 March 2011, p.21. Available from <<http://www.finance.gov.au/publications/finance-circulars/2011/01.html>> [accessed 3 December 2011].

their knowledge of financial framework requirements and the department's financial management system.

Campaign development timelines

47. Finance has consistently advised agencies on the importance of allowing sufficient time for campaign development and the risks of compressed development timelines.⁵⁷ Finance developed a useful guide on indicative timelines for the development and placement of a campaign involving television⁵⁸, and an overview of campaign activity and review processes, which were circulated to agencies shortly after the 2010 Guidelines took effect.

48. DCCEE's select tender for procuring print services for the household mail-out booklet, valued at \$2.7 million for the publication of 10 million copies, was conducted within a severely compressed timeframe of approximately 1.5 days, which had the effect of limiting the number of suppliers and reducing the potential of the process to maximise value for money. A last-minute variation to the scope of the tender—which gave firms approximately 90 minutes to quote on the cost of printing the booklet in A4 size as well as A5 size—had the effect of further limiting the number of suppliers likely to submit satisfactory quotes, and further eroded the capacity of the tender process to maximise value for money.

49. Further, the short lead times—sometimes less than a week—available for media buying by the MMA for the Clean Energy Future Campaign, prompted the ICC to observe that this would have had a significant impact on the MMA's ability to buy advertising space on the most appropriate programs and secure the best placement positions.⁵⁹

⁵⁷ In correspondence to agency chief executives dated 20 May 2010, the Finance Secretary noted that: 'Ultimately, compressed timelines increase the risk that the justification for, and quality of campaigns, will be negatively affected.'

⁵⁸ The indicative timeline was circulated by the Finance Secretary on 20 May 2010 with his correspondence to agencies on changes to the government advertising framework. Finance advised that television campaigns developed from 'scratch' generally take between 20 and 27 weeks, while the timeframe for print and online campaigns ranges from 8 to 12 weeks, depending on existing research and the complexity of the message.

⁵⁹ Finance correspondence with DCCEE, 8 December 2011, confirming discussions between the ICC and DCCEE on 28 November 2011.

50. DoHA was required to deliver the Health Reform Campaign in the 'fastest possible timeframe'⁶⁰, and much of the development work for the overarching phase of the campaign was done very quickly.⁶¹ As a consequence, the specific campaign components under development for Indigenous audiences and people of Non English Speaking Background could not be developed in time for the launch of the campaign's overarching phase. The JCPAA has taken a close interest in the accessibility of campaigns to all Australians⁶², and Finance has recently reminded agencies of the Government's 'continuing obligation' to address and be responsive to the information needs of culturally and linguistically diverse communities.⁶³

51. The Treasury was also required to fast-track the development of the Tax Reform Campaign, and an exemption from the 2010 Guidelines was sought and granted 'in order that advertising is able to go to air more quickly'.⁶⁴ Treasury took some steps, in the limited time available⁶⁵, to ensure that elements of the campaign were tested and performing well against the campaign objectives before its launch.⁶⁶ The speed with which the campaign was launched and its exemption from the Guidelines attracted comment in Parliament and the media.

52. It is prudent for agencies to alert ministers, where necessary, to the potential risks of significantly truncated campaign development timeframes

⁶⁰ DoHA Minute to the Minister, 18 March 2010.

⁶¹ Much of the campaign development work occurred in the 58 days (approximately eight weeks) between the government decision of 15 March 2010 to undertake the campaign and the time that advertisements appeared on 13 May 2010.

⁶² Joint Committee of Public Accounts and Audit, hearings on reference into the *Role of the Auditor-General in Scrutinising Government Advertising*, 26 October 2009.

⁶³ Finance Secretary's correspondence to agency chief executives, 4 October 2011. Finance also advised agencies that they would be required to document reasons if multicultural or indigenous media is not used as part of an advertising campaign. The information will be included in Finance's future reports on campaign advertising.

⁶⁴ Special Minister of State, parliamentary statement on the exemption, 28 May 2010.

⁶⁵ Treasury undertook much of the development work for the campaign (for press, radio and online) in the 39 days (approximately 5.5 weeks) between the government decision of 20 April 2010 to undertake the campaign and the time that press and radio advertisements appeared on 29 May 2010. Forty-six days (approximately 6.5 weeks) elapsed between the government decision of 20 April 2010 and the time that television advertisements appeared on 6 June 2010.

⁶⁶ However, the creative material provided for testing was generally in a pre-production stage and full suites of the creative material were not used for concept testing. Moreover, the planned third phase of concept testing was only conducted after the campaign had launched.

and provide options. There would also be benefit in Finance incorporating such advice in its guidance materials.⁶⁷

Evaluation

53. Paragraph 33 of the 2010 Guidelines provides that it is sound practice to evaluate campaigns to determine their effectiveness. DCCEE, FaHCSIA, the AEC and DoHA undertook some form of campaign evaluation, while the early cancellation of the Tax Reform Campaign prompted Treasury not to conduct a post-campaign evaluation.

54. The AEC's evaluation of the 2010 Federal Election Campaign focused on public recall, awareness of the campaign, and levels of understanding of the information relayed in the campaign. However, the AEC did not document whether it had evaluated the effectiveness of the campaign against its stated purpose: to maximise effective participation in the federal election. An evaluation would have allowed the AEC to assess whether such a method of promoting public awareness was the most effective way of achieving the stated purpose.

55. DoHA received a final research report on levels of public awareness about health reform, established through a tracking survey. While the survey reported on the 'aim of increasing awareness of the proposed health reforms amongst the general public', the campaign objective agreed by the Government had been to inform Australians of the changes to the health system under the proposed Health Reform Plan; on its face a more ambitious objective which was not evaluated.

56. Treasury did not conduct a post-campaign evaluation to obtain lessons learned, as the Tax Reform Campaign was not completed. In light of the actual costs incurred before cancellation, including a media buy of approximately \$10.5 million, there would have been merit in conducting appropriate evaluation activity.

⁶⁷ In a similar vein, the CGGs establish an expectation that agencies take appropriate and timely steps to advise Ministers. The approach adopted in the CGGs was informed in part by the ANAO's findings in ANAO Performance Audit Report No.24 2008–09, *The Administration of Contracting Arrangements in relation to Government Advertising to November 2007* (p.23), which highlighted the role of departments in providing advice to Ministers of obligations associated with their decisions.

57. The draft evaluation received by DCCEE in November 2011 on the Clean Energy Future Campaign, prompted the ICC to observe⁶⁸ that the draft highlighted a number of matters that were particularly relevant to the development of any future advertising on a Clean Energy Future, such as the limited acceptance of the key campaign messages related to carbon pricing and household assistance, and the findings that the advertisements did not translate into high levels of action.⁶⁹ When completed, the evaluation has the potential to provide valuable lessons from the campaign, which DCCEE would benefit from in developing any future advertising campaigns.

Finance's support to agencies and reporting on the framework

58. The ANAO identified a number of opportunities for Finance to improve the administration of the campaign advertising framework and enhance the transparency of reporting on the framework.

59. Significant variability was evident in the time taken to issue ICC minutes to agencies⁷⁰, and there would be benefit in Finance reviewing its secretariat processes to address this variability and improve its support to agencies and the ICC. Further, while the proforma campaign certification template provided to chief executives is a useful starting point for their certifications, it goes further than reproducing the requirements of the 2010 Guidelines and in some cases alters their meaning. As the template forms the basis of a chief executive's written certification against the Guidelines, there would be benefit in Finance reviewing the template for alignment with the Guidelines.

60. As part of the revised campaign advertising framework, the Government undertook to report twice yearly to the Parliament on advertising expenditure for government departments and agencies. A half year report was first released in March 2009⁷¹ and the first full year report was released in

⁶⁸ Finance correspondence with DCCEE, 8 December 2011, confirming discussions between the ICC and DCCEE on 28 November 2011.

⁶⁹ As reflected in the small number of calls to the call centre and visits to the Clean Energy Future website.

⁷⁰ The average for the campaigns examined as part of the audit was 24 working days, with the shortest period being two days and the longest period being 72 days.

⁷¹ Department of Finance and Deregulation, *Campaign Advertising by Australian Government Departments and Agencies Half Year Report 1 July to 31 December 2008*. Available from <<http://www.finance.gov.au/advertising/campaign-advertising-reports.html>>, [accessed 8 December 2011].

September 2009.⁷² Further full and half year reports have been released by Finance in a timely manner.

61. While the reports are an aid to transparency, the full year report contains information on media placement expenditure which is exclusive of GST, and does not aggregate the significant expenditure incurred on 'consultants, services and other costs', which totalled \$39.8 million in 2009–10 and \$46.9 million in 2010–11.⁷³ The inclusion of a consolidated table on total expenditure incurred on 'consultants, services and other costs', and expenditure on media placement inclusive of GST⁷⁴, would further enhance transparency and the value of the report.

62. In the context of a framework which continues to evolve, there would also be benefit in Finance publishing updated information on its revised roles and responsibilities. Clarity and transparency would be further improved if the roles and responsibilities of other key participants in the framework were documented, such as the new Peer Review Group (PRG) and the role of the Department of the Prime Minister and Cabinet (PM&C) in chairing the PRG.⁷⁵ Finance's full year report on campaign advertising would be an appropriate vehicle.

⁷² Department of Finance and Deregulation, *Campaign Advertising by Australian Government Departments and Agencies Full Year Report 2008–09*. Available from <<http://www.finance.gov.au/advertising/campaign-advertising-reports.html>>, [accessed 8 December 2011].

⁷³ Expenditure on 'consultants, services and other costs' is reported on at an individual agency and campaign level in the full year report, but is not currently aggregated.

⁷⁴ The 2009–10 and 2010–11 full year reports itemise, in Table 1, gross Australian Government media placement expenditure (GST exclusive) as \$114.7 million in 2009–10 and \$116.9 million in 2010–11.

⁷⁵ In providing comments on an extract of the proposed audit report, PM&C did not agree that there is a lack of clarity or transparency in the roles and responsibilities of key participants in the evolving framework. See further discussion in Chapter 3 of this report.

Summary of agencies' responses

63. The agencies' responses to the report recommendations are included in the body of the report, directly following the recommendation. Agencies' general comments on the audit report are provided below.

The Department of Finance and Deregulation

64. Finance welcomes the Report on the *Administration of Government Advertising Arrangements: March 2010 to August 2011*. Finance appreciates the Report's acknowledgement of the work it has undertaken to improve the administration of the Government's campaign advertising framework, following the findings of ANAO Report No.24 of 2008–09 — *The Administration of Contracting Arrangements in relation to Government Advertising to November 2007*.

65. Overall, Finance notes that none of the audit recommendations indicate significant concern about the overall administration and effectiveness of the Government's campaign advertising framework. Rather, the five recommendations are primarily directed at refining or improving current practices. Finance agrees to Recommendations 1, 2 and 3.

The Department of Families, Housing, Community Services and Indigenous Affairs

66. I am pleased to note that the Department is not required to respond to any of the recommendations made in the report, however I note the report includes discussion about the assessment of cost-effectiveness of media placement and I look forward to the ANAO final recommendations on this issue.

The Department of Health and Ageing

67. I note that there are no recommendations relating specifically to the Department and accordingly the Department has no further comments to make. I would like to thank you and your officers for the professionalism with which this audit was undertaken.

The Treasury

68. The Treasury agrees with the findings outlined in the draft report. This includes the recommendation that ‘in future, agencies granted an exemption from the 2010 *Guidelines on Information and Advertising Campaigns by Australian Government Departments and Agencies* should adopt a process of internal ‘certification’ to provide assurance to the agency Chief Executive of compliance with the Guidelines to the extent that they continue to apply.’

69. As you are aware, we are satisfied that the previous Secretary was kept appropriately informed during the development of the Tax Reform advertising campaign. However, we regard the ANAO recommendation as helping ensure that adequate focus remains on these issues during what can be fairly intense periods of effort.

The Australian Electoral Commission

70. AEC campaigns are conducted in a unique context where timeframes are not known in advance and information critical to effective voter participation in an election must be communicated to over 14 million people by tight, immutable deadlines. The AEC agrees with the only ANAO recommendation relating directly to it and will adopt a process of internal certification to provide to the Electoral Commissioner assurance of compliance with the intent of the Guidelines. The AEC believes that exemption from the Guidelines is critical to its capacity to be, and be perceived to be, independent and neutral.

The Department of Climate Change and Energy Efficiency

71. DCCEE notes that the ANAO did not identify any inaccuracies or statements used in the advertisements that could not be supported by evidence. We further note the ANAO's acknowledgement at [paragraph 8.20 of the report] that the campaign was undertaken in difficult circumstances and related to a complex policy package that relied heavily on the work of other agencies.

72. DCCEE recognises that there were procedural shortcomings in the administration of the campaign. As part of our commitment to continuous improvement of processes and systems, DCCEE accepts the ANAO's findings on the procedural issues raised in the report. The Department has started taking action in direct response to several of the ANAO's findings and will continue to improve its processes and systems in the pursuit of best practice.

73. In this context, and with regard to Recommendation 5, the Department will now review its campaign certification processes in the application of Paragraph 21 of the 2010 *Guidelines on Information and Advertising Campaigns by Australian Government Departments and Agencies*, specifically that element of Principle 2 which requires that information presented as fact in advertising campaigns is accurate and verifiable, to strengthen transparency.

74. The ANAO's observations on the Department's performance with regard to procurement and recordkeeping are also noted. In response, the Department intends to allocate additional resources to the development of internal education programs designed to communicate to employees the requirements of departmental procurement and recordkeeping policies. Since the ANAO completed its fieldwork, the Department has delivered purpose-designed financial management training to relevant officers of the Division with accountability for the Clean Energy Future advertising campaign.

75. The Department has also reviewed its processes for the approval of ministerial briefs and recordkeeping practices associated with those briefs. As a result, new procedures have been introduced to ensure that complete, signed versions of ministerial briefs are maintained in accordance with the Department's Information Management Policy.

76. The Department welcomes the proposal that the Department of Finance and Deregulation provide additional guidance on how agencies might best meet the 'proper use' requirements of the *Financial Management and Accountability Act 1997* and Regulation 9 of the *Financial Management and Accountability Regulations 1997*. Guidance of this nature will facilitate improved governance and better quality outcomes in future campaigns.

The Department of the Prime Minister and Cabinet

77. In relation to paragraph 62 of the summary, PM&C does not agree that there is a lack of clarity or transparency in the roles and responsibilities of key participants in the evolving framework. There has been thorough communication with departments in relation to the framework. We believe there is a good understanding of the objectives behind the recent changes and strong support for initiatives such as the Peer Review Group, which aims to foster increased collaboration and professional skills among communications executives.

78. In relation to paragraphs 2.32 to 2.34 of the report, the ANAO implies that PM&C failed to heed a recommendation of the Hawke Review calling for the Cabinet Handbook to be updated to mandate that submissions must provide adequate information to enable Cabinet to consider the cost-effectiveness of proposed advertising campaigns. An updated draft of the Cabinet Handbook, reflecting this recommendation is currently before the Government for consideration.

Recommendations

The recommendations are based on findings from fieldwork at the Department of Finance and Deregulation and agencies that administered government advertising campaigns. Agencies are encouraged to assess the benefits of implementing the recommendations in light of their own circumstances, including the extent to which each recommendation, or part thereof, is addressed by practices already in place.

Recommendation No: 1

Para 2.20

To support agencies in their application of the *2010 Guidelines on Information and Advertising Campaigns by Australian Government Departments and Agencies*, the ANAO recommends that the Department of Finance and Deregulation provide written guidance to agencies clarifying which parts of the Guidelines are mandatory and which are sound practice.

Finance response: *Agreed*

Recommendation No: 2

Para 2.48

To support agencies in complying with the amended 'proper use' requirements of section 44(3) of the *Financial Management and Accountability Act 1997* and Regulation 9 of the *Financial Management and Accountability Regulations 1997*, the ANAO recommends that the Department of Finance and Deregulation provide guidance to agencies on assessing the efficient, effective and economical use of Commonwealth resources in the context of developing and approving spending proposals for campaign advertising.

Finance response: *Agreed*

**Recommendation
No: 3**

Para 3.39

To strengthen alignment between the 2010 *Guidelines on Information and Advertising Campaigns by Australian Government Departments and Agencies* and agency Chief Executives' written certifications, the ANAO recommends that the Department of Finance and Deregulation review its 'Chief Executive Certification for Government Advertising Campaigns' template for alignment against the Guidelines.

Finance response: *Agreed*

**Recommendation
No: 4**

Para 6.32

The ANAO recommends that in future, agencies granted an exemption from the 2010 *Guidelines on Information and Advertising Campaigns by Australian Government Departments and Agencies* should adopt a process of internal 'certification' to provide assurance to the agency Chief Executive of compliance with the Guidelines to the extent that they continue to apply.

Treasury response: *Agreed*

AEC response: *Agreed*

**Recommendation
No: 5**

Para 8.52

To strengthen transparency in the application of Paragraph 21 (a sub-element of Principle 2) of the 2010 *Guidelines on Information and Advertising Campaigns by Australian Government Departments and Agencies*, the ANAO recommends that the Department of Climate Change and Energy Efficiency review its campaign certification processes to ensure that there is a clear line of sight between information presented as fact in a government advertising campaign and the sources cited in support of that information.

DCCEE response: *Agreed*

Audit Findings

1. Introduction

This chapter provides an overview of the framework for government campaign advertising applying from March 2010 to August 2011, the evolution of the framework, government expenditure on advertising campaigns, and background information about the audit.

Government advertising

1.1 Advertising is an important and legitimate element of government communication and information strategies. Governments use advertising to inform the public about taxpayer-funded programs, to explain government policies and to support the establishment and delivery of programs. It provides a mechanism for governments to connect directly with citizens, informing them about new and existing government policies, programs or services, providing advice about their obligations, rights and entitlements, and conveying other important information.

1.2 While government advertising is a legitimate and accepted element of government communication and information strategies, there have long been concerns that governments may use, or may be perceived to use, taxpayer funds to gain political advantage through the partisan promotion of their views or themselves, rather than to meet the genuine information needs of citizens.⁷⁶

1.3 Earlier ANAO reports⁷⁷ have referred to significant issues with the administration of government advertising in the period prior to the release of

⁷⁶ Senate Finance and Public Administration References Committee, *Government advertising and accountability*, p. xiii [Internet]. Finance and Public Administration References Committee, Canberra, 2005, available from <http://www.aph.gov.au/senate/committee/fapa_ctte/completed_inquiries/2004-07/govtadvertising/index.htm> [accessed 22 July 2011]. In the Committee's view, two major mechanisms were required to deal with these concerns: 'The first is an adequate system for disclosing the quantum of advertising expenditure and, equally importantly, for disclosing the public policy justification of major advertising campaigns. The second is the scrutiny of that justification and of the government's proposed campaign material against agreed guidelines,' p. xvii.

⁷⁷ ANAO Performance Audit Report No.24 2008–09, *The Administration of Contracting Arrangements in relation to Government Advertising to November 2007*, available from <http://www.anao.gov.au/~media/Uploads/Documents/2008%2009_audit_report_24.pdf> [accessed 7 December 2011]. The audit observed that it is important that the administrative arrangements in respect of government advertising provide assurance that both statutory and government policy requirements are satisfied.

updated guidelines on government advertising in 2008⁷⁸, which established enhanced administrative and certification arrangements informed by recommendations of the Joint Committee of Public Accounts and Audit (JCPAA)⁷⁹ and a Senate inquiry.⁸⁰

1.4 The enhanced arrangements introduced in 2008 made it clear that campaign development was to be wholly undertaken by the commissioning department or agency, addressing one of the most challenging areas in relation to earlier campaigns, that of achieving clarity in the roles of ministers and their offices on the one hand and agencies on the other.⁸¹ The 2008 Guidelines provided that campaigns could be approved for launch only when the responsible agency chief executive had certified that the campaign complied with the Guidelines and relevant government policies. For campaigns with expenditure over \$250 000 the Auditor-General provided a report to the responsible minister on the proposed campaign's compliance with the Guidelines, based on a limited assurance approach.⁸² The Government decided in early 2010 to revise the 2008 arrangements by not continuing the Auditor-General's review role and establishing an Independent Communications Committee (ICC) to provide advice—rather than limited assurance—on compliance to agency chief executives, who would in turn provide a certification to the relevant Minister.⁸³ The Auditor-General was requested to undertake performance audits of the administration of

⁷⁸ Department of Finance and Deregulation, *Guidelines on Campaign Advertising by Australian Government Departments and Agencies*, June 2008.

⁷⁹ In its September 2000 report (No.377) *Guidelines for Government Advertising*, the JCPAA recommended the adoption of guidelines for advertising, similar to those proposed in ANAO Audit Report No.30 1994-95 *Commonwealth Government Information and Advertising*, which had suggested the adoption of principles and guidelines for the development, content and presentation of government advertising. The JCPAA's recommendations were not taken up by the government of the day.

⁸⁰ In 2004 and 2005, the Senate Finance and Public Administration References Committee also undertook an inquiry into government advertising, and the non-government majority report of December 2005, *Government advertising and accountability*, recommended the adoption of guidelines and reporting on compliance against the guidelines for all campaigns valued at more than \$250 000.

⁸¹ ANAO Report No.2 2009–10, *Campaign Advertising Review 2008–09*, p.9.

⁸² The review of a proposed advertising campaign's compliance, undertaken by the ANAO as the basis for the Auditor-General's report, was designed to provide limited assurance in accordance with the relevant Australian Standard on Assurance Engagements. The limited assurance approach was designed to ensure sufficient appropriate evidence was obtained to enable an assurance conclusion to be formed in relation to an advertising campaign's compliance with the Guidelines.

⁸³ ANAO Report No.38 2009–10, *Campaign Advertising Review July 2009–March 2010*, provides further background on the changes.

government advertising and the ANAO has continued to schedule periodic performance audits in the performance audit program.⁸⁴

1.5 The potential benefits of, and risks relating to, the administration of government advertising have been acknowledged by the Australian Government—including by the then Cabinet Secretary and Special Minister of State (SMOS), Senator the Hon Joe Ludwig, in the context of releasing in March 2010 the current *Guidelines on Information and Advertising Campaigns by Australian Government Departments and Agencies* (2010 Guidelines)⁸⁵:

Government advertising is a key mechanism through which governments can communicate information directly to the public to explain the impact of changes to existing policies or to inform people of important public initiatives...At the same time, governments have an obligation to establish a framework for delivering this information in a transparent, accountable and fiscally responsible way.⁸⁶

1.6 The 2010 Guidelines, combined with certain advertising-specific procurement arrangements⁸⁷ and the Australian Government's financial management requirements⁸⁸, make up the revised campaign advertising framework applying since March 2010 to all departments and agencies subject to the *Financial Management and Accountability Act 1997* (FMA Act).⁸⁹

⁸⁴ *ibid.*, p.7.

⁸⁵ The 2010 Guidelines were informed by the *Independent Review of Government Advertising Arrangements* conducted by Dr Allan Hawke AC in early 2010.

⁸⁶ Ludwig, J (Cabinet Secretary, Special Minister of State), *Changes to the Framework for Government Advertising*, media statement, Parliament House, Canberra, 31 March 2010. The statement is referred to in *New Arrangements for Government Advertising*, media release, Parliament House, Canberra, 31 March 2010.

⁸⁷ A Communications Multi-Use List of all communications consultants interested in working on government information and advertising campaigns must be used by agencies to select communications consultants for campaigns over \$250 000, and replaces all other agency procurement mechanisms. A Central Advertising System consolidates government advertising expenditure with the goal of securing media discounts for government. Two 'master media' agencies are contracted by Finance to manage media planning, placement and rates negotiations with media outlets.

⁸⁸ Financial framework requirements, established by the *Financial Management and Accountability Act 1997* and *Financial Management and Accountability Regulations 1997*, operate independently of the 2010 Guidelines. The framework promotes the proper use of Commonwealth resources.

⁸⁹ At 20 December 2011, 109 agencies were subject to the FMA Act, including the 20 departments of state. They are referred to collectively as 'agencies' in this audit.

1.7 The 2010 Guidelines provide that three underlying principles govern the use of public funds for all government information and advertising campaigns:

- members of the public have equal rights to access comprehensive information about government policies, programs and services which affect their entitlements, rights and obligations;
- governments may legitimately use public funds to explain government policies, programs or services, to inform members of the public of their obligations, rights and entitlements, to encourage informed consideration of issues or to change behaviour; and
- government campaigns must not be conducted for party political purposes.⁹⁰

1.8 The 2010 Guidelines also include five detailed 'Information and Advertising Campaign Principles' (the Principles)⁹¹ as a basis for regulating the probity and cost-effectiveness of government campaign advertising; and establish a revised certification process to promote, advise on and document agency compliance with the regulatory framework.

1.9 As mentioned above, the ICC⁹² provides advice to agency chief executives on all advertising campaigns valued at more than \$250 000, or where requested to do so by the chief executive.⁹³ The committee provides advice on compliance with Principles 1 to 4 of the 2010 Guidelines but not on

⁹⁰ *Guidelines on Information and Advertising Campaigns by Australian Government Departments and Agencies* (March 2010), paragraph 8, available from <http://www.finance.gov.au/advertising/docs/Guidelines-on-Information-and-Advertising-Campaigns-by-Australian-Government-Departments-and-Agencies-March-2010.pdf> [accessed 24 November 2011].

⁹¹ Principle 1: campaigns should be relevant to government responsibilities. Principle 2: campaign materials should be presented in an objective, fair and accessible manner and be designed to meet the objectives of the campaign. Principle 3: campaign materials should be objective and not directed at promoting party political interests. Principle 4: campaigns should be justified and undertaken in an efficient, effective and relevant manner. Principle 5: campaigns must comply with legal requirements and procurement policies and procedures. The five principles contain additional requirements set out in 18 sub-paragraphs.

⁹² The three members are Dr Allan Hawke AC (chair), Ms Helen Williams AO and Ms Anthea Tinney PSM. Ms Barbara Belcher AM, a foundation member of the committee, resigned in June 2010 and was replaced by Ms Tinney in October 2010.

⁹³ The ICC's terms of reference provide that its specific responsibilities include: overseeing the operation of the Guidelines to ensure compliance with their integrity and spirit, providing advice to chief executives on compliance of proposed campaigns with Principles 1 to 4 of the Guidelines, publicly providing assessments of campaigns' compliance with the Guidelines, reporting on trends or emerging issues associated with advertising campaigns, and considering and proposing revisions to the Guidelines in light of experience.

Principle 5, which is considered to relate to a chief executive's normal responsibilities. Following the receipt of ICC advice, chief executives certify compliance against Principles 1 to 5 and provide the certification to the relevant minister, who may decide to launch the campaign or approve its launch. Publication and reporting requirements are also set out in the 2010 Guidelines, to promote transparency and accountability.⁹⁴

1.10 The 2010 Guidelines make provision for the SMOS to exempt campaigns from their operation on the basis of a national emergency, extreme urgency or other compelling reason⁹⁵; with one exemption granted since the 2010 Guidelines took effect.⁹⁶ An earlier exemption granted to the Australian Electoral Commission (AEC) under the 2008 Guidelines remained in place following the release of the 2010 Guidelines.⁹⁷

1.11 The Department of Finance and Deregulation (Finance) provides secretariat support to the ICC and advice to agencies on the framework, while the SMOS⁹⁸ is responsible for the administration of the campaign advertising framework.

1.12 The Ministers of agencies undertaking a campaign retain responsibility for authorising the campaign's development and for authorising the launch of a campaign. While Ministers do not have responsibility for campaign

⁹⁴ Paragraph 14 sets out the documentary requirements for the certification process. Paragraph 17 provides for the publication of campaign research reports and for the details of advertising campaigns to be published in agency annual reports.

⁹⁵ The 2008 Guidelines provided for exemptions on the basis of a national emergency, extreme urgency or other extraordinary reasons the Cabinet Secretary considered appropriate. The Auditor-General was to be informed of exemptions and they were to be formally recorded and reported to the Parliament.

⁹⁶ The Cabinet Secretary approved an exemption for the Treasury's Tax Reform Campaign in May 2010, which is considered later in this audit report. The 2010 Guidelines provide that the ICC will be informed of an exemption and it will be formally recorded and reported to the Parliament.

⁹⁷ The exemption was granted on 17 August 2009 for campaign advertising regarding federal elections, by-elections or referenda. The AEC did not seek to renew its campaign exemption when the revised Guidelines were released in March 2010, and relied on its 2009 exemption as a basis for not undergoing ICC certification processes for the 2010 Federal Election Campaign. While internal legal advice received by Finance concluded that the exemption continued to be effective, it would have been prudent for the AEC, in consultation with Finance, to seek to refresh the exemption following the release of the 2010 Guidelines and the commencement of the revised campaign advertising framework.

⁹⁸ In September 2010 the previously combined roles of Cabinet Secretary and SMOS were split, resulting in the SMOS having responsibility for campaign advertising. The wording of the 2010 Guidelines was amended to reflect the revised ministerial responsibilities.

development, they have a legitimate interest in the development of campaigns in their portfolios.⁹⁹

1.13 These arrangements applied from 31 March 2010 to 3 August 2011, when a new Peer Review Group was established and Finance's responsibilities were changed. The key elements of the campaign advertising framework applying from March 2010 to August 2011, the period covered by this audit, are summarised in Figure 1.1.

Figure 1.1

The campaign advertising framework: key elements

Key policy, administrative and legal arrangements

Campaign Guidelines. FMA Act agencies must comply with the 2010 Guidelines, which set out three underlying principles, five principles (with sub-elements), and process requirements (including certification, publishing and reporting requirements) applying to information and advertising campaigns undertaken by agencies.

Financial management requirements. The FMA Act and FMA Regulations operate independently of the 2010 Guidelines and apply to all spending proposals relating to campaigns.

Agency responsibility. Agency chief executives are responsible for the development of advertising campaigns. They approve the materials and media plan and provide their Minister with a certification that the campaign complies with the 2010 Guidelines and relevant government policies. Chief executives must receive and consider the ICC's report on compliance with Principles 1 to 4 of the 2010 Guidelines before issuing their certification.

Independent Communications Committee. The ICC comprises three former public servants who provide advice to agencies on proposed advertising campaigns valued at more than \$250 000. The ICC report advises the responsible chief executive whether a campaign complies with Principles 1 to 4 of the 2010 Guidelines.

Ministerial approval. Ministers approve the development of campaigns, subject to funds being available through the budget process. The relevant minister may then choose to approve the launch of each campaign after it has been developed by the agency and after reviewing a certification by the chief executive that the campaign complies with the 2010 Guidelines.

Publication and reporting. Once a campaign is publicly launched, the agency is required to publish the chief executive certification and Finance is required to publish the ICC review on its website. Campaign details must be reported in agency annual reports and there is an agency discretion to publish research reports for campaigns with expenditure over \$250 000.

Key procurement arrangements

Selection of consultants. The Communications Multi-Use List (CMUL) lists all communications consultants (advertising, market and social research, public relations, and specialists in communicating with Indigenous Australians and those from a non-English speaking background) interested in working on government information and advertising campaigns.

The CMUL must be used by agencies to select communications consultants for campaigns with expenditure over \$250 000; replaces all other agency procurement mechanisms

⁹⁹ Department of Finance and Deregulation, *Campaign Advertising by Australian Government Departments and Agencies Full Year Report 2009–10*, October 2010, p.3.

(including any panels or multi-use lists); and must not be used to select communications consultants for campaigns with expenditure under \$250 000 or for other work not related to a campaign.

Media buying. The Central Advertising System (CAS) consolidates government advertising expenditure with the goal of securing media discounts for government. Two 'master media' agencies are contracted by Finance to manage media planning, placement and rates negotiations with media outlets. The campaign Master Media Agency is Universal McCann.

Source: Department of Finance and Deregulation.

Evolution of the framework

1.14 The government advertising framework has continued to evolve over time. This audit focuses on the campaign advertising framework as it applied from the release of the current 2010 Guidelines on 31 March 2010, to the announcement of the Peer Review Group and changes to Finance's responsibilities on 3 August 2011. Key elements of the framework applying immediately before and after this period are discussed below.

Campaign advertising framework from July 2008 to March 2010

1.15 On 2 July 2008, the Government announced the *Guidelines on Campaign Advertising by Australian Government Departments and Agencies* (2008 Guidelines) as part of a framework to govern the presentation and content of Australian Government advertising campaigns. Under the 2008 Guidelines, a minister could launch a campaign only after receiving a certification by an agency's chief executive that the campaign complied with the 2008 Guidelines and an independent review of the campaign had been undertaken by the Auditor-General.

1.16 At the time of their release, the Government announced that the 2008 Guidelines were to be reviewed by July 2010. In early 2010, the Department of the Prime Minister and Cabinet (PM&C) and Finance commissioned a review which was conducted by Dr Allan Hawke AC (Hawke Review).¹⁰⁰

¹⁰⁰ Hawke, A., *Independent Review of Government Advertising Arrangements*, February 2010, Canberra, available from <<http://www.finance.gov.au/advertising/docs/Independent-Review-of-Government-Advertising-Arrangements.pdf>> [accessed 14 April 2010].

Following its consideration of the Hawke Review's recommendations, the Government implemented a number of changes to the framework¹⁰¹:

- replacement of the June 2008 Guidelines with the revised 2010 Guidelines;
- the establishment of the ICC, in place of the Auditor-General, to review and advise on compliance with the 2010 Guidelines;
- a proposal that the Government request the Auditor-General to consider annual performance audits in this area; and
- the abolition of the role of the Interdepartmental Committee on Communications in reviewing campaigns from a whole-of-government perspective.

Campaign advertising framework since August 2011

1.17 In correspondence dated 3 August 2011, the Finance Secretary informed agency chief executives of new arrangements that would apply to advertising campaigns above the value of \$250 000 undertaken by FMA Act agencies:

The essence of these changes is to make agencies more directly accountable for campaign quality and timeliness, but also introduces a mechanism to address perceptions about the quality and timeliness of campaigns.¹⁰²

1.18 Finance advised that the changes, to be introduced from early August 2011, would result in the establishment of a Peer Review Group (PRG) chaired by PM&C to provide advice and oversight on the quality of advertising campaigns conducted by FMA Act agencies. Agencies would no longer be required to seek campaign development advice or involve Finance (the Communications Advice Branch) in campaign advertising tender processes, although the requirement to use the CMUL and CAS would remain. Finance would engage with agencies only if they specifically sought its assistance, although Finance would continue to assist agencies with the application of the 2010 Guidelines, and agencies would continue to liaise with Finance to ensure appropriate support was provided to the ICC and PRG.¹⁰³

¹⁰¹ Agencies were advised of the changes in correspondence from the Finance Secretary dated 20 May 2010.

¹⁰² Finance Secretary, letter to FMA Act agency heads, 3 August 2011.

¹⁰³ *ibid.*

1.19 Finance further advised that no changes were proposed to the 2010 Guidelines or the role of the ICC. Agency chief executives would continue to be ultimately responsible for certifying campaign compliance with the 2010 Guidelines.

1.20 In advice to the SMOS dated 20 June 2011, Finance indicated that PM&C had proposed the new processes and arrangements with a view to reducing development times and improving quality in the development of advertising campaigns above the value of \$250 000.¹⁰⁴

1.21 In correspondence dated 21 June 2011, the SMOS sought 'confirmation' of the new arrangements from the Prime Minister, and further proposed that the review of campaign advertising arrangements scheduled to occur by March 2012 be deferred by six months to enable the new processes to operate for 'an appropriate period'.¹⁰⁵ The SMOS also noted that the Executive Coordinator of PM&C's Strategic Policy and Implementation Group would chair the new PRG, at least in its formative stages, and that the PRG would commence operations in late July 2011. The Prime Minister's response to SMOS of 5 July 2011 indicated agreement with the proposed arrangements and the deferral of the scheduled review from March 2012 to September 2012.

1.22 In addition to chairing the new PRG from mid-2011, PM&C's new Executive Coordinator had also had an involvement, from late March 2011, in government advertising issues. The minutes of the ICC's 9 June 2011 meeting record that the Executive Coordinator attended that meeting to provide a briefing on the further evolution of the campaign advertising framework:

PM&C provided a briefing on the proposed modifications to the Australian Government's campaign development process, including that:

- the Victorian Government was able to improve the quality and timeliness of campaigns by exposing individual departments to scrutiny through a regular peer review process;
- the Secretary of PM&C has observed similar issues in the Commonwealth, in particular that agencies focus too much effort on

¹⁰⁴ The Finance advice also identified a number of risks it believed were associated with the new arrangements.

¹⁰⁵ The Government agreed in March 2010 that the Guidelines and associated arrangements be reviewed after the changed arrangements had been in operation for two years.

the process rather than on campaign content and outcomes and the development process is too slow;

- some agencies lack expertise translating policy into communications and this can result in prolonged periods of campaign development with campaigns lacking clarity as to what they are trying to achieve;
- a new Peer Review Group will be created, which includes agency representation on a rotational basis as well as representation from PM&C and Finance, to provide advice to agencies on campaign strategies and creative material;
- the Group does not replace the ICC as the ICC still reviews campaigns for compliance, however, the Group is designed to help agencies lift the quality of their advertising campaigns before the ICC reviews them; and
- with the creation of the Group, Finance will step back from providing assistance to agencies during the development of government advertising campaigns.¹⁰⁶

Other developments

Parliamentary and media interest

1.23 Government campaign advertising has continued to attract significant Parliamentary interest since the release of the 2010 Guidelines, with a particular focus in mid-2010 following the exemption of Treasury's Tax Reform Campaign from the 2010 Guidelines:

- on 15 June 2010, the Senate debated the ministerial statement, tabled on 28 May 2010 by SMOS, on the exemption granted for the Tax Reform Campaign¹⁰⁷;

¹⁰⁶ Independent Communications Committee, minutes of the meeting of 9 June 2011, p.3. The minutes also recorded that the Executive Coordinator made observations on the following campaigns considered at the meeting: Building Australia's Future Workforce, Clean Energy Future Campaign, Banking on a Better Deal, and GP After Hours Advice Line. The minutes further recorded that: 'The ICC agreed to the request from Mr Hockley (PM&C) to stay on as an observer for the remainder of the meeting'. The minutes of subsequent ICC meetings record that the Executive Coordinator attended further ICC meetings as an observer. The ICC's business rules provide that observers may be invited to attend meetings at the discretion of the ICC.

- on 16 June 2010, the Senate referred to the Finance and Public Administration References Committee an inquiry into the funding arrangements for the Tax Reform Campaign, which included a review of: 'what further provisions are necessary to strengthen the controls on government advertising to prevent taxpayers' dollars being used for electioneering purposes in the future'¹⁰⁸;
- the *Preventing the Misuse of Government Advertising Bill 2010*, introduced in the Senate on 16 June 2010 by the Leader of the Australian Greens, Senator Brown, provided for a legislative framework applying to agencies to ensure campaign advertising would not contain electoral matter¹⁰⁹;
- on 17 June 2010 the JCPAA took evidence from the ICC chair on the exemption for the Tax Reform Campaign and the Hawke Review, as part of its inquiry into the role of the Auditor-General in scrutinising government advertising, which was subsequently tabled in March 2011¹¹⁰; and
- the *Government Advertising (Accountability) Bill 2011*, introduced into the Senate on 21 June 2011 by Senator Xenophon, provided for an amendment to the FMA Act specifying that the use of public money for advertising should only be permitted when: a government policy has

¹⁰⁷ Senate Hansard 15 June 2010 available from <http://www.aph.gov.au/hansard/senate/dailys/ds150610.pdf> [accessed 25 August 2011]. The exemption also prompted the resumption, on 17 June 2010, of the Senate's consideration of the particulars of proposed expenditure for 2010–11 for the Department of Finance relating to government advertising, by the Finance and Public Administration Legislation Committee.

¹⁰⁸ The Committee presented the view that as the campaign had been suspended by the Prime Minister, as announced on 24 June 2010, and the Committee received no submissions, there was nothing further to report. Commonwealth of Australia, Senate Finance and Public Administration References Committee, *Inquiry into the funding arrangements for tax reform advertising* [Internet]. Australia, 30 June 2010, available from http://www.aph.gov.au/senate/committee/fapa_ctte/govt_advert_ref/report/c01.htm [accessed 23 August 2011].

¹⁰⁹ Preventing the Misuse of Government Advertising Bill 2010, *Purpose for the bill*, paragraph. 1.2 [Internet]. Commonwealth of Australia, Senate, 2010, available from http://www.aph.gov.au/Senate/committee/fapa_ctte/govt_advert_leg/index.htm [accessed 24 August 2011].

¹¹⁰ JCPAA, Report 421 *The role of the Auditor-General in scrutinising government advertising*, March 2011, available from <http://www.aph.gov.au/house/committee/jcpaa/govtad/index.htm> [accessed 10 December 2011]. The JCPAA recommended 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 committee.

been enacted in legislation passed by both Houses of Parliament, a resolution agreeing to the expenditure of public money for the purpose of advertising has been passed by both Houses of Parliament, or in the event of a national emergency.¹¹¹

1.24 Parliamentary scrutiny and interest¹¹² has been matched by media interest in the revised campaign framework, the content of the 2010 Guidelines, the role of the ICC, and high-profile government advertising such as the Health Reform and Tax Reform Campaigns launched in mid-2010, and the Clean Energy Future Campaign launched in mid-2011.¹¹³ Those campaigns are considered in this audit.

Trends in advertising expenditure

1.25 The Australian Government's definition of campaign advertising is that it involves paid media placement and is designed to inform, educate, motivate or change behaviour. In contrast, non-campaign advertising relates to simple, informative advertising that generally appears only once or twice, contains factual statements and typically has low creative content—such as recruitment

¹¹¹ *Government Advertising (Accountability) Bill 2011* [Internet]. ComLaw, Australia, 2011, available from <<http://www.comlaw.gov.au/Details/C2011B00111>> [accessed 30 June 2011]. The 9 August 2011 hearings of the Joint Committee on Electoral Matters into the *Funding of political parties and election campaigns* also considered the question of launching government advertising campaigns before the passage of legislation.

¹¹² The Parliamentary Library prepared a background note on *The administration of Commonwealth Government advertising*, 11 January 2012, available from <<http://www.aph.gov.au/library/pubs/bn/pol/GovernmentAdvertising.htm>> [accessed 12 January 2010].

¹¹³ On the revised framework, see: *The Sydney Morning Herald*, George Williams, 'Standards start to slip without the rule of law', 9 June 2010; *The Brisbane Times*, 'You pay for party propaganda', 28 May 2010; and *The Australian Doctor*, 'When it comes to advertising, nothing is reformed', 1 June 2010.

On the Health Reform campaign, see: *The Herald Sun*, '\$10m ad blitz to hit voters', 20 May 2010; *The Sydney Morning Herald*, 'Ad panel approves health reform blitz', 24 May 2010; and *The Australian*, 'Health campaign 'propaganda'', 26 May 2010.

On the Tax Reform campaign, see: *The Australian*, 'Swan granted special waiver to plan advertising blitz against miners on resources super-profits tax', 28 May 2010; *The Age*, 'Rudd defends tax ads', 29 May 2010; *The Sydney Morning Herald*, 'The tax reform salesman', 1 June 2010; *The Australian*, 'The price of political expediency', 1 June 2010.

On the Clean Energy Future Campaign, see: *The Sunday Today Show*, Laurie Oakes interview with the Prime Minister, 17 July 2011, transcript available from <http://today.ninemsn.com.au/article.aspx?id=8273714> [accessed 10 December 2011]; *The Courier Mail*, 'Prime Minister Julia Gillard defends spending \$12 million on advertising campaign for carbon tax', 7 July 2011.

for specific job vacancies, auction and tender notices, invitations to make submissions or apply for grants, and public notices.¹¹⁴

1.26 Between January 2004 and October 2011 Australian Government expenditure on advertising by FMA Act agencies was \$1 013.9 million.¹¹⁵ Campaign advertising expenditure from the release of the 2010 Guidelines to the end of October 2011 was \$225.9 million for 29 campaigns conducted in 13 FMA Act agencies.¹¹⁶

1.27 Figure 1.2 shows expenditure on campaign advertising from 2004 to 2011.

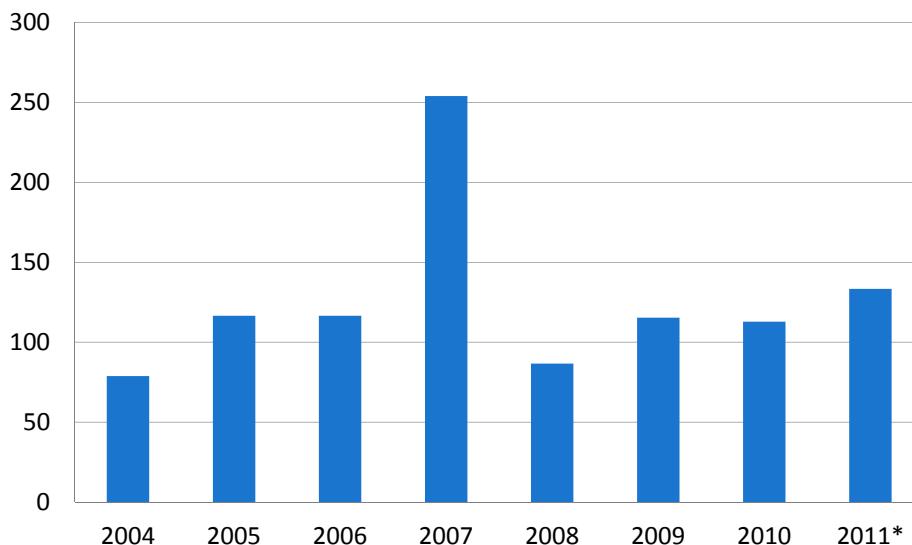
¹¹⁴ Department of Finance and Deregulation, *Guidelines on Information and Advertising Campaigns by Australian Government Departments and Agencies*, March 2010. Paragraph 9 defines campaign advertising and paragraph 10 defines non-campaign advertising.

¹¹⁵ As advised by the Department of Finance and Deregulation. Comprising gross media placement expenditure placed through the Central Advertising System.

¹¹⁶ As reported by FMA agencies to Finance for campaigns over \$250 000. This figure does not include spending on information campaigns.

Figure 1.2

Gross media spend by FMA Act agencies by calendar year



Source: Source: Department of Finance and Deregulation, *Campaign Advertising by Australian Government Department Departments and Agencies—Full Year Report 2010–11* [Internet]. Available from <http://www.finance.gov.au/advertising/docs/full-year-report-2010-11.pdf> [accessed 24 November 2011].

Note*: 2011 media spend is to 31 October 2011 and is based on Finance advice.

Previous ANAO coverage

1.28 Earlier ANAO performance audits referred to significant issues with the administration of government advertising in the period prior to the release of updated guidelines on government advertising in 2008. From June 2008 to the end of March 2010, the Auditor-General issued 89 independent review reports on campaigns' compliance with the 2008 Guidelines¹¹⁷, with summary reports provided in published Campaign Advertising Reviews.

¹¹⁷ The 2008 *Guidelines on Campaign Advertising by Australian Government Departments and Agencies* (Department of Finance and Deregulation, June 2008) provided that government campaigns could only be approved for launch by a Minister when the agency chief executive had certified that the campaign complied with the Guidelines. For campaigns over \$250 000, the Auditor-General provided a report to the responsible Minister on the proposed campaign's compliance with the Guidelines.

1.29 A summary of previous ANAO audit coverage is included in Table 1.1. Matters identified in previous audits of government advertising are included at Appendix 7.

Table 1.1

Previous audit and review reports on government advertising

Year	Title
2009–10	Report No.38 <i>Campaign Advertising Review July 2009–March 2010</i>
2009–10	Report No.2 <i>Campaign Advertising Review 2008–09</i>
2008–09	Report No.24 <i>The Administration of Contracting Arrangements in relation to Government Advertising to November 2007</i>
1998–99	Report No.12 <i>Taxation Reform Community Education and Information Programme</i>
1994–95	Report No.30 <i>Commonwealth Government Information and Advertising—an audit of Commonwealth Government advertising</i>

Source: ANAO.

Audit approach

1.30 Following the introduction of the revised campaign advertising framework in 2010, the Government requested that the Auditor-General undertake periodic performance audits of the administration of government advertising.

1.31 The audit focused on the revised campaign advertising framework operating from 31 March 2010 to 3 August 2011 for ‘advertising and information campaigns’ as defined in the 2010 Guidelines.

Audit objectives

1.32 The audit objectives were:

- to assess the effectiveness of the revised certification process in promoting compliance of government advertising campaigns (campaigns) with the March 2010 *Guidelines on Information and Advertising Campaigns by Australian Government Departments and Agencies* (2010 Guidelines);
- to assess the effectiveness of agency administration in developing campaigns and implementing key processes against the requirements of the campaign advertising framework;

- to assess the effectiveness of Finance's administration of the campaign advertising framework; and
- to assess the effect on campaigns of an exemption from the 2010 Guidelines.

Audit criteria and scope

1.33 To form a conclusion against the audit objectives, the audit considered:

- the interpretation of the requirements of the 2010 Guidelines, and the provisions for exemptions under the 2010 Guidelines;
- the campaign certification process established under the 2010 Guidelines;
- Finance's administrative arrangements in support of FMA Act agencies, governance arrangements for the exemption process, and procurement elements associated with advertising campaigns, including the Master Media Agency (MMA) contract;
- for three campaigns, compliance with the requirements of the campaign advertising framework; and
- for two exempt campaigns, whether the campaigns were developed in accordance with the non-exempt elements of the 2010 Guidelines and the applicable elements of the campaign advertising framework.

Selected agencies

1.34 The following agencies, and associated advertising campaigns, were originally selected for review:

- the Department of Families, Housing, Community Services and Indigenous Affairs (FaHCSIA)—Paid Parental Leave Campaign;
- the Department of Health and Ageing (DoHA)—Health Reform Campaign;
- the Department of the Treasury (Treasury)—Tax Reform Campaign; and
- the Australian Electoral Commission (AEC)—2010 Federal Election Campaign.

1.35 The agencies were selected as they administered two campaigns subject to the normal provisions of the 2010 Guidelines (the Paid Parental Leave and

Health Reform Campaigns) and two campaigns exempted from the certification processes of the 2010 Guidelines (the Tax Reform and 2010 Federal Election Campaigns).

1.36 The audit was extended on 11 August 2011, at the request of the Leader of the Opposition, to include the Clean Energy Future Campaign administered by the Department of Climate Change and Energy Efficiency (DCCEE).¹¹⁸

1.37 The proposed report or extracts of the report were forwarded to the agencies subject to review. Extracts of the proposed report were also forwarded to the ICC, the Department of the Prime Minister and Cabinet and, the former Cabinet Secretary and Special Minister of State, Senator the Hon Joe Ludwig, for any comments they wished to make.

Audit approach

1.38 The audit involved interviews of relevant personnel, consideration of the 2010 Campaign Guidelines, an examination of the administration of the government advertising framework and documentation associated with the design, development, certification, implementation and evaluation of selected campaigns.

Report structure

1.39 The remainder of this report is structured in seven chapters:

- Chapter 2 considers the 2010 Guidelines for campaign advertising applying to all FMA Act agencies;
- Chapter 3 considers Finance's administration of the campaign advertising framework, the support it provides to agencies and the ICC, and its management of media contracts and lists;
- Chapter 4 examines the development of FaHCSIA's Paid Parental Leave Campaign and the processes used by the department to certify

¹¹⁸ The Hon Tony Abbott MP wrote to the Auditor-General on 29 July 2011, requesting a performance audit into decision-making processes for the Clean Energy Future Campaign, and certain claims made as part of that campaign. The Auditor-General decided to extend the scope of this audit to include the campaign on 11 August 2011. The Leader of the Opposition also wrote to the Chair of the ICC on 29 July 2011 about ICC processes and claims made as part of the campaign. The ICC Chair responded on 11 August 2011.

that the campaign was undertaken in accordance with the 2010 Guidelines;

- Chapter 5 examines the development of DoHA's Health Reform Campaign and the processes used by the department to certify that the campaign was undertaken in accordance with the 2010 Guidelines;
- Chapter 6 examines the development of the Treasury's Tax Reform Campaign, the effect of its exemption from the 2010 Guidelines, and its compliance with the non-exempt elements of the Guidelines;
- Chapter 7 examines the development of the AEC's 2010 Federal Election Campaign, the effect of its 2009 exemption from the Guidelines, and its compliance with the non-exempt elements of the 2010 Guidelines; and
- Chapter 8 examines the development of DCCEE's Clean Energy Future Campaign and the processes used by the department to certify that the campaign was undertaken in accordance with the 2010 Guidelines.

1.40 The audit was conducted in accordance with ANAO auditing standards at a cost to the ANAO of approximately \$702 000.

2. The Campaign Guidelines of March 2010

This chapter considers the 2010 Guidelines for campaign advertising applying to all FMA Act agencies.

The Campaign Guidelines

2.1 The campaign advertising framework introduced in March 2010 is underpinned by revised *Guidelines on Information and Advertising Campaigns by Australian Government Departments and Agencies* (the 2010 Guidelines) issued in March 2010 by the Financial Management Group (FMG) within the Department of Finance and Deregulation (Finance). They are administered on a day-to-day basis by the Communications Advice Branch (CAB) within FMG's Procurement Division.¹¹⁹

2.2 The 2010 Guidelines apply to all agencies subject to the *Financial Management and Accountability Act 1997* (FMA Act).¹²⁰ At 20 December 2011, 109 agencies were subject to the FMA Act, including the 20 departments of state.

2.3 The 2010 Guidelines do not have a statutory basis. This is consistent with a range of guidance issued by FMG¹²¹ but contrasts with the statutory basis of the *Commonwealth Procurement Guidelines 2008* (CPGs, December 2008) and the *Commonwealth Grant Guidelines* (CGGs, July 2009), which are also administered by FMG.¹²² While the 2010 Guidelines are not a legislative

¹¹⁹ The Guidelines were reissued in March 2011 to reflect changes to ministerial responsibilities. In September 2010 the previously combined roles of Cabinet Secretary and Special Minister of State (SMOS) were split, with SMOS becoming the minister with responsibility for campaign advertising.

¹²⁰ Department of Finance and Deregulation, *Guidelines on Information and Advertising Campaigns by Australian Government Departments and Agencies*, March 2010, paragraph 3.

¹²¹ For example, the *Australian Government Foreign Exchange Risk Management Guidelines* (September 2006); *Australian Government Cost Recovery Guidelines* (July 2005); *Australian Government Competitive Neutrality Guidelines for Managers* (February 2004) and *Guidelines for Issuing and Managing Indemnities, Guarantees, Warranties and Letters of Comfort* (September 2003).

¹²² The CPGs and CGGs are legislative instruments issued by the Minister for Finance and Deregulation (Finance Minister) under the *Financial Management and Accountability Regulations 1997* (FMA Regulations). FMA Regulation 7 provides that the Finance Minister may issue CPGs, while Regulation 7A provides that the Finance Minister may issue CGGs. Regulations 7 and 7A are made under section 65 of the FMA Act, while section 64 of the FMA Act provides that the regulations may authorise a Minister to issue guidelines to officials, and that such guidelines are a legislative instrument.

instrument, they derive their authority from their status as a government policy, reflecting government decisions made on 11 March 2010 and communicated to all ministers by the Special Minister of State and the Finance Minister in May 2010. Similarly, the Finance Secretary advised all FMA Act agency heads on 20 May 2010 that the new Guidelines took effect on 31 March 2010.¹²³

2.4 In addition, there is a legal obligation on the chief executive of each FMA Act agency, under section 44 of the FMA Act, to manage the affairs of the agency in a way that promotes proper use of the Commonwealth resources for which the chief executive is responsible.¹²⁴ At the time the 2010 Guidelines were released, ‘proper use’ meant ‘efficient, effective and ethical use *that is not inconsistent with the policies of the Commonwealth*’.¹²⁵ The requirement to use Commonwealth resources in a manner that is not inconsistent with Commonwealth policies is, in effect, a requirement to have proper regard to relevant Commonwealth policies, including general government policies such as the 2010 Guidelines.¹²⁶

Interpreting the Campaign Guidelines

2.5 The 2010 Guidelines contain a number of general requirements, process and reporting requirements, three ‘underlying principles’, and five specific principles which also contain sub-elements. They are reproduced in Appendix 6.

2.6 The drafting adopted in the 2010 Guidelines suggests to agencies that there is a hierarchy of requirements, and that a distinction needs to be made between requirements which ‘must’ be complied with, those which ‘should’ be

¹²³ The Hawke Review was provided to the Secretaries of the Department of the Prime Minister and Cabinet and Department of Finance and Deregulation on 26 February 2010. It was released publicly on 31 March 2010.

¹²⁴ *Financial Management and Accountability Act 1997*, section 44(1), found in Part 7 relating to ‘Special responsibilities of Chief Executives.’

¹²⁵ *ibid.*, section 44(3). Emphasis added. Changes to the FMA Act, which came into effect on 1 March 2011, added ‘economical’ to the definition of ‘proper use’.

¹²⁶ The requirements of FMA section 44 are reinforced by FMA Regulation 9, which provides that an approver of a spending proposal must not approve a spending proposal unless the approver is satisfied, after making reasonable inquiries, that giving effect to the spending proposal would be a ‘proper use’ of Commonwealth resources. For the purposes of Regulation 9, ‘proper use’ has the same meaning as in section 44(3).

complied with, and those that 'will' be complied with. However, the distinction is not made explicit nor defined for the benefit of agencies.

The five Information and Advertising Campaign Principles

2.7 The five 'Information and Advertising Campaign Principles' have a key place in the campaign advertising framework, as they form the basis of the framework's certification regime. Principles 1 to 4 use the term 'should', while Principle 5 uses the term 'must.' Table 2.1 sets out the Principles.

Table 2.1

Information and Advertising Campaign Principles

Principle	Requirement
Principle 1	Campaigns should be relevant to government responsibilities.
Principle 2	Campaign materials should be presented in an objective, fair and accessible manner and be designed to meet the objectives of the campaign.
Principle 3	Campaign materials should be objective and not directed at promoting party political interests.
Principle 4	Campaigns should be justified and undertaken in an efficient, effective and relevant manner.
Principle 5	Campaigns must comply with legal requirements and procurement policies and procedures.

Source: 2010 Guidelines.

Note: Emphasis added.

Paragraphs 14 and 17 of the Guidelines

2.8 Paragraphs 14 and 17 of the 2010 Guidelines set out the certification requirements for campaigns, and important publication and reporting requirements.

2.9 In contrast to the five Information and Advertising Campaign Principles, which use the terms 'must' and 'should', paragraph 14 provides that for advertising campaigns of \$250 000 or more, the following process requirements 'will' apply:

- the Independent Communications Committee (ICC) *will* consider the proposed campaign and provide a report to the Chief Executive on compliance with Principles 1, 2, 3 and 4 of the Guidelines, while agencies *will* be responsible for providing a report to their Chief Executive on campaign compliance with Principle 5 of the Guidelines;

- following consideration of the reports on campaign compliance, the Chief Executive *will* certify that the campaign complies with the Guidelines and relevant government policies;
- the Chief Executive *will* give the certification to the relevant Minister who may launch the campaign or approve its launch;
- the Chief Executive's certification *will* be published on the relevant department's web site when the campaign is launched; and
- the conclusions of the ICC *will* be published on Finance's website after the campaign is launched.

2.10 Paragraph 17 of the 2010 Guidelines also provides that Chief Executives 'will' ensure that:

- research reports for advertising campaigns with expenditure of \$250 000 or more are published on their agency's website following the launch of a campaign where it is appropriate to do so; and
- details of advertising campaigns undertaken *will* be published in agency annual reports.

A hierarchy of requirements

2.11 The approach adopted in the 2010 Guidelines contrasts with that adopted by Finance in the *Commonwealth Procurement Guidelines* (CPGs) and *Commonwealth Grant Guidelines* (CGGs), which reflects sound practice by clearly defining key terms and the hierarchy of requirements.

2.12 The most recent iteration of the CPGs, released by FMG in December 2008, advises that:

Obligations which must be complied with, in all circumstances, are denoted by the use of the term *must* in these CPGs. The use of the term *should* denotes matters of sound practice.¹²⁷

¹²⁷ Department of Finance and Deregulation, *Commonwealth Procurement Guidelines*, December 2008, paragraph 1.5. Emphasis in original.

2.13 The CCGs, which were released by FMG in July 2009, similarly advise that:

Obligations that *must* be complied with, in all circumstances, are denoted by the use of the term *must* or *mandatory* in these CCGs. The use of the term *should* denotes matters of sound practice. The matters dealt with in Part I generally relate to mandatory requirements, while the matters dealt with in Part II generally relate to sound practice.¹²⁸

2.14 Finance further advises agencies that Part II of the CCGs outlines ‘aspects of sound practice which agencies should have regard to’ in implementing the seven key principles for grants administration.¹²⁹

2.15 In the absence of definitions or other explanation in the 2010 Guidelines of those requirements which ‘must’ and ‘will’ be complied with, compared to those which ‘should’ be complied with, the ANAO has adopted, for the purposes of the audit, the documented and now well established definitions employed by Finance in the CPGs and CCGs:

- the use of the term *must* denotes obligations that must be complied with in all circumstances; and
- the use of the term *should* denotes matters of sound practice which agencies should have regard to.

2.16 The ANAO has also treated the process requirements at paragraphs 14 and 17 of the 2010 Guidelines as mandatory requirements which must be complied with in all cases, as they establish the formal certification processes, and important publication and reporting processes, which underpin the integrity of the framework introduced in March 2010.

2.17 The preceding analysis indicates that the interpretation of the 2010 Guidelines is potentially complex. There are a relatively large number of requirements with differing, but not clearly defined or explained, effect. As shown in Table 2.2, the five Principles and their sub-elements contain 26 discrete requirements, of which nine are mandatory while 17 effectively represent sound practice. In addition, paragraph 14 of the 2010 Guidelines

¹²⁸ Department of Finance and Deregulation, *Commonwealth Grant Guidelines: Policies and Principles for Grants Administration*, July 2009, paragraph 1.5. Emphasis in original.

¹²⁹ Department of Finance and Deregulation, *Commonwealth Grant Guidelines: Policies and Principles for Grants Administration*, July 2009. p. 14.

contains six mandatory certification and publication requirements applying to the ICC and agency Chief Executives, while paragraph 17 contains a mix of mandatory and discretionary reporting requirements applying to Chief Executives.

Table 2.2

Number of mandatory and sound practice requirements

Requirement	Mandatory	Sound practice	Other
5 Principles	1	4	Nil
27 sub-elements of the 5 Principles	8	13	1 Paragraph 19 is illustrative as it contains examples, not requirements.
Paragraph 14: certification and publication requirements	6	Nil	Nil
Paragraph 17 publication and reporting requirements	1	Nil	1 The first dot point of paragraph 17 establishes an agency discretion, by providing for the publication of research reports on agency web sites 'where it is appropriate to do so.'
TOTAL	16	17	1

Source: ANAO analysis.

2.18 To avoid doubt as to the appropriate interpretation of the 2010 Guidelines, and to support agencies and the ICC in their application of the Guidelines, it is clearly important that written guidance to agencies provides advice on the interpretation of the key terms 'must', 'should' and 'will' in the Guidelines. Clarity is particularly important in the context of a framework based on formal certification requirements.

2.19 There would also be merit in Finance clarifying, for the benefit of agencies, whether Principle 3—which establishes key requirements relating to

the objectivity and non-partisan conduct of campaigns¹³⁰—is mandatory in whole or in part. While Principle 3 is drafted as sound practice ('should') each of its sub-elements is drafted as a mandatory requirement ('must').¹³¹ The interpretation of the requirements should also be considered as part of any future update or review of the 2010 Guidelines, with a view to incorporating appropriate guidance in the Guidelines themselves.¹³²

Recommendation No.1

2.20 To support agencies in their application of the 2010 *Guidelines on Information and Advertising Campaigns by Australian Government Departments and Agencies*, the ANAO recommends that the Department of Finance and Deregulation provide written guidance to agencies clarifying which parts of the Guidelines are mandatory and which are sound practice.

Finance response: *Agreed*

2.21 The 2010 *Guidelines on Information and Advertising Campaigns by Australian Government Departments and Agencies* (Guidelines) are principles-based. It is mandatory for all agencies subject to the *Financial Management and Accountability Act 1997* (FMA Act) to demonstrate compliance with the Guidelines when undertaking advertising campaigns above the value of \$250 000. Finance notes that the Report does not provide specific examples that would suggest that the terminology of the Guidelines is creating confusion or concern. This aligns with Finance's experience, insofar as agencies have not sought assistance to interpret whether elements of the Guidelines are sound

¹³⁰ Principle 3 provides that: 'Campaign materials should be objective and not directed at promoting party political interests. 26. Campaign materials *must* be presented in objective language and be free of political argument. 27. Campaign materials *must* not try to foster a positive impression of a particular political party or promote party political interests. 28. Campaign materials *must* 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 web sites of politicians or political parties.'

¹³¹ A comparison of the Guidelines with the proposed Guidelines at Appendix B of the Hawke Review indicates a strengthening of the final Guidelines as published by Finance, with the term 'must' replacing the term 'should' in paragraphs 26-28 of Principle 3. The strengthening of the Guidelines would appear to account for the inconsistency evident in Principle 3.

¹³² The Australian Government agreed in March 2010 that the Campaign Guidelines and associated arrangements be reviewed after the changed arrangements had been in operation for two years. However, when the new framework requirements were advised to agencies in August 2011, Finance indicated that the scheduled review of arrangements, planned for March 2012, would be deferred by six months to enable the new processes to operate for an appropriate period.

practice or mandatory. The clarity and interpretation of the Guidelines will be examined when the Government's campaign framework is next subject to review, which is due to occur during 2012.

ANAO comment

2.22 Clarity in relation to the Government's expectations is particularly important in the context of a framework based on formal certification requirements, such as the campaign advertising framework.

Exemptions under the Guidelines

2.23 The 2010 Guidelines make provision for exemptions in some circumstances:

The Special Minister of State can exempt a campaign from compliance with these Guidelines on the basis of a national emergency, extreme urgency or other compelling reason. Where an exemption is approved, the Independent Communications Committee will be informed of the exemption, and the decision will be formally recorded and reported to the Parliament.¹³³

2.24 Since the Guidelines came into effect in March 2010, one exemption has been granted, by the then Cabinet Secretary and Special Minister of State (SMOS), for the Treasury's Tax Reform Campaign.¹³⁴ While SMOS agreed that the campaign would not require ICC involvement or certification by the Treasury Secretary, he expected Treasury to adhere to the 'intent' of the Guidelines, in particular Principle 3, and to observe a number of other existing processes.¹³⁵ This approach was consistent with that adopted for an exemption granted to the Australian Electoral Commission (AEC) under the 2008 Guidelines¹³⁶, which required the AEC to adhere to the 'broad intent' of the Guidelines.¹³⁷

¹³³ *Guidelines on Information and Advertising Campaigns by Australian Government Departments and Agencies*, op. cit., paragraph 5.

¹³⁴ The exemption was sought on 10 May 2010 and granted on 24 May 2010. A statement was provided to the Parliament on 28 May 2010.

¹³⁵ The Treasury was expected to: place advertising through the Central Advertising System; source communications consultants from the Communications Multi-Use List; contribute to the biannual reports on campaign expenditure and consultancies to Parliament; and to work closely with Finance.

¹³⁶ The AEC exemption was granted by the then Cabinet Secretary and SMOS on 17 August 2009.

¹³⁷ Finance advised the new SMOS, The Hon Gary Gray AO MP of these precedents on 4 February 2011.

2.25 Both the Treasury exemption and the AEC exemption before it were applied in a manner which altered the hierarchy of requirements established by the Guidelines. In particular, the expectation that Treasury and the AEC would continue to adhere to the 'intent' of the Guidelines modified the presentation of some requirements from mandatory to sound practice. The practical effect of the two exemptions was as follows:

- the 'underlying principles' in paragraph 8 of the Guidelines, the sound practice elements of Principles 1 to 5, and the publication and reporting requirements in paragraph 17 were unaffected;
- the Treasury and AEC were no longer expected to comply with the letter of paragraphs 26-28, but with their 'intent';
- the requirements relating to efficiency and effectiveness in Principle 4 were not affected, as they have their basis in section 44 of the FMA Act and FMA Regulation 9 and therefore operate independently of the Guidelines;
- the mandatory requirements in Principle 5 relating to compliance with relevant laws and procurement requirements were unaffected, as those obligations also operate independently of the Guidelines; and
- the Treasury and AEC were exempted from the requirements in paragraph 14 to present the relevant campaign activities to the ICC, receive a review report from the ICC, and have the campaign certified by the agency chief executive.

2.26 Under the approach adopted to date, an exemption is not expected to have blanket coverage. Moreover, the exemption mechanism cannot exempt campaigns from statutory requirements, which operate independently of the 2010 Guidelines.

Cost-effectiveness

2.27 Earlier ANAO reports on government advertising¹³⁸ have highlighted the financial framework requirement that the spending of public money not be approved unless reasonable inquiries have been undertaken that demonstrate

¹³⁸ ANAO Performance Audit Report No.24 2008–09, *The Administration of Contracting Arrangements in relation to Government Advertising to November 2007*.

that the proposed expenditure will make efficient and effective use of public money. However, the question of how to assess the cost-benefit of campaigns was never fully resolved under the 2008 Guidelines, and the 2010 Guidelines adopted an approach focusing on the assessment of cost-effectiveness. Key amendments to section 44 of the FMA Act, with effect from 1 March 2011, have implications for agency administration of advertising campaigns as they highlighted the requirement to consider the issue of minimising cost when approving proposals to spend public money.

2.28 The Guidelines of June 2008 provided that:

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.¹³⁹

2.29 The language used in the 2008 Guidelines on cost-benefit analysis prompted the Auditor-General to raise, with the then SMOS and Cabinet Secretary, the benefit of clarifying the requirement:

...greater clarity of the goal of the required cost-benefit analysis would be most helpful, 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.¹⁴⁰

2.30 In his response of 10 March 2009, the then SMOS and Cabinet Secretary noted that:

I also understand that Finance is considering options to develop a model for the cost-benefit analysis, with a view to providing a greater degree of certainty

¹³⁹ Department of Finance and Administration, *Guidelines on Campaign Advertising by Australian Government Departments and Agencies*, June 2008, paragraph 21.

¹⁴⁰ Correspondence to Special Minister of State and Cabinet Secretary, 30 January 2009.

for both you and agencies. I note your concerns about the goal of the cost benefit analysis and the options that you offer. In my view, the goal of any advertising campaign is to maximise the effectiveness of the information being delivered, within the budget allocated. The effectiveness is enhanced by the expert advice received by agencies, including preparatory research and lessons from the after-campaign research.

2.31 The matter arose again in the context of the Hawke Review, which commented that:

Some concerns have been expressed by agencies that the ANAO continues to focus on achieving savings in campaign advertising expenditure, despite the consideration that has already occurred through budgetary processes. In practice, there can be a conflict between the objective to achieve savings and the Government's duty of care to ensure all members of the public have equal access to comprehensive information, as detailed in the underlying principles of the Guidelines.¹⁴¹

2.32 The requirement for agencies to undertake a cost-benefit analysis was subsequently removed from the Guidelines. In its place, the Hawke Review recommended an alternative approach involving the mandatory provision of information to Cabinet at the policy approval stage. Recommendation No.6 of the Hawke Review stated that:

It is recommended that the following reporting, accountability and transparency mechanisms be adopted: (a) information regarding the cost-effectiveness of proposed campaigns be mandatory at the initial approval stage (with the Cabinet Handbook revised accordingly).

2.33 Recommendation 6 was agreed by the Government in March 2010 and ministers were advised by the SMOS in May 2010 that Cabinet would 'continue to consider the cost-effectiveness and need for the proposed campaign at the initial budget approval stage'.

¹⁴¹ Hawke, A., *Independent Review of Government Advertising Arrangements*, 26 February 2010, p.20, available from <http://www.finance.gov.au/advertising/docs/Independent-Review-of-Government-Advertising-Arrangements.pdf> [accessed 24 November 2011].

Similarly, the Finance Secretary advised all FMA Act chief executives in his correspondence of 20 May 2010 that:

Initial consideration of proposed campaign costs, effectiveness and impact will take place at the budget approval stage, with the Cabinet Handbook to be amended accordingly.

2.34 The Cabinet Handbook, available on the PM&C website, was last issued in July 2009 and has not been updated¹⁴² in accordance with the Government's response to Recommendation No. 6(a) of the Hawke Review. Finance advised the ANAO that PM&C have been provided with information about implementing the recommendation, and PM&C has advised that an updated draft of the Cabinet Handbook reflecting the recommendation is currently before the Government for consideration.¹⁴³

2.35 In addition to complying with the Cabinet processes advised by Finance in May 2010, agencies are required to comply with the requirements of the FMA Act and Regulations—which establish legal requirements applying to all FMA Act agencies for the proper use and approval of public money, including public money earmarked by government for campaign advertising.

2.36 The requirements of the FMA Act and Regulations operate independently of the Guidelines. In consequence, the Guidelines do not represent the final word on agency obligations in respect to the proper use of public money. The need to consider the Guidelines against these statutory requirements has particular implications for Principle 4 and paragraph 31 of the 2010 Guidelines, which relate to the cost-effective use of public money for campaign purposes:

Principle 4: Campaigns should be justified and undertaken in an efficient, effective and relevant manner.

Paragraph 31. The medium and volume of the advertising activities should be cost effective and justifiable within the budget allocated to the campaign.

2.37 Notwithstanding the sound practice character of Principle 4 and paragraph 31—reflected in the use of the word 'should'—there is a broader legal obligation on agency chief executives, under section 44 of the FMA Act, to

¹⁴² As at 17 January 2012.

¹⁴³ PM&C correspondence to the ANAO, 17 January 2012.

manage agency affairs in a way that promotes ‘proper use’ of Commonwealth resources. When the Guidelines were released in March 2010, ‘proper use’ meant efficient, effective and ethical use not inconsistent with Commonwealth policies.¹⁴⁴ On 1 March 2011, key changes to the FMA Act came into effect which amended section 44 to add ‘economical’ to the definition of ‘proper use’.¹⁴⁵ Section 44 of the FMA Act now requires that:

44(1) A Chief Executive must manage the affairs of the Agency in a way that promotes proper use of the Commonwealth resources for which the Chief Executive is responsible.

44(3) In this section: proper use means efficient, effective, economical and ethical use that is not inconsistent with the policies of the Commonwealth.

2.38 Written guidance from Finance to all FMA Act agencies on the amendments advised that while the FMA Act does not define the terms efficient, effective or economical for the purposes of section 44:

...as a starting point, it would be appropriate to have regard to the following when considering the question of proper use:

- *efficiency* generally relates to maximising the ratio of outputs to inputs;
- *effectiveness* generally relates to the extent to which intended outcomes or results are achieved; and
- *economy* generally relates to minimising cost.

...The concepts of efficient and effective already encompass the concept of economical. The addition of the term economical in the definition of proper use is intended to emphasise the requirement to avoid waste and increase the

¹⁴⁴ Section 44 appears in part 7 of the FMA Act, which establishes the ‘special responsibilities of Chief Executives.’

¹⁴⁵ Finance’s incoming government brief of September 2010 advised the Finance Minister that the Government could reconfirm its support for a strong financial framework dealing with Commonwealth resources by expanding the definition of ‘proper use’ to include ‘economical’. The amendment was proposed as a means to ‘increase the focus on the level of resources the Commonwealth applies to achieve outcomes.’ Available from <http://www.finance.gov.au/publications/igb/finance_minister_index.html> [accessed 8 December 2011].

focus on the level of resources that the Commonwealth applies to achieve outcomes.¹⁴⁶

2.39 The revised definition of ‘proper use’ also informs FMA Regulation 9, which establishes mandatory requirements on FMA Act agencies for the approval of all proposals to spend public money, including those relating to campaign advertising:

An approver must not approve a spending proposal unless the approver is satisfied, after making reasonable inquiries, that giving effect to the spending proposal would be a proper use of Commonwealth resources (within the meaning given by subsection 44(3) of the Act).

2.40 Written guidance from Finance to all FMA Act agencies following the amendments advised that:

Regulation 9 establishes a single test, comprising a number of elements, which must be applied by an approver. In applying the test, an approver must balance the various elements in order to determine whether the spending proposal, if given effect, would be a proper use of Commonwealth resources.¹⁴⁷

2.41 The combined effect of the amendments to the FMA Act and Regulations is that FMA Act agencies are required to consider the efficiency, effectiveness and economy of the various spending proposals necessary to give effect to advertising campaigns, in the context of government policy. While the campaign budget agreed by Cabinet or ministers provides policy authority and a financial ceiling for agencies’ delivery of campaigns, it does not require agencies to spend to the limit of that authority—not least because the Parliament’s inclusion of ‘economical’ in the FMA Act has highlighted the requirement that agencies should have explicit regard to minimising cost when considering spending proposals.

2.42 The requirement to consider ‘proper use’ applies to all spending proposals, including the purchase of goods and services relating to the delivery of advertising campaigns such as developmental research services,

¹⁴⁶ Finance Circular No. 2011/01, *Commitments to spend public money (FMA Regulations 7 to 12)*, 31 March 2011, p.20, available from <<http://www.finance.gov.au/publications/finance-circulars/2011/docs/Finance-Circular-2011-01-FMA-Regulations-7-12.pdf>> [accessed 24 November 2011].

¹⁴⁷ *ibid.*

campaign creative development, printing and distribution, and the media buy undertaken by the Master Media Agency (MMA).

2.43 In the course of the audit, Finance advised that:

The master media placement agency's [MMA] role is to provide agencies with independent and professional advice on media placement strategy, planning, costing and buying to reach the target audience. The master media placement agency brings specialist expertise that agencies do not possess themselves. In obtaining this specialist expertise, it would not be unreasonable to expect that value for money is being achieved.¹⁴⁸

2.44 In a similar vein, DoHA advised that:

It would not be possible for DoHA to undertake a comprehensive cost-effectiveness review of proposed media plans internally as the media market is variable in terms of cost and availability of media—we do not hold that type of market intelligence.

Further to this, DoFD [Finance] administers the Australian Government's Central Advertising System which consolidates government advertising expenditure to secure optimal media discounts for Australian Government agencies. DoHA understands a value for money assessment as specified in the CPGs was undertaken when Universal McCann [the MMA] was contracted through a competitive tender process.¹⁴⁹

2.45 While agencies are required to place their advertising through the MMA, which brings specialist expertise and market knowledge to the table, the cost-effectiveness of the media buy undertaken by MMA on an agency's behalf—including issues of quantity and quality—remains an agency responsibility. Agency approvers of spending proposals must satisfy themselves on the question of cost-effectiveness and should not assume that the MMA's involvement will, of itself, secure value for money. Moreover, the financial framework requirements operate at an agency level and are in addition to the arrangements put in place by Finance through the deed of contract with the MMA, to secure discounts on media rates for the Australian Government. Agencies are not able to rely on the operation of the deed alone to satisfy the requirement for 'proper use' of Commonwealth resources.

¹⁴⁸ Finance correspondence to ANAO, 21 October 2011.

¹⁴⁹ DoHA advice to ANAO, 20 October 2011.

2.46 Finance advised agencies that the amended FMA Regulations contained transitional and savings provisions to give agencies until 1 July 2011 to update their internal procedures and guidance.¹⁵⁰ One of the five campaigns examined in this audit was developed during the transitional period¹⁵¹ and the four remaining campaigns were developed before the amendments took effect. While the amendments did not apply to the campaigns examined in the audit, all campaigns developed after the expiry of the transitional period will be required to comply with the amended definition of 'proper use' in the FMA Act and Regulations.

2.47 There would be merit in Finance providing further specific advice to agencies on the implications of the FMA Act amendments to campaign advertising, as a means of supporting agencies in making assessments on the efficient, effective and economical use of Commonwealth resources in this context.

Recommendation No.2

2.48 To support agencies in complying with the amended 'proper use' requirements of section 44(3) of the *Financial Management and Accountability Act 1997* and Regulation 9 of the *Financial Management and Accountability Regulations 1997*, the ANAO recommends that the Department of Finance and Deregulation provide guidance to agencies on assessing the efficient, effective and economical use of Commonwealth resources in the context of developing and approving spending proposals for campaign advertising.

Finance response: *Agreed*

2.49 Finance notes that the whole-of-government contract arrangements for media placement aim, among other things, to support agencies to procure media placement for government advertising campaigns in an efficient, effective, ethical and economical manner.

2.50 The master media agency for campaign advertising, Universal McCann, was engaged following an open tender process. The contract remuneration arrangements are not directly linked to the level of expenditure on individual

¹⁵⁰ Finance Circular No. 2011/01, *Commitments to spend public money (FMA Regulations 7 to 12)*, 31 March 2011, p.2.

¹⁵¹ DCCEE's Clean Energy Future Campaign.

campaigns; nor are they linked to the types of media used in advertising campaigns.

2.51 The master media agency's role is to provide independent advice and expertise on media placement strategies, planning, costing and buying. This provides agencies with access to expertise and current media market knowledge that would otherwise be unavailable, or that agencies would need to procure separately. The master media agency also contributes to annual media rate negotiations, a process that aims to secure optimal media advertising rates for all departments and agencies. In the absence of this whole-of-government arrangement, most agencies would have to pay higher overall media rates in order to achieve the same objectives.

2.52 In relation to the five advertising campaigns subject to the audit, Finance notes that the audited agencies generally demonstrated that they had worked closely with the campaign master media agency to refine their media plans from the perspective of cost, efficiency and effectiveness. Finance considers that it is reasonable for agencies to have a level of reliance on the expertise of the master media agency when considering the issue of value for money.

2.53 Finance does not interpret this Recommendation as signalling that agencies should procure additional media services to assess the cost effectiveness of proposed media expenditure. As such, Finance agrees that there would be benefit in developing guidance that clarifies the role of the master media agency in campaign advertising, including how and where these arrangements can assist in the achievement of value for money. This guidance would also inform agencies of the need to document their assessments of whether proposed campaign media expenditure will be cost-effective, efficient and economical.

3. Administration of Government Advertising

This chapter considers Finance's administration of the campaign advertising framework, the support it provides to agencies and the Independent Communications Committee, and its management of media contracts and lists.

Administration of the framework

3.1 The Administrative Arrangements Order of 14 October 2010 identifies the 'Co-ordination of Government Advertising' as one of the matters dealt with by the Department of Finance and Deregulation (Finance).¹⁵²

3.2 While there was no single, detailed public description of Finance's roles and responsibilities in respect to the government advertising framework operating between March 2010 and August 2011, the key dimensions can be established from a mix of publicly available and internal sources. A note in Finance's full year report on campaign advertising states that:

Finance is responsible for the administration of the Central Advertising System and the management of the two master media planning and placement agency contracts for campaign and non-campaign advertising. **Finance** also provides advice on campaign development and implementation, including participation on evaluation panels for the selection of consultants. In addition, **Finance** provides advice and a secretariat function to the ICC.¹⁵³

3.3 On 20 May 2010 the Finance Secretary wrote to the chief executives of FMA Act agencies to inform them of changes to the framework following the introduction of the 2010 Guidelines. In that letter the Secretary described the role of Finance as follows:

Finance provides secretariat support to the ICC, and continues to provide communications advice across government, including undertaking co-ordination of advertising activities, managing the Communications

¹⁵² Commonwealth of Australia, *Administrative Arrangements Order* [Internet] 2010, available from <<http://www.dpmc.gov.au/parliamentary/index.cfm>> [accessed 15 June 2011].

¹⁵³ Department of Finance and Deregulation, *Full Year Report 2009–10 on Campaign Advertising by Australian Government Departments and Agencies*, Appendix D, p.58, emphasis in original. Available from <http://www.finance.gov.au/advertising/docs/Full_year_report_2009-10.pdf> [accessed 26 July 2011]. This description also appears in Attachment C of the 2010–11 full year report.

Multi-Use List, oversight of central media buying arrangements, and reporting on campaign expenditure.

3.4 The relationship between Finance and the ICC was reported as follows in Finance's 2009–10 full year report on campaign advertising:

The ICC has a degree of reliance on expert advice, including from Finance as well as advice from the agencies proposing to conduct the campaigns. However, Finance does not advise the ICC on compliance with the principles of the Guidelines. The ICC's consideration of compliance draws upon the materials provided by the responsible agency, a review of campaign materials, any associated market research or supporting evidence, and any other information or independent expert advice available.¹⁵⁴

3.5 Within Finance, day-to-day responsibility for the framework rests with the Communications Advice Branch (CAB), a unit in the Financial Management Group's Procurement Division. The CAB had an average full-time equivalent staffing level of 13.6 in 2010–11. In its 2010 Incoming Government Brief, Finance advised that it received approximately \$1.6 million per year to coordinate and administer the campaign framework and provide expert advice to agencies.¹⁵⁵

3.6 The CAB's role under the framework applying from March 2010 to August 2011 encompassed policy advice, whole-of-government coordination, and assistance to agencies conducting advertising activities. More specifically, the CAB was responsible for:

- Producing key publications, principally the:
 - *Guidelines on Information and Advertising Campaigns by Australian Government Departments and Agencies* (the 2010 Guidelines) and advising on them; and
 - bi-annual reports (full and half year reports) on campaign advertising expenditure.

¹⁵⁴ Department of Finance and Deregulation, *Full Year Report 2009–10 on Campaign Advertising by Australian Government Departments and Agencies*, p.4, available from <http://www.finance.gov.au/advertising/docs/Full_year_report_2009-10.pdf> [accessed 26 July 2011]. A similar description appeared at p.3 of the 2010–11 full year report.

¹⁵⁵ Department of Finance and Deregulation, Incoming Government Brief [Internet]. Department of Finance and Deregulation, 2010, available from <http://www.finance.gov.au/publications/igb/docs/igb_mfd.pdf> [accessed 15 June 2010].

- Providing advice on government advertising issues to:
 - the Special Minister of State (SMOS) and/or the Cabinet Secretary, and the Minister for Finance and Deregulation;
 - the Finance Secretary and senior management; and
 - FMA Act agencies.
- Providing secretariat support to the Independent Communications Committee (ICC).
- Managing key elements of the procurement framework for government advertising, principally the:
 - master media placement agency for campaigns; and
 - Communications Multi-Use List (CMUL).

3.7 While it is possible to establish these key elements of Finance's roles and responsibilities from a range of internal and publicly available sources, there would be benefit in Finance publishing a single public statement of its roles and responsibilities. The publication of a consolidated statement would contribute to clarity and transparency in the context of a framework which continues to evolve.¹⁵⁶ An appropriate vehicle would be the annual *Full Year Report on Campaign Advertising by Australian Government Departments and Agencies* (full year report), which currently sets out the roles of key stakeholders—including Ministers, agencies and the ICC—but does not do so explicitly for Finance in the main body of the report.¹⁵⁷ Finance currently publishes a comparable statement of its roles and responsibilities in its annual report to Parliament on the certificate of compliance process, and that statement would provide a suitable model.¹⁵⁸

3.8 The roles and responsibilities of other key participants in the framework, including the new Peer Review Group (PRG) and the Department

¹⁵⁶ The Finance Secretary advised agency chief executives on 3 August 2011 of changes to the framework, including a new Peer Review Group and changes to Finance's responsibilities. The previous requirement for agencies to seek campaign development advice and involve Finance in campaign advertising tender processes ceased, and Finance would engage with agencies only if they specifically sought assistance.

¹⁵⁷ As noted above, a short note on Finance's responsibilities is included at Appendix D of the report.

¹⁵⁸ See the 2008–09 Report to Parliament, pp. 14–18, and the 2009–10 Report to Parliament, pp. 17–20.

of the Prime Minister and Cabinet (PM&C) as chair of the PRG, could also usefully be set out in the statement. PM&C advised the ANAO that it:

does not agree that there is a lack of clarity or transparency in the roles and responsibilities of key participants in the evolving framework. There has been thorough communication with departments in relation to the framework. We believe there is a good understanding of the objectives behind the recent changes and strong support for initiatives such as the Peer Review Group, which aims to foster increased collaboration and professional skills among communications executives.¹⁵⁹

3.9 While the ANAO acknowledges that the Finance Secretary wrote to agency chief executives on 3 August 2011 about the revised arrangements and is aware of other steps to communicate the revised arrangements within government—including by the chair of the PRG—there would also be merit in publicly communicating and documenting the revised arrangements in Finance’s annual full year report, which has been the means adopted by the Government to provide a regular report to Parliament on campaign advertising.

Producing key publications

3.10 As part of its coordination role, Finance was responsible for publishing the revised 2010 Guidelines and for coordinating the preparation of full and half year reports on campaign advertising expenditure for tabling in the Parliament. Finance prepared and released those publications in a timely manner.

The Campaign Guidelines and related guidance

3.11 The revised 2010 Guidelines came into effect on 31 March 2010. The Finance Secretary formally advised all agency heads of the new Guidelines through correspondence on 20 May 2010. That correspondence included advice on the new Guidelines, operational changes to campaign implementation and approval processes and an indicative timeline on campaign development.

¹⁵⁹ PM&C correspondence to ANAO, 17 January 2012.

3.12 The 2010 Guidelines were made available to agencies in published form in March 2010 and were reissued in March 2011 to reflect changes to ministerial responsibilities.¹⁶⁰ They are published by the FMG within Finance.

Reports to Parliament on campaign advertising expenditure

3.13 As part of the changes announced to the framework in March 2010, the Special Minister of State (SMOS) announced that the Australian Government would continue to report on campaign expenditure:

A key element of strengthened accountability is the biannual reporting of the expenditure on campaign advertising of government departments and agencies subject to the FMA Act...Further detail on campaign advertising during 2009–10 will be provided in a Full Year Report in approximately six months' time. The Full Year Report will present consolidated information on Australian Government campaign advertising activities, expenditure and accountability arrangements.¹⁶¹

3.14 Finance prepared a half year report for the period 1 July 2010 to 31 December 2010¹⁶² and full year reports for 2009–10¹⁶³ and 2010–11¹⁶⁴, which were released by SMOS. As the full year report covered the 2009–10 financial year, it included campaigns subject to both the 2008 Guidelines and the revised 2010 Guidelines.

¹⁶⁰ The March 2010 Guidelines identified the Cabinet Secretary as having a specific role under the Guidelines. In September 2010 the previously combined role of Cabinet Secretary and Special Minister of State were split, with the Special Minister of State becoming the minister with responsibility for campaign advertising. Changes were made to the wording of the Guidelines to reflect the revised ministerial responsibilities.

¹⁶¹ Senator the Hon. Joe Ludwig, Media Statement, *Changes to the Framework for Government Advertising*, 31 March 2010. The Ministerial statement is referred to in Senator the Hon Joe Ludwig, 'New arrangements for government advertising', 31 March 2010.

¹⁶² Department of Finance and Deregulation, *Campaign Advertising by Australian Government Departments and Agencies—Half Year Report 1 July to 31 December 2010*, March 2011, available at <http://www.finance.gov.au/advertising/docs/Half_year_report_2010.pdf> [accessed 27 July 2011]. Tabled in the Senate on 31 March 2011.

¹⁶³ Department of Finance and Deregulation, *Campaign Advertising by Australian Government Departments and Agencies—Full Year Report 2009–10*, October 2010, available at <http://www.finance.gov.au/advertising/docs/Full_year_report_2009-10.pdf> [accessed 27 July 2011]. Tabled in the Senate on 14 October 2010.

¹⁶⁴ Department of Finance and Deregulation, *Campaign Advertising by Australian Government Departments and Agencies—Full Year Report 2010–11*, September 2011, available at <<http://www.finance.gov.au/advertising/docs/full-year-report-2010-11.pdf>> [accessed 28 October 2011].

3.15 The full-year reports provide information on advertising campaigns above the value of \$250 000. They report on the media expenditure for the relevant campaigns, such as the cost of television, radio, magazine and digital advertising. They also include details of consultancy costs (such as for market research, advertising agencies, public relations and specialist language and cultural consultants) and contain updated historical data on government advertising expenditure on a biannual basis and by calendar and financial years.

3.16 Finance advised agencies on 4 October 2011 that, commencing in 2010, the reports would include detail on the use of Indigenous and multicultural media for each government advertising campaign. Accordingly, departments and agencies would be required to document the reasons in the event that multicultural or Indigenous media is not used as part of an advertising campaign. The reasons would be included in future biannual reports.¹⁶⁵

3.17 The 2009–10 and 2010–11 full year reports itemise, in Table 1, gross Australian Government media placement expenditure as \$114.7 million in 2009–10 and \$116.9 million in 2010–11. The source is the Central Advertising System. It is not clear why the figures presented in Table 1 are exclusive of GST. Nor is it clear why the amounts reported in Table 1 are exclusive of ‘consultants, services and other costs’—although those costs are reported on at an individual agency and campaign level in other sections of the full year reports.

3.18 In the course of the audit, Finance advised that the use of ‘gross media’ to report media expenditure reflected government convention in terms of campaign advertising expenditure reporting, and was also consistent with Australian media industry practice.¹⁶⁶

3.19 The ANAO has aggregated (Table 3.1) the information reported in the 2010–11 full year report on ‘media placement expenditure’ and ‘consultants, services and other costs’, to illustrate the substantial costs associated with the latter category—a total of \$39.8 million in 2009–10 and \$46.9 million in 2010–11.

¹⁶⁵ The media also reported that the Prime Minister announced, at an 11 May 2011 budget briefing for multicultural media, that the government planned to establish a multicultural media round table to receive feedback on government advertising policies.

¹⁶⁶ Finance correspondence with ANAO, 21 October 2011.

3.20 The inclusion of a consolidated table on total expenditure incurred on 'consultants, services and other costs', and expenditure on media placement inclusive of GST would further enhance transparency and the value of the report.

Table 3.1**2010–11 full year report on campaign advertising (GST exclusive)**

Agency and campaign name	Media placement expenditure (\$ m)	Consultants, services and other costs (\$ m)	Total (\$ m)
Attorney-General's: <i>National Security</i>	0.8	0.2	1.0
Australian Electoral Commission: <i>Election 2010</i>	7.9	4.4	12.3
Australian Organ and Tissue Donation and Transplantation Authority: <i>DonateLife</i>	3.8	1.8	5.6
Broadband, Communications and the Digital Economy: <i>Digital Switchover</i>	12.5	9.5	22.0
Broadband, Communications and the Digital Economy: <i>National Broadband Network Education and Information Campaign</i>	3.0	2.0	5.0
Defence: <i>Cadet Reserve and Employer Support</i>	0.7	0.2	0.9
Defence: <i>Defence Force Recruiting</i>	17.4	10.3	27.7
Education, Employment and Workplace Relations: <i>Childcare Assistance</i>	6.4	1.3	7.7
Families, Housing, Community Services and Indigenous Affairs: <i>Paid Parental Leave</i>	8.9	1.2	10.1
Families, Housing, Community Services and Indigenous Affairs: <i>Promoting Respectful Relationships (The Line)</i>	3.7	1.5	5.2
Health and Ageing: <i>Health Reform Plan Communication</i>	1.8	0.1	1.9
Health and Ageing/Australian National Preventive Health Agency: <i>Measure Up 'Swap it, Don't Stop it'</i>	9.9	3.1	13.0
Health and Ageing: <i>National Drugs Campaign</i>	4.3	0.9	5.2
Health and Ageing/Australian National Preventive Health Agency: <i>National Tobacco Campaign</i>	17.3	2.9	20.2
Health and Ageing: <i>Indigenous Anti-Smoking Campaign</i>	4.0	0.8	4.8
Health and Ageing: <i>National Tobacco Campaign – More Targeted Approach</i>	4.0	1.9	5.9
Health and Ageing: <i>Sexual Health Campaign</i>	0.5	0.4	0.9
Sustainability, Environment, Water, Population and Communities: <i>Water for the Future</i>	2.2	1.8	4.0
Treasury: <i>Banking Reform</i>	1.0	1.2	2.2
Treasury: <i>Education Tax Refund</i>	3.6	1.4	5.0
Other media expenditure including activity less than \$250 000	3.3	—	3.3
TOTAL	117.0	46.9	163.9

Source: Department of Finance and Deregulation, *Campaign Advertising by Australian Government Departments and Agencies: Full Year Report 2010–11*, September 2011.

Note: Rounded to nearest \$100 000.

Finance's support to agencies

3.21 As part of its coordination role, Finance also provided assistance to agencies in interpreting and applying the requirements of the campaign advertising framework. The ANAO examined Finance's administration of those responsibilities. While Finance manages a large volume of often complex inquiries well, and supports agencies through the provision of a number of useful resources, such as an indicative campaign development timeline and guidance on chief executive certification, there would be benefit in reviewing elements of its strategy for supporting agencies.

Providing day-to-day advice to agencies

3.22 A core responsibility of the CAB was the provision of advice to agencies in response to individual requests. This was provided to agencies on a case-by-case basis, normally verbally or by e-mail.¹⁶⁷ CAB advised the ANAO that it did not maintain a log of questions asked by agencies, but worked collaboratively, seeking the views of several officers in the Branch depending on the content of the requested information—particularly if information on grey areas is requested. The CAB further advised that it did not maintain a record of the more common questions asked by agencies. The approach adopted by the CAB carried some risks, including the potential to provide inconsistent advice to agencies and the potential loss of corporate memory should key staff move out of CAB. There would be benefit in CAB reviewing its approach to recording commonly asked questions, so as to maintain corporate memory and reduce the potential for inconsistent advice.

Finance's written guidance

3.23 Process guidance was made available to agencies by Finance in support of the 2008 Guidelines—*Business Planning Processes for Campaign Information and Advertising Activities*. The guidance was released in February 2009, eight months after the release of the guidelines, and was removed from Finance's website on 31 March 2010 with the introduction of the 2010 Guidelines.

3.24 From 31 March 2010, agencies therefore relied on Finance's direct support. These arrangements worked relatively well for agencies that were

¹⁶⁷ While CAB maintains a dedicated e-mail address, e-mail addresses of individual CAB staff members are most commonly used to elicit a response.

experienced in developing and delivering communications campaigns, such as the Department of Health and Ageing, which regularly conducts large campaigns.¹⁶⁸ However, the arrangements did not work as well in providing support and guidance to agencies which were less experienced. In particular, the lack of written guidance made it relatively more difficult for those agencies to understand and consistently apply the required processes. Access to key information¹⁶⁹ is an important element of Finance's administration of the framework, and is important for less experienced agencies.¹⁷⁰

3.25 As noted in Chapter 2, there would be merit in Finance providing agencies with written guidance on the Guidelines, consistent with the department's long-standing practice of issuing Finance Circulars and other guidance on key aspects of general policy frameworks (including FMG guidance on the financial management, procurement and grant frameworks). Finance circulated for agency comment a draft 'Information and Advertising Campaign Planning Guide' (the Guide) on 29 March 2011, which would provide an appropriate starting-point for such guidance.

3.26 Finance has advised the ANAO that the SMOS approved the Guide for circulation to departments for comment in March 2011, but it did not have a planned publishing date as at November 2011. While departmental comments have been received and the draft is well developed, the changes to the advertising framework announced on 3 August 2011 will necessitate some redrafting. The Guide could provide a basis for implementing a number of the ANAO's recommendations.

Guidance on the exemption process

3.27 As discussed in Chapter 2, the 2010 Guidelines make provision for exemptions in some circumstances. It is in the power of the SMOS to grant an exemption, and Finance has indicated that it does not formally advise SMOS whether to exempt or not. It does, however, have a role to play in ensuring that

¹⁶⁸ This includes the campaigns to promote healthy living, anti-smoking and anti-drug taking, and skin cancer and sexually transmitted diseases awareness.

¹⁶⁹ Such as the indicative campaign timeline, which was provided to agencies as part of the Finance Secretary's May 2010 correspondence but has not since been placed on the Finance website.

¹⁷⁰ Finance noted in its September 2010 Incoming Government Brief that most agencies undertake advertising campaigns infrequently.

any decision is an informed one.¹⁷¹ In advice to SMOS dated 4 February 2011, Finance observed that:

Finance does not advise or recommend whether or not you should grant an exemption, given the nature of the reasons for exemption. Rather, the facts relating to the exemption are provided to you for consideration. The decision to exempt a campaign is taken by the Special Minister of State based on the evidence provided by the relevant Minister.¹⁷²

3.28 In a response to a Question on Notice from Senator Xenophon at the Senate Budget Estimates Hearing on 27 May 2010, the then SMOS answered on 9 July 2010 that the Government had sought advice from Finance on establishing a standard timeframe within which to advise Parliament of an exemption, following the granting of an exemption. Finance submitted advice on governance arrangements for exemptions to the new SMOS on 4 February 2011. In that advice, Finance commented that:

It is prudent to establish processes for the consideration of requests for campaign exemptions. It is proposed that:

- i. A request to exempt a campaign must be made to you by the Minister with Portfolio responsibility for the campaign (rather than an agency head or departmental official);
- ii. The request must be in writing and provide the reasons for seeking the exemption;
- iii. Your written response should include reasons for your decision;
- iv. As far as practicable, requests for exemption should be made before a campaign has been considered by the Independent Communications Committee;
- v. You table in the Parliament a Ministerial Statement outlining the reasons for exempting a campaign: (your preference is sought on this matter);

¹⁷¹ Internal Finance Communication, 13 May 2010.

¹⁷² In contrast, Finance's 14 August 2009 advice to SMOS on the AEC exemption indicated that 'Finance supports the case for an exemption from the requirement for AEC advertising campaigns related to federal elections, by-elections and referenda to be reviewed by the IDCC and the Auditor-General. As these campaigns need to be, and perceived to be, conducted independently from Government, Finance considers that this constitutes the 'extraordinary reasons' criterion, as detailed in the Guidelines'.

- Two working days after the requesting Minister has been informed in writing; or
 - Within two working days after an exempted campaign has appeared in the media; and
- vi. Advertising must still be placed through the Central Advertising System and communications consultants selected from the Communications Multi-Use List.

3.29 Finance also recommended that the SMOS agree to the following processes for considering and granting an exemption from the Guidelines:

- i. Exemption requests must be made in writing to you, as Special Minister of State, by the Minister with portfolio responsibility for the campaign;
- ii. As far as practicable, requests for exemption should be made before a campaign has been considered by the Independent Communications Committee;
- iii. You table in the Parliament, a Ministerial Statement outlining the reasons for exempting a campaign: (indicate your preference):
 - a. two working days after the requesting Minister has been informed in writing; or
 - b. within two working days after an exempted campaign has appeared in the media.

3.30 On 9 February 2011 the SMOS agreed to option iii(a). He also noted that for campaigns granted an exemption, there would be requirements for advertising to still be placed through the Central Advertising System¹⁷³ and for communications consultants to be selected from the CMUL.

3.31 To promote clarity and provide additional support to agencies and Ministers, there would be benefit in Finance advising agencies of the process agreed by SMOS for considering and granting an exemption from the Guidelines. The proposed 'Information and Advertising Campaign Planning Guide' would be an appropriate vehicle for doing so.

¹⁷³ The Central Advertising System centralises the purchase of advertising space for agencies. Services to agencies under the system are provided by two specialist media buying firms—Universal McCann, which is contracted to provide campaign advertising services, and Adcorp, which is contracted to provide non-campaign advertising services. These two firms are frequently referred to as the Government's Master Media Agencies.

Guidance on indicative campaign development timelines

3.32 The importance of allowing sufficient time for campaign development has been emphasised consistently by Finance. In his 20 May 2010 correspondence to chief executives about changes to the framework, the Finance Secretary advised that:

Allowing sufficient time for campaign development remains critical to achieving optimal outcomes.

Ultimately, compressed timelines increase the risk that the justification for, and quality of campaigns, will be negatively affected.

3.33 Similarly, Finance's incoming government brief of September 2010 observed that:

The quality of government advertising has a direct impact on the results of the campaign and the contribution the campaign can make to broader government objectives.

There is significant scrutiny of government advertising including through the media, the Parliament and the public. Closer adherence to the Guidelines and appropriate campaign development timeframes should improve the processes and accountability. It should also lead to better government advertising campaigns, including the final creative and quality of materials and presentation of messaging.¹⁷⁴

3.34 Finance developed a useful guide on indicative timelines for the development of television campaigns, and an overview of campaign activity and review processes, which were circulated to agencies on 20 May 2010 as part of the Finance Secretary's correspondence on the revised framework. Finance advised that television campaigns developed from 'scratch' generally take between 20 and 27 weeks, while the timeframe for print and online campaigns ranges from 8 to 12 weeks, depending on existing research and the complexity of the message. The indicative timeline is replicated in Table 3.2.

¹⁷⁴ Department of Finance and Deregulation, *Incoming Government Brief – Minister for Finance and Deregulation*, Senator the Hon Penny Wong, section 9.2, available from <http://www.finance.gov.au/publications/igb/finance_minister_index.html> [accessed 17 June 2011].

Table 3.2**Indicative timeline for the development of advertising campaigns with television**

Action	Time required
<i>Minister approves campaign development.</i>	
If department has a contracted research company, developmental/formative research undertaken. OR	Allow 4–6 weeks for fieldwork and reporting if both qualitative and quantitative research is required. Timing depends on complexity of topic and difficulty of recruiting research participants.
If department has to appoint a research company, undertake a select tender process in consultation with Finance (consultants drawn from the Communications Multi-Use List).	Allow 3 weeks for proposals to be developed and procurement and contracting processes to be completed. Allow same period as above for actual research.
Department drafts communication strategy with input from the master media planning agency and Finance.	Allow 2 weeks to receive media strategy and incorporate research findings.
Department drafts creative/advertising brief (RFP) with input from Master Media Agency and Finance. Specialist Indigenous, non-English speaking background and public relations consultant briefs (RFPs) should also be developed at this point.	Brief/s developed concurrently with the communication strategy. Brief/s released following ICC review of strategy.
<i>ICC reviews campaign strategy.</i>	ICC meets twice a month. Allow 1 week—papers due a week before a meeting.
If department has a contracted advertising agency, agency prepares several creative concepts in response to brief. OR	Allow 2 weeks for development of several creative concepts—longer for complex or sensitive topics.
If department has to appoint an advertising agency, undertake a select tender process in consultation with Finance—usually 5 or 6 companies invited from Communications Multi-Use List.	Allow 2 weeks for development of creative concepts and presentation of proposals.
Concept testing of all creative concepts and contracting of successful advertising agency.	Allow 4 weeks—2 weeks for concept testing and 2 weeks for procurement and contracting processes. Note—may require additional rounds of research to find the preferred concept or require re-briefing of agencies if additional concepts have to be developed and tested.

Action	Time required
Revision of successful agency concepts and further concept testing.	Allow 2 weeks—assumes two sets of revisions and one round of additional concept testing.
<i>ICC reviews creative material (pre-production), concept testing results and media plan.</i>	ICC meets twice a month. Allow 1 week—papers due a week before a meeting.
Department commences production of advertising—includes pre-production.	Allow 2–3 weeks depending on complexity of advertising approach, location, talent availability etc.
Concept testing of (almost) final advertising creative concepts and post-production of materials.	Allow 2 weeks for research fieldwork, reporting and refinement.
<i>ICC reviews creative material (post-production) and media plan.</i> <i>ICC provides a report on compliance with Principles 1–4 of the Guidelines to the department's Chief Executive.</i>	ICC meets twice a month. Allow 1 week—papers due a week before a meeting.
CEO certifies campaign.	
<i>Minister approves campaign for launch.</i>	
Dispatch of materials to media. Advertisements start appearing.	Allow 3–5 days—deadlines vary.
Post campaign analysis prepared and submitted to ICC.	After campaign completed.
Minimum time to campaign launch If department already has contracted research and advertising companies and only a single round of concept testing required.	20 weeks
If department has to undertake procurement processes for research and advertising companies—still assumes single rounds of concept testing.	27 weeks

Source: Department of Finance and Deregulation.

Note 1: Finance documentation identifies *italic text* as denoting mandatory review and approval processes.

Note 2: Finance documentation notes that campaigns not involving television can be ready for launch earlier, with the timeframe for print and online campaigns ranging from 8 to 12 weeks depending on existing research and complexity of message.

3.35 While the indicative timeline was circulated to agency chief executives in correspondence on 20 May 2010, it is not otherwise readily available to agencies. There would be benefit in Finance making the indicative timetable available to agencies through appropriate means, such as the draft 'Information and Advertising Campaign Planning Guide'.

Guidance on Chief Executive Certification

3.36 Finance provided a template to agency chief executives to assist them in discharging their certification obligations under paragraph 14 of the 2010 Guidelines. While the template was a useful starting point for chief executive certifications, it went further than reproducing the requirements of the Guidelines, and in some cases altered their meaning, as illustrated in Table 3.3.

3.37 Two of the agencies participating in the audit followed the Finance template, while one agency sought, appropriately, to correct the wording in the template to ensure that its chief executive's certification more closely reflected the language of the Guidelines. The certification template is at Appendix 8.

Table 3.3

Alignment of Guidelines and chief executive certification template

Guideline words	Template words	ANAO comments
<p>Paragraph 18:</p> <p>‘The subject matter of campaigns should be directly related to the Government’s responsibilities. As such, only policies or programs underpinned by: legislative authority; or appropriation of the Parliament; or a Cabinet Decision which is intended to be implemented during the current Parliament should be the subject of a campaign.’</p>	<p>Principle 1:</p> <p>‘The campaign relates to policies or programs underpinned by: legislative authority, or appropriation of the parliament, or a Cabinet decision which is intended to be implemented during the current parliament.’</p>	<p>Template omits the key word ‘directly’ appearing in paragraph 18.</p>
<p>Paragraph 21:</p> <p>‘Where information is presented as a fact, it should be accurate and verifiable. 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.’</p>	<p>Principle 2:</p> <p>‘Where campaign materials have presented materials as fact, those facts are accurate and verifiable.’</p> <p>‘Campaign materials do not attempt to mislead the recipient about the situation with which any comparisons are made, and the basis for the comparison is stated explicitly.’</p>	<p>Template wording lacks the clarity of paragraph 21.</p>
<p>Paragraph 23:</p> <p>‘Special attention should be paid to communicating with any disadvantaged individuals or groups identified as being with the target audience. Particular attention should be paid 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.’</p>	<p>Principle 2:</p> <p>‘Special attention has been paid to communicating with any disadvantaged individuals identified as being within the target audience. Particular attention has been paid to people living in rural and remote areas, Indigenous audiences and people from multicultural backgrounds.’</p>	<p>Template omits the reference to ‘young people’ in paragraph 23.</p>

Source: ANAO analysis. Emphasis added.

3.38 As the template forms the basis of an agency chief executive’s written certification against the Guidelines, its accuracy is essential. To ensure there is alignment between the Guidelines and chief executive certifications, the ANAO recommends that the template be reviewed.

Recommendation No.3

3.39 To strengthen alignment between the 2010 *Guidelines on Information and Advertising Campaigns by Australian Government Departments and Agencies* and agency Chief Executives' written certifications, the ANAO recommends that the Department of Finance and Deregulation review its 'Chief Executive Certification for Government Advertising Campaigns' template for alignment against the Guidelines.

Finance response: *Agreed*

3.40 Finance has already adjusted the campaign certification template for Chief Executives to ensure that the wording clearly aligns to the content of the Guidelines.

Advice during the 2010 caretaker period

3.41 The updated *Guidance on Caretaker Conventions* issued by PM&C in May 2010¹⁷⁵ provided that Finance and PM&C would review all advertising campaigns at the beginning of the caretaker period and recommend whether those campaigns should continue or be deferred. This process was generally well managed by Finance, with action taken to apply the conventions once the election was called. Further, Finance proactively briefed the SMOS prior to the 2010 federal election being called.

3.42 On 2 July 2010 Finance briefed the SMOS in relation to campaigns during the caretaker period, the key elements of which were:

- Finance instructing Universal McCann (UM), the campaign advertising Master Media Agency (MMA), to remove all FMA Act agency campaign advertisements scheduled to appear during and after the caretaker period¹⁷⁶;
- the Australian Government Information Management Office (AGIMO), a group within Finance, removing all campaigns and references to campaigns from the 'australia.gov.au' website;

¹⁷⁵ Department of the Prime Minister and Cabinet, *Guidance on Caretaker Conventions*, May 2010, part 6.1, available from: <<http://www.dpmc.gov.au/guidelines/index.cfm>> [accessed 9 May 2011].

¹⁷⁶ This process did not apply to pre-election activity for the Australian Electoral Commission (AEC).

- Finance and the Department of the Prime Minister and Cabinet (PM&C) making recommendations to the SMOS on campaigns to continue, subject to agreement from the Opposition¹⁷⁷;
- the SMOS writing to the shadow SMOS seeking bipartisan agreement on the nominated campaigns;
- the shadow SMOS providing advice to the SMOS on agreed campaign advertising activity;
- Finance advising the campaign advertising MMA to continue campaigns which had received bipartisan agreement; and
- CAB advising AGIMO of the campaigns that were to continue and therefore could be republished on the 'australia.gov.au' website.

3.43 The affected agencies were not involved in this process, but were advised of the result. The agencies affected by the bipartisan agreements also received timely individual advice about how their campaigns would be treated during the caretaker period.

3.44 Standard 'Question and Answer' documents (Q&As) were also developed by Finance regarding the caretaker period arrangement. However, these were not issued to agencies with current campaigns, nor were they published on Finance's website. If an agency was unsure of the process, or had a question, the Q&As were sent out separately to that agency. Finance could better inform agencies during this period by proactively issuing prepared Q&As.

Establishing and supporting the ICC

3.45 As discussed in later chapters, the operations of the ICC established a vehicle for discussion and debate between the committee, Finance, FaHCSIA, DoHA and DCCEE on the development, timing and content of agency campaigns and creative materials. This process informed the ICC's advice to chief executives on compliance with Principles 1 to 4 of the 2010 Guidelines.

3.46 Finance was responsible for supporting the then Cabinet Secretary and SMOS to establish the ICC. However, ICC member contracts, confidentiality

¹⁷⁷ Some material cannot be withdrawn, such as advertisements in magazines that may already be distributed and which remain available for sale during the caretaker period.

and conflict of interest clauses were not signed before the ICC commenced its operations. The contracts were signed by ICC members on 24 May 2010, while the ICC began reviewing campaigns from the start of April 2010.¹⁷⁸

3.47 In accordance with the ICC's Business Rules¹⁷⁹, Finance provides secretariat services and advice on all campaigns to the ICC. As part of its secretariat functions, CAB provides formal written minutes to agencies regarding the outcomes of ICC meetings for their campaigns. The minutes record matters to be addressed by agencies as identified by the ICC, before the ICC will issue its report on compliance with Principles 1 to 4 of the 2010 Guidelines. Table 3.4 records the ICC's meeting dates for non-exempt campaigns and the dates of ICC advice to agency chief executives.

¹⁷⁸ Finance has advised that SMOS agreed to the membership of the ICC on 29 March 2010, and in that context noted that the Finance Secretary would make the appointments as contracts for labour hire. The proposed members met with SMOS on 31 March 2010 to discuss the ICC's role. The Finance Secretary agreed to the appointments on 7 April 2010, as contracts for labour hire, under an exemption provided for in the CPGs. Exemption 15 from the mandatory procurement procedures of the CPGs relates to 'contracts for labour hire...for the provision of an individual to supply labour'. A contract for labour hire is defined in footnote 18 of the CPGs as including the appointment of an eminent individual to a special role by a chief executive, but does not include the engagement of consultants.

¹⁷⁹ The Business Rules are appended to the ICC's Terms of Reference, as updated in October 2010.

Table 3.4**ICC meetings and advice on non-exempt campaigns**

Campaign	ICC meeting dates	ICC advice to chief executive
Paid Parental Leave (FaHCSIA)	6 May 2010 8 July 2010	9 July 2010
Health Reform (DoHA) • Overarching element	7, 21, 28 April 2010 6, 11 May 2010	11 May 2010
• Workforce element	24, 26, 28 May 2010 10 June 2010	10 June 2010
Clean Energy Future (DCCEE)	16 Dec 2010 17 May 2010 9, 23 June 2010 8, 14, 28 July 2011 16, 17 July 2011 (out of session) 16, 19, 24 August 2011	14 July 2011 18 July 2011 (household booklet) 28 July 2011 (NESB and Indigenous material) 1 August 2011 (additional media buy) 24 August 2011 (further additional media buy)

Source: ANAO analysis of 'ICC report on Advertising Campaign' issued by the ICC for each campaign.

Note: The AEC's 2010 Federal Election Campaign and Treasury's Tax Reform Campaign were exempted from the ICC certification process.

3.48 The minutes taken by Finance of ICC meetings relating to the FaHCSIA, DoHA and DCCEE campaigns do not record in detail the matters considered by the ICC prior to issuing its reports to chief executives on those campaigns' compliance with Principles 1 to 4. However, the ICC minutes and the secretariat's correspondence to agencies, agency records, and advice provided to the ANAO in the course of the audit¹⁸⁰, indicate that ICC meetings provided a forum for active discussion and debate between the ICC and agencies on campaign compliance with Principles 1 to 4 of the 2010 Guidelines.

3.49 There was considerable variability in the time taken to distribute ICC minutes for the campaigns examined as part of this audit—between two and 72 working days. The average time taken was 24 working days.¹⁸¹ No other, less formal advice was provided to agencies on the outcomes of ICC

¹⁸⁰ By the Chair of the ICC, Finance and agencies.

¹⁸¹ The 8 July 2010 ICC meeting was held six working days before the commencement of the caretaker period and the minutes were sent to FaHCSIA 72 days after the meeting date, as the ICC did not meet during the caretaker period. Even if this delay is discounted entirely, the average time taken to distribute minutes remains over 20 days.

meetings unless specifically requested by agencies. Table 3.5 records the distribution timeframes for ICC minutes.

Table 3.5

ICC minutes: distribution timeframes

Campaign	ICC meeting date	Date ICC minutes sent to agency	Working days elapsed	Minutes sent before or after campaign launched
Health Reform	7 Apr 2010	9 Apr 2010	2	Before
Health Reform	21 Apr 2010	23 Apr 2010 (later letter sent in June)	2 (later letter over 28 days)	Before
Tax Reform ^a	21 Apr 2010	2 Jun 2010	30	After
Health Reform	28 Apr 2010	2 Jun 2010	23	After
Health Reform	6 May 2010	25 Jun 2010	36	After
Health Reform	11 May 2010	2 Jun 2010	15	After
Health Reform – workforce element	24 May 2010	15 Jul 2010	38	After
Health Reform – workforce element	26 May 2010	15 Jul 2010	36	After
Health Reform – workforce element	28 May 2010	15 Jul 2010	34	After
Health Reform – workforce element (radio)	10 Jun 2010	21 Jul 2010	29	After
Paid Parental Leave	6 May 2010	25 Jun 2010	36	Before
Paid Parental Leave	8 Jul 2010	11 Oct 2010	72	After
Clean Energy Future	16 Dec 2010	25 Feb 2011	45	Before
Clean Energy Future	17 May 2011	2 Jun 2011	12	Before
Clean Energy Future	9 Jun 2011	29 Jun 2011	14	Before
Clean Energy Future	23 Jun 2011	12 Jul 2011	13	Before
Clean Energy Future	8 Jul 2011	29 Jul 2011	15	After
Clean Energy Future	14 Jul 2011	29 Jul 2011	11	After
Clean Energy Future	16, 17, 18 Jul 2011	Out of session meetings. No minutes issued.	n/a	n/a

Campaign	ICC meeting date	Date ICC minutes sent to agency	Working days elapsed	Minutes sent before or after campaign launched
Clean Energy Future	28 Jul 2011	Letter confirming minutes sent to DCCEE on 22 August 2011.	17	n/a
Clean Energy Future	16 Aug 2011	2 Sep 2011	13	Before additional media burst commencing 4 Sep 2011
Clean Energy Future	19 Aug 2011	2 Sep 2011	10	Before additional media burst commencing 4 Sep 2011
Clean Energy Future	24 Aug 2011	23 Sep 2011	22	After
Clean Energy Future	16 Sep 2011	29 Sep 2011 (minutes not sent to agency) ^b	n/a	n/a

Source: ANAO analysis.

Note^a: The campaign was exempted from ICC and certification processes by the SMOS on 24 May 2010.

Note^b: CAB provided an update on the Clean Energy Future Tracking research at the 16 September 2011 ICC meeting. As the meeting was not attended by DCCEE, minutes were not issued to DCCEE.

3.50 One of the audited agencies expressed some frustration with the delays involved in receiving a copy of the minutes, and expressed concern that in the absence of the minute, there was some uncertainty regarding the outcomes relevant to, and implications for, the effected campaign.

3.51 The delay in circulating ICC minutes raises the question of how Finance can assure the ICC (and how the ICC can assure itself) that actions identified by the ICC have been undertaken by the agency prior to the ICC issuing its report on agency campaign compliance with Principles 1 to 4 of the 2010 Guidelines. Finance advised that in performing its secretariat support function for the ICC, it actively monitors any actions that agencies progressing campaigns have agreed to in discussions with the ICC, and confirms any key outcomes with ICC members during meetings. In some cases, the ICC has asked for final review reports to be released by CAB only after the agency

responsible for the campaign has demonstrated that it has taken agreed actions.¹⁸²

3.52 While acknowledging the need to receive approval from the ICC for the release of the minutes, and the processes employed by Finance to communicate with agencies pending the distribution of ICC minutes¹⁸³, there is merit in Finance advising the ICC on options for more timely distribution as a means of providing additional support to agencies.

Administration of the Central Advertising System

3.53 Finance administers the Australian Government's Central Advertising System (CAS), which consolidates government advertising expenditure to secure media discounts on Commonwealth-wide media rates.

3.54 In operating the CAS, Finance manages the deeds of contract of two master media agencies (MMA) that assist in media planning, placement and rates negotiations with media outlets. The two current master media agencies are Universal McCann (UM) for campaign advertising and Adcorp¹⁸⁴ for non-campaign advertising (such as recruitment advertising, tenders and public notices). All FMA Act agencies are required to place their advertising through the CAS, irrespective of the value of the advertising.¹⁸⁵

¹⁸² Finance advice to ANAO, 18 January 2012.

¹⁸³ In the course of the audit Finance identified practical issues associated with distributing draft minutes to agencies, noting that: 'ICC meeting Minutes require endorsement from the members prior to release to ensure that their deliberations have been captured accurately, as they provide a formal record for agencies.' Finance further advised that in its opinion the timeframe for provision of minutes was not critical as there are processes in place to ensure that agencies are informed: 'Finance contacts agencies after ICC meetings to establish whether the agency's view of the outcomes and actions are consistent with our understanding of them. For matters considered to be critical, a letter that identifies those issues is sent to the agency by Finance, in advance of the receipt of ICC minutes, with a view to assisting agencies in the timely progression of their campaigns. The content of those letters is discussed with the ICC members' (Finance correspondence to ANAO, 21 October 2011). While acknowledging the value of those processes, the ANAO notes Finance's advice that only the ICC minutes can provide a formal record of the ICC's deliberations.

¹⁸⁴ The deed arrangements for Adcorp have not been reviewed as part of this audit, due to the focus on campaign advertising.

¹⁸⁵ Other government organisations, including those subject to the *Commonwealth Authorities and Companies Act 1997* (CAC Act), the Northern Territory and ACT Governments and any organisations provided with Australian Government funding for advertising or communications purposes may also choose to place their media buy through the Master Media Agency to take advantage of whole-of-government discount rates. Available from: <<http://www.finance.gov.au/advertising/cas.html>> [accessed 25 May 2011].

3.55 The current deed with UM was signed in July 2009 for a period of three years with an option for an additional year, and stipulates a monthly service charge to be paid to UM for its duration. This charge is funded by the collection of the commission fee. The monthly service charge may also be increased by a stipulated amount if the total media placement spend in a financial year for all media placements¹⁸⁶ under the UM deed reaches \$190 million. The deed also includes a number of payment specifications relating to fee structures and bonuses paid upon certain conditions being met, as discussed below.

3.56 The deed provides for individual contracts to be formed with agencies requiring media buying services. An agency enters into an individual contract with UM when they complete the campaign media brief¹⁸⁷ detailing the requirements of the particular campaign. The agency then becomes the client under the deed, and is charged various fees as identified in Table 3.6.—which records the charges identified in the media plans for the five audited campaigns.

¹⁸⁶ All media placement includes media placed by FMA Act agencies, and those government organisations, including those subject to the CAC Act, Northern Territory and ACT Governments and any organisations provided with Australian Government funding for advertising or communications purposes, who may choose to place their media buy through the Master Media Agency.

¹⁸⁷ The UM contract includes a proforma media brief document that identifies the information needed by UM to allow for the preparation of the recommended media strategy.

Table 3.6**Charges identified in media plans for the five campaigns**

Identified Charge	Paid Parental Leave	Health Reform	Tax Reform	2010 Federal Election	Clean Energy Future
Total Media Placement Spend (gross media)	\$8 932 615	\$9 644 577	\$21 716 835	\$8 131 569	\$16 914 069
Less: Commission Rebate 10% of total media placement spend	(\$893 261)	(\$964 457)	(\$2 171 683)	(\$813 156)	(\$1 691 406)
Plus: Finance commission 4% of total media placement spend	\$357 304	\$385 783	\$868 673	\$325 262	\$676 562
Plus: central admin fee 1.5% of total media placement spend	\$133 989	\$144 668	\$325 752	\$121 973	\$253 711
Plus: additional services, including campaign monitoring, material despatch and/or production, search engine marketing fee, adserving ^a , tracking and reporting	\$473 100	\$315 411	\$924 293	\$283 751	\$628 934
TOTAL COST (excl GST)	\$9 003 747	\$9 525 982	\$21 663 870	\$8 049 399	\$16 781 870
Plus: 10% GST	\$900 374	\$952 598	\$2 166 387	\$804 940	\$1 678 187
TOTAL COST (incl GST)	\$9 904 121	\$10 478 580	\$23 830 257^b	\$8 854 339	\$18 460 057

Source: ANAO analysis. All figures are rounded to the nearest dollar amount.

Note: Figures used are **planned** media spend as approved in the final media buy sheet prior to the campaign launch. The **actual** media spend may differ.

Note^a: Adserving is defined in the UM deed as tracking and reporting of internet display and search engine marketing for digital advertising material.

Note^b: Tax Reform Campaign actual media spend was less than the approved amount due to the early cancellation of the campaign.

3.57 The ANAO reviewed the current deed for the campaign advertising MMA, and considered the current deed arrangements in light of the issues raised in ANAO Report No.24 around the administration of certain fees.¹⁸⁸ The tender process associated with the current deed was not reviewed as part of this audit.

3.58 ANAO Audit Report No.24 identified that the administration of certain fees in accordance with the previous deed lacked transparency:

The full amount of the fee is not clearly identified on invoices—UM identify the 1.5 per cent charge which went to funding the operations of the GCU, but not the 4 per cent charge upon departments to fund payments to UM.¹⁸⁹

3.59 The current deed with UM has largely addressed the issue of transparency relating to the fees charged to individual agencies. UM develops a media plan for the campaign using a standard spreadsheet that identifies the gross media cost prior to any fees, charges, rebates or GST amounts. This includes the fee of 1.5 per cent of the total media placement spend which is charged to the agency placing advertising. A Finance commission fee of 4 per cent is also identified on the media plan. This is collected by UM from the agency and provided to Finance for the administration of the deed and the payment of the monthly service fee paid to UM.¹⁹⁰

3.60 The list of service charges for non-media buying items is also detailed in the contract, specifying items such as research charges, tuition, and creative and production services. These items are added to the media plan, depending on the individual services sought by the agency for the campaign, and a GST amount is then added to arrive at a total cost to the agency.

¹⁸⁸ ANAO Audit Report No.24 2008–09, *The Administration of Contracting Arrangements in relation to Government Advertising to November 2007*.

¹⁸⁹ *ibid.*, paragraph 3.39.

¹⁹⁰ Under section 12 of the FMA Act, written authorisation must be sought from the Minister of Finance and Deregulation to allow an outsider to receive, have custody of or pay public money. At the time the deed was entered into, the Finance Minister had delegated to the Finance Secretary the power to authorise arrangements for the receipt and custody of public money by an outsider, but not the power to authorise arrangements for the payment of public money. The Secretary authorised this arrangement on 9 June 2009, prior to the start date of the UM Deed.

4. FaHCSIA's Paid Parental Leave Campaign

This chapter examines the development of FaHCSIA's Paid Parental Leave Campaign and the processes used by the department to certify that the campaign was undertaken in accordance with the 2010 Guidelines.

Campaign overview

4.1 On 28 February 2009, the Productivity Commission (the Commission) published its report, *Paid Parental Leave: Support for Parents with Newborn Children*.¹⁹¹ The research undertaken by the Commission found that there was strong support throughout the Australian community for a Scheme of Paid Parental Leave (PPL)¹⁹² to be introduced by the Australian Government.

4.2 On 12 May 2009, the Australian Government announced its decision to support a PPL Scheme with a statutory basis.¹⁹³ The Government subsequently allocated \$8.9 million for 2009–10 and 2010–11 in the May 2009 budget for the purposes of communication activities relating to the PPL Scheme.¹⁹⁴ The later inclusion of television advertisements for the campaign resulted in a subsequent total budget increase for the PPL Campaign to \$12.1 million.¹⁹⁵

4.3 In November 2009, the Department of Families, Housing, Community Services and Indigenous Affairs (FaHCSIA) commissioned developmental market research to measure the Australian public's understanding and identify

¹⁹¹ Productivity Commission, *Paid parental leave: support for parents with newborn children*, Report No.47, Australia, 28 February 2009.

¹⁹² The Paid Parental Leave Scheme is an entitlement for parents of children born or adopted from 1 January 2011. The entitlement is available to working parents who meet eligibility criteria and enables them to receive government funded parental leave pay at the national minimum wage rate before tax.

¹⁹³ Gillard, J, Swan, W and Macklin J, Joint Media Release, *BUDGET 2009–10: Rudd Government Delivers Paid Parental Leave* [Internet]. Department of Education, Employment and Workplace Relations, Australia, 2009, available from <http://www.deewr.gov.au/ministers/gillard/media/releases/pages/article_090512_183005.aspx> [accessed 14 July 2011].

¹⁹⁴ On the basis of research findings and expert advice, the initial budget allocated to the campaign was later increased following the incorporation of a television component into the planned advertising spend.

¹⁹⁵ \$1.85m for 2009–10 and \$10.242m for 2010–11.

the form and scope of a communication campaign to disseminate information about the PPL Scheme, in the event that a need was identified.

4.4 The research indicated low levels of community awareness regarding the PPL Scheme. FaHCSIA's June 2010 Communication Strategy concluded that the market research provided evidence to support the need for a campaign that would increase knowledge and understanding of the scheme as an entitlement, and inform target audiences about their rights and responsibilities:

The scheme will provide a statutory entitlement. Parents will need to submit a claim to be able to access the scheme and receive their PPL pay. The scheme will require parents to understand the eligibility requirements and what they have to do to access the scheme...Employers will have obligations under the scheme and as such will need to learn about the scheme as a statutory entitlement for parents...Developmental market research conducted for FaHCSIA has identified little awareness of the Government's PPL Scheme.¹⁹⁶

4.5 The PPL legislation was passed by the Parliament on 17 June 2010 and the PPL Scheme began on 1 January 2011.¹⁹⁷

4.6 The PPL Campaign was approved to launch by the Minister for Families, Housing, Community Services and Indigenous Affairs (the Minister) from 13 July 2010. However, the caretaker period took effect from 17 July and ended on 7 September. Consequently, although limited online advertising occurred on 16 July 2010, advertisements did not go to air until 17 October 2010.¹⁹⁸ The PPL Campaign ended officially on 30 June 2011.

4.7 The objectives of the PPL Campaign, the total budget and planned media spend are summarised in Table 4.1. An example of the PPL Campaign creative material is included at Appendix 9.

¹⁹⁶ FaHCSIA, *Paid Parental Leave Scheme Communication Campaign: Communication Strategy*, June 2010, pp.8–9.

¹⁹⁷ Parents were able to lodge claims for PPL from 1 October 2010, with payments made for births/adoptions occurring on or after 1 January 2011 and employers becoming responsible for paying PPL to their long-term employees from 1 July 2011. Employers could choose to opt-in to pay PPL to their employees from 1 January 2011.

¹⁹⁸ To avoid Australian Public Service involvement in election activities, the caretaker conventions provide that all advertising campaigns must be reviewed at the beginning of the caretaker period, by Finance and the Department of the Prime Minister and Cabinet, to determine whether the campaigns should continue or be deferred.

Table 4.1

Summary of the Paid Parental Leave Campaign

Summary		
Objective	<p>The objectives of the PPL Campaign were to:</p> <ul style="list-style-type: none"> • increase knowledge of the implementation of the PPL Scheme; • increase knowledge and understanding of the PPL Scheme as a statutory entitlement for eligible working parents; • increase knowledge and understanding of the roles, rights and responsibilities of parents and employers under the PPL Scheme, including the eligibility criteria; • encourage target audiences to seek further information about the Scheme and how it may relate to them; • provide parents with access to information about the Scheme to enable them to make informed decisions; and • provide employers with access to information about the Scheme to enable them to prepare for the implementation of the Scheme. 	
Timing	July 2010 – June 2011	
Target audience	<p>Primary target audiences:</p> <ul style="list-style-type: none"> • parents and potential parents: primarily women of child-bearing age (including recent, potential and current employees including full-time, part-time and casual workers, as well as contractors and the self-employed) who are planning a family or expecting a baby; and • employers: including small, medium and large employers across all industries. <p>Secondary audiences:</p> <ul style="list-style-type: none"> • family and friends of parents. <p>Intermediaries:</p> <ul style="list-style-type: none"> • for example: fertility, maternal and child health providers e.g. GPs, obstetricians, hospitals, IVF clinics, birth centres, midwives, family clinics, Aboriginal medical services, adoption agencies, etc. 	
Planned media spend	Total:	\$9.9m (GST inclusive)
Campaign budget	2009–10:	\$1.9m
	2010–11:	\$10.2m
	Total:	\$12.1m

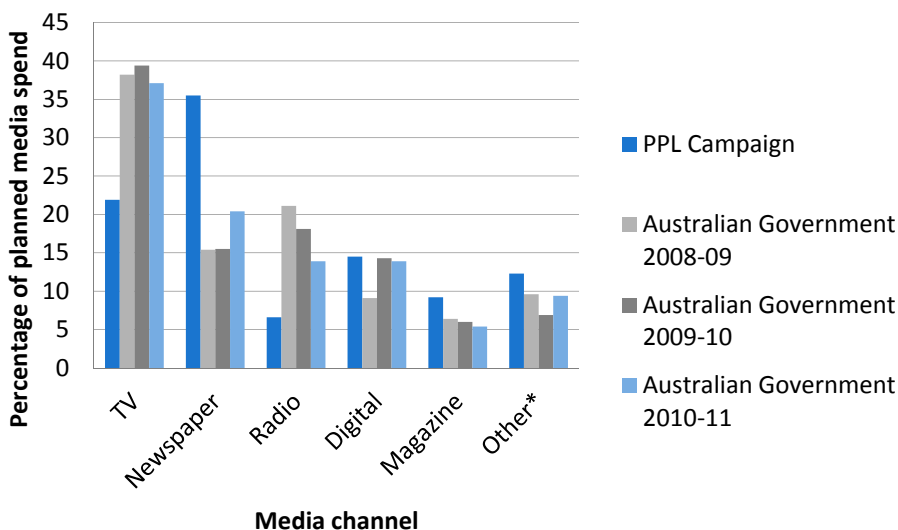
Source: ANAO analysis.

Media channels

4.8 Figure 4.1 identifies the percentage of anticipated expenditure across the chosen media channels for the PPL Campaign compared with the overall percentage of media placement expenditure per media channel by the Australian Government in 2008–09, 2009–10 and 2010–11.

Figure 4.1

Planned media for the Paid Parental Leave Campaign



Source: ANAO analysis.

Other*: 'Other' refers to NESB, Indigenous, Out of Home and Print Handicapped media. For the PPL Campaign, 6.5 per cent was for NESB, 0.9 per cent was for Indigenous, 4.5 per cent was for Out of Home, and 0.4 per cent was for Print Handicapped media.

4.9 The above figure illustrates that for the PPL Campaign, a larger proportion of total media expenditure was allocated to the traditional advertising mediums of newspaper and television, rather than other mediums.

Compliance with the 2010 Guidelines

4.10 Before a campaign can be approved for launch by the relevant minister, chief executives are responsible for the completion of their agency's certification of compliance with the 2010 Guidelines, following receipt and consideration of a report from the Independent Communications Committee (ICC). The ANAO assessed FaHCSIA's administration of the development and implementation of the PPL Campaign against the mandatory publication and

reporting requirements in paragraphs 14 and 17 of the Guidelines, and the five Information and Advertising Campaign Principles.

Compliance with certification, publication and reporting requirements

4.11 FaHCSIA complied with the certification, publication and reporting requirements in paragraphs 14 and 17 of the 2010 Guidelines. Table 4.2 summarises the ANAO's findings.

4.12 FaHCSIA exercised its discretion under paragraph 17 not to publish the developmental research report for the campaign, but did not document the reasons for doing so. The report¹⁹⁹ was subsequently released in part under Freedom of Information (FOI) on 18 May 2011. In the course of the audit, FaHCSIA advised the ANAO that information contained in the report that was deemed commercial-in-confidence was not released under FOI. FaHCSIA further advised that the report was not released on the department's website prior to the FOI request due to resourcing constraints, as the publication of other documentation and information was considered a higher priority at the time.

4.13 The Department of Finance and Deregulation (Finance) did not include details of the PPL Campaign in the *Campaign Advertising by Australian Government Departments and Agencies—Full Year Report 2009–10*, because the PPL Campaign advertising did not launch until 17 October 2010, while the report covers the period 1 July 2009 to 30 June 2010.²⁰⁰ The PPL Campaign was reported in Finance's 2010–11 full year report.²⁰¹

¹⁹⁹ The Open Mind Research Group, *Paid Parental Leave: Developmental Research Report*, 18 December 2009.

²⁰⁰ FaHCSIA advised that some limited online advertising occurred on 16 July 2010, but the caretaker period took effect on 17 July and advertisements did not go to air until 17 October 2010.

²⁰¹ The report was released in September 2011.

Table 4.2

Compliance with certification, publication and reporting requirements

Element	Status	Was it done?	Date completed/ ANAO comments
Paragraph 14. For advertising campaigns of \$250 000 or more:			
The Independent Communications Committee <u>will</u> consider the proposed campaign and provide a report to the Chief Executive on compliance with Principles 1, 2, 3 and 4 of the Guidelines. Agencies <u>will</u> be responsible for providing a report to their Chief Executive on campaign compliance with Principle 5 of the Guidelines.	Mandatory	✓	9 July 2010
Following consideration of the reports on campaign compliance, the Chief Executive <u>will</u> certify that the campaign complies with the Guidelines and relevant government policies.	Mandatory	✓	12 July 2010
The Chief Executive <u>will</u> give the certification to the relevant Minister who may launch the campaign or approve its launch.	Mandatory	✓	13 July 2010
The Chief Executive's certification <u>will</u> be published on the relevant department's web site when the campaign is launched.	Mandatory	✓	19 July 2010
The conclusions of the Independent Communications Committee <u>will</u> be published on Finance's web site after the campaign is launched.	Mandatory	✓	July 2010
Paragraph 17. Chief Executives <u>will</u> ensure that:			
Research reports for advertising campaigns with expenditure of \$250 000 or more are published on their agency's web site following the launch of a campaign <u>where it is appropriate to do so</u> ; and	Not mandatory due to caveat	×	Developmental research was released in part under FOI on 18 May 2011.
Details of advertising campaigns undertaken <u>will</u> be published in agency annual reports.	Mandatory	✓	2009–10 and 2010–11 Annual Report (Appendix F) reported on relevant payments to advertising agencies and market research organisations.

Source: ANAO analysis. Emphasis added.

Note: Ticks and crosses indicate the ANAO's assessment of whether a process was undertaken.

Compliance with the five Information and Advertising Campaign Principles

4.15 The ANAO also examined the process through which the PPL Campaign was certified as compliant with the five Information and Advertising Campaign Principles of the 2010 Guidelines. This was done by reviewing the Statement of Compliance for Principles 1 to 4 provided to the ICC by FaHCSIA²⁰², the formal record of the ICC's conclusions in relation to the PPL Campaign²⁰³, the FaHCSIA chief executive's Certification Statement for the campaign²⁰⁴, and related records of the ICC, Finance and FaHCSIA.

4.16 In its letter to FaHCSIA dated 9 July 2010, the ICC confirmed that it had undertaken a review of the PPL Campaign's compliance with the 2010 Guidelines and concluded that the campaign complied with Principles 1 to 4.²⁰⁵

Principle 1—Campaigns should be relevant to government responsibilities

4.17 FaHCSIA's Statement of Compliance to the ICC and the chief executive's certification contained reasonable representations of the PPL Campaign's compliance with Principle 1. The ANAO's findings are summarised at Appendix 1 to this chapter.

4.18 The PPL Bill was passed on 17 June 2010. The subsequent enactment of the *Paid Parental Leave Act 2010* (Cth) (PPL Act), which gained royal assent on 14 July 2010, provided the statutory basis for the operation of the PPL Scheme.²⁰⁶

²⁰² FaHCSIA signed-off its Statement of Compliance on 30 June 2010.

²⁰³ The ICC Chair signed-off the ICC's review report to the FaHCSIA Secretary on 9 July 2010.

²⁰⁴ The FaHCSIA Secretary signed-off the Certification Statement on 12 July 2010.

²⁰⁵ While the ICC did not specifically identify compliance with each sub-paragraph in its review letter (consistent with its normal practice) it issued a positive review for the entire Principle.

²⁰⁶ The PPL Act commenced on 1 October 2010.

Principle 2—Campaign materials should be presented in an objective, fair and accessible manner and be designed to meet the objectives of the campaign

4.19 FaHCSIA's Statement of Compliance to the ICC and the chief executive's certification also contained reasonable representations of the PPL Campaign's compliance with Principle 2. The ANAO's findings are summarised at Appendix 1 to this chapter.

4.20 Paragraph 20 of the 2010 Guidelines provides that campaign materials should enable the recipients of the information to distinguish between facts, comment, opinion and analysis. Where legislation has not been passed before the launch of an advertising campaign, information in creative material which is presented as fact carries the risk of changing if the legislation is amended or not passed. FaHCSIA recognised this risk and included clear direction to the PPL campaign's public relations consultant that all activities conducted during the pre-legislation stage of the campaign should state clearly that the legislation had not passed and that, until the successful passage of legislation, parts of the legislation may change. FaHCSIA also ensured that the brochure *Planning to have a baby—Introducing Australia's First Paid Parental Leave Scheme*, contained the disclaimer below, which was reviewed and approved by FaHCSIA's internal legal unit and printed in bold on the back page of the brochure:

This brochure describes the Paid Parental Leave scheme proposed by the Australian Government. For the scheme to come into force, Parliament must first pass legislation making it part of the law. Until the scheme becomes law, it is possible that some details of the scheme that are outlined in this brochure may change.²⁰⁷

Principle 3—Campaign materials should be objective and not directed at promoting party political interests

4.21 FaHCSIA's Statement of Compliance to the ICC and the chief executive's certification contained reasonable representations of the PPL Campaign's compliance with Principle 3. The ANAO's findings are summarised at Appendix 1.

²⁰⁷ Department of Families, Housing, Community Services and Indigenous Affairs, *Planning to have a baby—Introducing Australia's First Paid Parental Leave Scheme*, April 2010.

4.22 FaHCSIA's statement of compliance did not include whether FaHCSIA had considered paragraph 28(c) of the Guidelines, which provides that campaign materials must not include party political slogans or images, and is therefore a mandatory requirement. However, party political slogans or images were not present in the creative material. As such, the omission was not considered to be material to the PPL Campaign's compliance with Principle 3.

4.23 The PPL Campaign materials contained factual statements and information regarding the mechanisms of the PPL Scheme in accordance with the provisions of the PPL Bill. The Campaign did not contain any overt promotion of party political interests, political slogans or bias contrary to the mandatory sub-paragraphs of Principle 3.

Principle 4 —Campaigns should be justified and undertaken in an efficient, effective and relevant manner

4.24 FaHCSIA's Statement of Compliance to the ICC and the chief executive's certification contained reasonable representations of the PPL Campaign's compliance with paragraphs 29, 30 and 32 of Principle 4. The ANAO's findings are summarised at Appendix 1 to this chapter.

4.25 FaHCSIA identified the need for the campaign through its consideration of research, including developmental market research, which identified low awareness levels among key target audience groups. FaHCSIA carefully considered and documented research findings in the strategic planning of the PPL Campaign.

4.26 FaHCSIA's Communication and Media Branch liaised frequently with the Master Media Agency (MMA) on the development of the media strategy and plan and the implementation of the campaign. However, FaHCSIA did not document that it had made an explicit assessment of the overall cost-effectiveness of the proposed media placement approach recommended by the MMA—which totalled almost \$10 million. While this does not necessarily mean that value for money was not achieved, FaHCSIA should have satisfied itself that the proposed media mix was a cost-effective way to achieve the objectives of the campaign before authorising the proposed media spend with the MMA.

4.27 The PPL Campaign evaluation found that the campaign was successful in raising awareness of the scheme among target audiences, with total awareness of the scheme increasing from 55 per cent to 80 per cent among parents and potential parents, and from 74 per cent to 80 per cent among

employers. The evaluation also found that while paid advertising was effective at reaching parents and potential parents, paid advertising directed at employers had not had the same impact.²⁰⁸

Principle 5—Campaigns must comply with legal requirements and procurement policies and procedures

4.28 Principle 5 requires campaigns to comply with all relevant laws. To assist agencies, Principle 5 includes a non-exhaustive list of laws that are applicable to campaign advertising. These requirements exist independently of the 2010 Guidelines, as do a range of other obligations such as those relating to procurement and the financial management framework.²⁰⁹

4.29 FaHCSIA's assessment of compliance and the chief executive's certification contained reasonable representations of the PPL Campaign's compliance with Principle 5. The ANAO's findings are summarised at Appendix 1.

4.30 FaHCSIA sought internal legal advice on the matters specifically listed in paragraph 34 of the Guidelines; providing additional assurance to the chief executive on compliance with legislative requirements.

4.31 FaHCSIA also acted to comply with the procurement requirements of Principle 5. The department initiated and completed six separate procurement activities and in each instance demonstrated adherence to the principles of the *Commonwealth Procurement Guidelines 2008* and internal procurement guidance. FaHCSIA's clear and transparent procurement processes provided an audit trail, supported by documentary evidence, of the relevant approvals and the basis for each decision.

²⁰⁸ Colmar Brunton Social Research, 'Paid Parental Leave: Evaluation Report', prepared for Department of Families, Housing, Community Services and Indigenous Affairs, July 2011.

²⁰⁹ Under paragraph 14 of the Campaign Guidelines, the ICC is not required to review compliance with Principle 5.

Appendix 1: FaHCSIA's Paid Parental Leave Campaign: compliance with the 5 Principles

1. The summary tables in this appendix indicate, by means of a tick or a cross, where:
 - FaHCSIA's assessment of compliance (in a Statement of Compliance) addressed the relevant Principle or sub-paragraph of the 2010 Guidelines; and
 - FaHCSIA's chief executive certified (in a Certification Statement) that the PPL Campaign was compliant with the 2010 Guidelines.
2. The ticks and crosses do not indicate whether the ANAO concurs with the statements made by the ICC or the agency. The ANAO's observations appear separately.

Table A 1

FaHCSIA's compliance with Principle 1

Principle/paragraph	Mandatory or Sound practice	Agency compliance assessment	CEO certification
<p>Paragraph 18</p> <p>The subject matter of campaigns <i>should</i> be directly related to the Government's responsibilities. As such, only policies or programs underpinned by:</p> <ul style="list-style-type: none"> • legislative authority; or • appropriation of the Parliament; or • a Cabinet Decision which is intended to be implemented during the current Parliament <p><i>should</i> be the subject of a campaign.</p>	Sound practice	✓	✓
<p>ANAO analysis:</p> <p>The PPL Bill was passed on 17 June 2010.</p> <p>FaHCSIA PBS 2009–10 reported on appropriations for PPL communication and evaluation activity in 2009-10 Budget under Appropriation Bill 1.</p>			
<p>Paragraph 19</p> <p>Examples of suitable uses for government campaigns include to:</p> <ul style="list-style-type: none"> • inform the public of new, existing or proposed government policies, or policy revisions; • provide information on government programs or services or revisions to programs or services to which the public are entitled; • inform consideration of issues; • disseminate scientific, medical or health and safety information; or • provide information on the performance of government to facilitate accountability to the public. 	<p>Illustrative.</p> <p>Not expressed as mandatory (must) or sound practice (should).</p>	✓	Chief Executive selected dot point 1 of paragraph 19.
<p>ANAO analysis:</p> <p>The campaign materials indicate that the purpose of the campaign was to inform the public, including employers and employees, of new policy.</p>			

Source: ANAO analysis.

Table A 2

FaHCSIA's compliance with Principle 2

Principle/paragraph	Mandatory or sound practice	Agency compliance assessment	CEO certification
Paragraph 20 Campaign materials <i>should</i> enable the recipients of the information to distinguish between facts, comment, opinion and analysis.	Sound practice	✓	✓
ANAO analysis: No issues identified. Campaign material contained factual information relating to the PPL Scheme.			
Paragraph 21 Where information is presented as a fact, it <i>should</i> be accurate and verifiable. When making a factual comparison, the material <i>should</i> not attempt to mislead the recipient about the situation with which the comparison is made and it <i>should</i> state explicitly the basis for the comparison.	Sound practice	✓	✓
ANAO analysis: Campaign materials were developed consistently with findings of the developmental market research commissioned by FaHCSIA, which highlighted the need for clear factual information about the operation of the PPL Scheme.			
Paragraph 22 Pre-existing policies, products, services and activities <i>should</i> not be presented as new.	Sound practice	✓	✓
ANAO analysis: Pre-existing policies were not presented as new.			
Paragraph 23 Special attention <i>should</i> be paid to communicating with any disadvantaged individuals or groups identified as being within the target audience. Particular attention <i>should</i> be paid 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.	Sound practice	✓	✓
ANAO analysis: The market research included an Indigenous and Non English Speaking Background (NESB) specific focus to ensure the needs of these audiences were considered.			

Principle/paragraph	Mandatory or sound practice	Agency compliance assessment	CEO certification
Paragraph 24 Imagery used in campaign materials <i>should</i> reflect the diverse range of Australians. There <i>should</i> be recognition of the full participation of women, Indigenous and culturally and linguistically diverse communities by realistically portraying their interests, lifestyles and contributions to Australian society.	Sound practice	✓	✓
ANAO analysis: The campaign materials contain imagery of: babies from diverse communities, Indigenous persons and women.			
Paragraph 25 Campaign materials <i>should</i> be tested with target audiences to indicate they are engaging and perform well against the objectives of the campaign.	Sound practice	✓	✓
ANAO analysis: Creative material was tested with a range of identified target audiences.			

Source: ANAO analysis.

Table A 3

FaHCSIA's compliance with Principle 3

Principle/paragraph	Mandatory or Sound Practice	Agency compliance assessment	CEO certification
Paragraph 26 Campaign materials <i>must</i> be presented in objective language and be free of political argument.	Mandatory	✓	✓
ANAO analysis: No issues identified.			
Paragraph 27 Campaign materials <i>must</i> not try to foster a positive impression of a particular political party or promote party political interests.	Mandatory	✓	✓
ANAO analysis: No overt promotion or specific political parties identified.			
Paragraph 28 Campaign materials <i>must</i> not:			
(a) mention the party in Government by name;	Mandatory	✓	✓
(b) directly attack or scorn the views, policies or actions of others such as the policies and opinions of opposition parties or groups;	Mandatory	✓	✓
(c) include party political slogans or images;	Mandatory	✗	✓
(d) be designed to influence public support for a political party, a candidate for election, a Minister or a Member of Parliament; or	Mandatory	✓	✓
(e) refer or link to the web sites of politicians or political parties.	Mandatory	✓	✓
ANAO analysis: a) No political parties identified. b) Campaign materials do not mention policies or opinions of opposition parties or groups. c) While sub-element (c) was not specifically mentioned in FaHCSIA's statement of compliance, no party political slogans or images were identified. d) No references to political candidates, Ministers or MPs identified. No overt intention to influence public support for a political party. e) Campaign materials provided a link to the www.australia.gov.au website.			

Source: ANAO analysis.

Table A 4

FaHCSIA's compliance with Principle 4

Principle/paragraph	Mandatory or Sound Practice	Agency compliance assessment	CEO certification
Paragraph 29 Campaigns <i>should</i> only be instigated where a need is demonstrated, target recipients are clearly identified and the campaign is informed by appropriate research or evidence.	Sound practice	✓	✓
ANAO analysis: FaHCSIA identified a need for the campaign on the basis of developmental research.			
Paragraph 30 Campaign information <i>should</i> clearly and directly affect the interests of recipients.	Sound practice	✓	✓
ANAO analysis: Target audiences were parents or prospective parents who may have an entitlement to PPL, and employers.			
Paragraph 31 The medium and volume of the advertising activities should be cost effective and justifiable within the budget allocated to the campaign	Sound practice in part, as paragraph 31 requirements overlap with value for money requirements.	✓	✓
ANAO analysis: FaHCSIA relied on the advice of the Master Media Agency and did not document that it made an explicit assessment of the overall cost-effectiveness of the recommended approach.			
Paragraph 32 Distribution of unsolicited material <i>should</i> be carefully controlled.	Sound practice	✓	✓
ANAO analysis: Unsolicited material such as direct mail or SMS messaging was not included in the campaign strategy.			
Paragraph 33 Campaigns <i>should</i> be evaluated to determine effectiveness.	Sound practice	✓	✓
ANAO analysis: Evaluation report issued July 2011.			

Source: ANAO analysis.

Table A 5

FaHCSIA's compliance with Principle 5

Principle/paragraph	Mandatory or Sound Practice	Agency compliance assessment	CEO certification
Paragraph 34 The manner of presentation and the delivery of campaigns <i>must</i> comply with all relevant laws including:	Mandatory	✓	✓
(a) laws with respect to broadcasting and media;	Mandatory	✓	✓
(b) privacy laws;	Mandatory	✓	✓
(c) intellectual property laws;	Mandatory	✓	✓
(d) electoral laws;	Mandatory	✓	✓
(e) trade practices and consumer protection laws; and	Mandatory	✓	✓
(f) workplace relations laws.	Mandatory	✓	✓
ANAO analysis: Legal advice was sought on 1 June 2010 and received on 12 July 2010.			
Paragraph 35 Procurement policies and procedures for the tendering and commissioning of services and the employment of consultants <i>should</i> be followed and there <i>should</i> be a clear audit trail regarding decision making.	Sound practice in part, noting obligation to comply with FMA and CPG requirements.	✓	✓
ANAO analysis: FaHCSIA's procurement processes demonstrated consistent adherence to the principles of the CPGs, internal procurement guidance, and the FMA Act and Regulations.			

Source: ANAO analysis.

5. DoHA's Health Reform Campaign

This chapter examines the development of DoHA's Health Reform Campaign and the processes used by the department to certify that the campaign was undertaken in accordance with the 2010 Guidelines.

Campaign overview

5.1 In February 2008, the Australian Government established the National Health and Hospitals Reform Commission (NHHRC) to develop a national blueprint for health reform. At the same time the NHHRC was undertaking the review of the Australian health and hospital system, health reform was discussed at the Council of Australian Governments (COAG) meeting of 3 July 2008.²¹⁰ The NHHRC released its final report, with 123 recommendations, on 27 July 2009.

5.2 In response to the NHHRC's final report the Australian Government engaged the community through consultations undertaken by the then Prime Minister and the Minister for Health and Ageing, including over 100 visits to hospitals around the country.²¹¹ The Department of Health and Ageing (DoHA) was responsible for managing the community consultations and producing a report on *Community Attitudes Toward Health Reform and Expenditure*, in September 2009. The Health Reform Campaign was based on the outcomes identified in the report.

5.3 The then Prime Minister announced the Australian Government's health reform policy, *A National Health and Hospitals Network for Australia's*

²¹⁰ Finance and Public Administration References Committee, *Council of Australian Governments Reforms Relating to Health and Hospitals*, 23 June 2010, p.18, available from <http://www.aph.gov.au/senate/committee/fapa_ctte/coag_health_reforms/report/index.htm> [accessed 31 May 2011].

²¹¹ *ibid.*, p.19.

Future, on 3 March 2010²¹², with key elements requiring state and territory agreement for their implementation.²¹³

5.4 A government decision on 15 March 2010 provided DoHA with the required policy and funding authority to enable the development of a communications campaign to the amount of no more than \$30 million. The objective of the Health Reform Campaign was to inform Australians of the changes to the health system under the proposed Health Reform Plan. The Government further agreed that the campaign should comply with the 2010 Guidelines.

5.5 DoHA's original expectation was that the campaign would commence no later than 21 June 2010. However, the department was asked to provide options to the Minister for Health and Ageing (the Minister) for the production of a media campaign to start as soon as possible, and the campaign was subsequently launched on 13 May 2010.

5.6 The Health Reform Campaign was developed to launch in two phases—an overarching phase commencing on 13 May 2010 and a workforce element phase commencing on 6 June 2010. The Minister approved the launch of both phases on 12 May 2010.

5.7 The campaign advertising media buy ended on 17 July 2010 and did not resume following the federal election held on 21 August 2010. The campaign officially ended following a government decision on 28 October 2010 as part of a wider exercise to reduce government advertising costs.

5.8 The objectives of the Health Reform Campaign are summarised in Table 5.1 along with the total budget and planned media spend. An example of the Health Reform Campaign final creative material is included at Appendix 9.

²¹² Prime Minister, Treasurer, and Minister for Health and Ageing, Joint Media Release, *A National Health and Hospitals Network for Australia*, 3 March 2010, available from <[http://www.health.gov.au/internet/ministers/publishing.nsf/Content/7D0FF73B89AB87D4CA2576DB0009142A/\\$File/nr038.pdf](http://www.health.gov.au/internet/ministers/publishing.nsf/Content/7D0FF73B89AB87D4CA2576DB0009142A/$File/nr038.pdf)> [accessed 2 June 2011].

²¹³ The policy was detailed in a 'blue book', entitled *A National Health and Hospitals Network for Australia's Future*, available from: <[http://www.yourhealth.gov.au/internet/yourhealth/publishing.nsf/Content/nhnh-report-toc/\\$FILE/NHHN%20-%20Full%20report.pdf](http://www.yourhealth.gov.au/internet/yourhealth/publishing.nsf/Content/nhnh-report-toc/$FILE/NHHN%20-%20Full%20report.pdf)> [accessed on 27 October 2011]. A further 'green book' was issued on 13 April 2010 called *A National Health and Hospitals Network: Further Investments in Australia's Health*. A 'red book' was also produced following the 20 April 2010 COAG agreement, called *A National Health and Hospitals Network for Australia's Future: Delivering Better Health and Better Hospitals*.

Table 5.1

Summary of the Health Reform Campaign

Summary		
Objective	<p>The aim of the campaign was to ensure the Australian public are informed of the Australian Government's Health Reform Plan and what this will mean for both Australia's health and hospital system and for all Australians.</p> <p>The communication objectives were to:</p> <ul style="list-style-type: none"> inform the community about the key components of the Health Reform Plan; raise awareness and understanding of the Australian health system and its operations; increase knowledge of the importance of an effective and efficient health and hospital system; and increase awareness and understanding of the new services for the community. 	
Timing	13 May – 17 July 2010 (approx. 2 months)	
Target audience	<p>Primary audience: Consumers of health services or patients, including: Australians in regional, rural and remote locations; and People with high health care needs.</p> <p>Secondary audience: Health professionals; Key stakeholders and organisations, including state and territory governments and non-government organisations in the health sector; and the media.</p>	
Planned media spend	Total	\$13.2m
Campaign budget	2009–10	\$10.1m
	2010–11	\$18.6m
	2011–12	\$1.1m
	2012–13	\$0.2m
	Total	\$29.9m

Source: ANAO analysis.

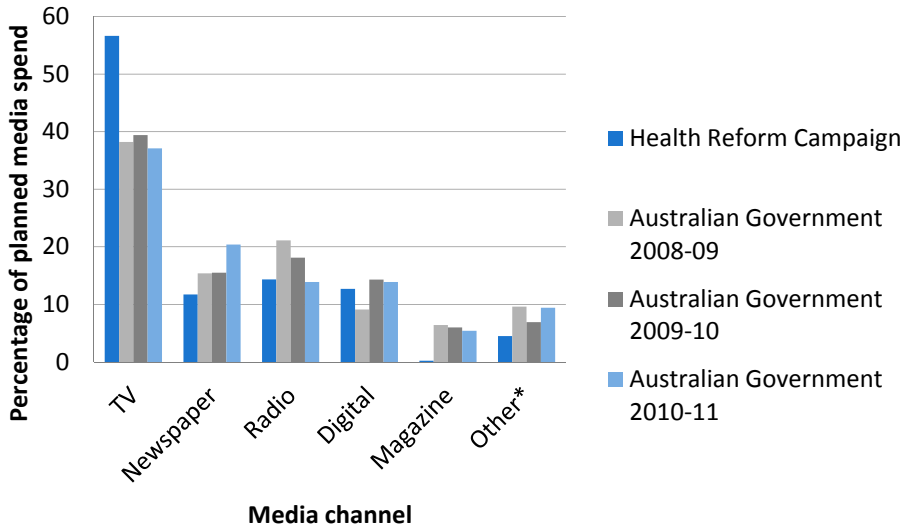
Note: DoHA communication strategy documents identified the media as having 'an important role to play in building public knowledge and confidence'.

Media channels

5.9 Figure 5.1 identifies the percentage of anticipated expenditure across the chosen media channels for the Health Reform Campaign compared with the overall percentage of media placement expenditure by the Australian Government in 2008–09, 2009–10 and 2010–11.

Figure 5.1

Planned media for the Health Reform Campaign



Source: ANAO analysis.

Other*: 'Other' refers to NESB, Indigenous, Out of Home and Print Handicapped media. For the Health Reform Campaign, 2.8 per cent was for NESB, 1.5 per cent was for Indigenous, and 0.2 per cent was for Print Handicapped media.

5.10 The above figure illustrates that for the Health Reform Campaign, a significant proportion of the total media expenditure was allocated to the traditional advertising medium of television, with over 50 per cent of the media budget directed to that channel. The chart includes the planned use of NESB and Indigenous media.²¹⁴

²¹⁴ These media channels were planned but unable to be implemented before the caretaker period took effect between 17 July and 7 September 2010. The campaign did not recommence and was terminated in October 2010.

Development timeframe for the Health Reform Campaign

5.11 DoHA developed the Health Reform Campaign at a time of transition in the Australian Government's campaign advertising framework. The Government had agreed on 15 March 2010 that the campaign be consistent with the advertising guidelines, although the 2010 Guidelines were not formally scheduled to take effect until 31 March 2010.²¹⁵

5.12 DoHA briefed the Minister about the campaign on 16 March 2010; the day after the government decision.²¹⁶ The brief noted that 'Options have been requested for the production of a media campaign to start as soon as possible', and a critical date of 18 March 2010 was indicated on the grounds that 'Urgent consideration is required to ensure work can start on the campaign'. DoHA identified four options for developing the campaign, 'which illustrate the different timeframes possible'.²¹⁷ Two of the options were assessed by DoHA as being potentially non-compliant with the 2010 Guidelines²¹⁸, and DoHA identified a range of risks associated with a non-compliant campaign and tight development timeframes.²¹⁹ The Minister asked that timing be discussed with her office staff.²²⁰

5.13 DoHA sought separate approval from the Minister on 18 March 2010 to 'brief advertising agencies in order for the campaign to be delivered in the

²¹⁵ ICC Agenda Item 4 of 7 April 2010, relating to the Health Reform Campaign, noted that: 'The timing of the early development of this campaign has coincided with the transition to the new advertising framework. Therefore, the campaign has not been subject to IDCC consideration.' It also noted the requirement for DoHA 'to demonstrate compliance with the new Guidelines.'

²¹⁶ DoHA Minute to the Minister, 16 March 2010.

²¹⁷ The options involved start dates of no later than 21 June 2010, 9 May 2010 or 3 April 2010. A further option was to seek an exemption under the Campaign Guidelines while noting that 'this case does not appear consistent with existing guidance.' The campaign was ultimately launched on 13 May 2010.

²¹⁸ These were the options relating to a start date of 9 May 2010 or 3 April 2010.

²¹⁹ DoHA observed that the 3 April 2010 option involved no market testing (which could affect the effective delivery and understanding of the campaign messages), an assumption that campaign specialists would be available and able to complete the work, no allowance for significant re-working, a possibility that press and radio advertising may not be launched simultaneously with television advertising, and an expectation that there would be higher costs than normal given the tight timeframes, after-hours work and the need to involve multiple agencies in order to meet the implementation date.

²²⁰ The Minister was also asked to indicate 'NOTED/NOT NOTED' in respect to DoHA's recommendation that she note that the existing government decision that the campaign must be consistent with the Campaign Guidelines meant that DoHA would commence work consistent with a start date of no later than 21 June 2010. The Minister chose the 'NOT NOTED' option and requested that it be discussed with her office staff. The ANAO takes the view that asking a minister to 'not note' a matter serves no useful administrative purpose, and the Minister may have preferred a 'Please discuss' option instead.

fastest possible timeline', but that advice did not indicate a reason for the urgency other than that: 'Health reform continues to be the focus of considerable public interest.'²²¹ The Minister gave approval to develop a communication campaign on 19 March 2010.

5.14 As required by the Government, DoHA consulted with the Department of Finance and Deregulation (Finance) on the campaign, including the viability of the options it had been asked to develop and the implications of the short development timeframes it faced. Finance records indicate that it shared DoHA's concerns around timing, seeking an exemption from the 2010 Guidelines, and developing a non-compliant campaign:

...We advised that we are unclear as to how this can be achieved without an assessment of compliance and offered alternative approaches:

- seek an exemption which is allowed under the Guidelines
- to seek Cabinet agreement that this campaign take place outside of the Guidelines.

For either of these approaches, we suggested they be used only for the initial stage of the campaign and not subsequent phases...

...We reiterated to Health that this is an extremely short timeframe for a campaign and there are considerable risks in the timing, with getting the messages right and in ensuring compliance with the Guidelines.²²²

5.15 DoHA undertook much of the development work for the overarching phase of the Health Reform Campaign in the 58 days (approximately eight weeks) between the government decision of 15 March 2010 and the time that advertisements appeared on 13 May 2010. DoHA and Finance appropriately assessed, and provided timely advice, on the potential risks of compressed campaign development timelines. It is prudent for agencies to alert ministers, where necessary, to the potential risks of significantly truncated campaign

²²¹ DoHA Minute to the Minister, 18 March 2010.

²²² Internal Finance communication to the Finance Secretary, 26 March 2010.

development timeframes and provide options, and there would be benefit in Finance incorporating such advice in its guidance materials.²²³

Compliance with the 2010 Guidelines

5.16 Before a campaign can be approved for launch by the relevant minister, chief executives are responsible for the completion of their agency's certification of compliance with the 2010 Guidelines, following receipt and consideration of a report from the Independent Communications Committee (ICC). The ANAO assessed DoHA's administration of the development and implementation of the Health Reform Campaign against the mandatory publication and reporting requirements in paragraphs 14 and 17 of the 2010 Guidelines, and the five Information and Advertising Campaign Principles.

Compliance with certification, publication and reporting requirements

5.17 DoHA complied with the certification, publication and reporting requirements in paragraphs 14 and 17 of the 2010 Guidelines. Table 5.2 summarises the ANAO's findings.

²²³ In a similar vein, the Commonwealth Grant Guidelines establish an expectation that agencies take appropriate and timely steps to advise Ministers. The approach adopted in the CGGs was informed in part by the ANAO's findings in ANAO Performance Audit Report No.24 2008–09, *The Administration of Contracting Arrangements in relation to Government Advertising to November 2007* (p.23), which highlighted the role of departments in providing advice to ministers of obligations associated with their decisions.

Table 5.2

Compliance with certification, publication and reporting requirements

Element	Status	Was it done?	Date completed / ANAO comments
Paragraph 14. For advertising campaigns of \$250 000 or more:			
The Independent Communications Committee <u>will</u> consider the proposed campaign and provide a report to the Chief Executive on compliance with Principles 1, 2, 3 and 4 of the Guidelines. Agencies <u>will</u> be responsible for providing a report to their Chief Executive on campaign compliance with Principle 5 of the Guidelines.	Mandatory	✓	11 May 2010
			10 June 2010 Workforce element
Following consideration of the reports on campaign compliance, the Chief Executive <u>will</u> certify that the campaign complies with the Guidelines and relevant government policies.	Mandatory	✓	11 May 2010
			4 June 2010 Workforce element
The Chief Executive <u>will</u> give the certification to the relevant Minister who may launch the campaign or approve its launch.	Mandatory	✓	13 May 2010
			6 June 2010 Workforce element
The Chief Executive's certification <u>will</u> be published on the relevant department's web site when the campaign is launched.	Mandatory	✓	11 May 2010
			4 June 2010 Workforce element
The conclusions of the Independent Communications Committee <u>will</u> be published on Finance's web site after the campaign is launched.	Mandatory	✓	May 2010
			June 2010 Workforce element
Paragraph 17. Chief Executives <u>will</u> ensure that:			
Research reports for advertising campaigns with expenditure of \$250 000 or more are published on their agency's web site following the launch of a campaign <u>where it is appropriate to do so</u> ; and	Not mandatory due to caveat	✓	Evaluation report published 18 October 2010.
Details of advertising campaigns undertaken <u>will</u> be published in agency annual reports.	Mandatory	✓	Annual report, 29 October 2010.

Source: ANAO analysis. Emphasis added.

Note: Ticks and crosses indicate the ANAO's assessment of whether a process was undertaken.

Compliance with the five Information and Advertising Campaign Principles

5.18 The ANAO also examined the process through which the Health Reform Campaign was certified as compliant with the five Information and Advertising Campaign Principles of the 2010 Guidelines. This was done by reviewing the Statements of Compliance for Principles 1 to 4 provided to the ICC by DoHA²²⁴, the formal record of the ICC's conclusions in relation to the campaign²²⁵, the DoHA chief executive's Certification Statements for the campaign²²⁶, and related records of the ICC, Finance and DoHA.

5.19 In its letter to DoHA dated 11 May 2010, the ICC confirmed that it had undertaken a review of the Health Reform Campaign's compliance with the 2010 Guidelines and concluded that the campaign complied with Principles 1 to 4.²²⁷

Principle 1—Campaigns should be relevant to government responsibilities

5.20 DoHA's Statement of Compliance to the ICC and the chief executive's certification contained reasonable representations of the campaign's compliance with Principle 1. The ANAO's findings are summarised at Appendix 2 to this chapter.

5.21 The campaign related directly to both Commonwealth responsibilities and shared Commonwealth and State Government responsibilities, while elements of the Health Reform package were intended to be implemented during the current Parliament at the time the campaign was developed.

²²⁴ For the overarching element of the campaign, DoHA signed-off its Statement of Compliance on 11 May 2010. For the workforce element of the campaign, Statements of Compliance were signed-off on 19, 25 and 27 May 2010.

²²⁵ For the overarching element of the campaign, the ICC Chair signed-off the ICC's review report to the DoHA Secretary on 11 May 2010. For the workforce element of the campaign, the review report was signed-off on 28 May 2010.

²²⁶ For the overarching element of the campaign, the DoHA Secretary signed-off the Certification Statement on 11 May 2010. For the workforce element of the campaign, the Certification Statement was signed-off on 4 June 2010.

²²⁷ While the ICC did not specifically identify compliance with each sub-paragraph in its review letter (consistent with its normal practice) it issued a positive review for the entire Principle.

Principle 2—Campaign materials should be presented in an objective, fair and accessible manner and be designed to meet the objectives of the campaign

5.22 DoHA's Statement of Compliance to the ICC and the chief executive's certification contained reasonable representations of the campaign's compliance with paragraphs 20 to 25 of Principle 2. The ANAO's findings are summarised at Appendix 2 to this chapter.

Paragraph 20

5.23 Paragraph 20 of the 2010 Guidelines provides that campaign materials should enable the recipients of the information to distinguish between facts, comment, opinion and analysis. Where legislation has not been passed before the launch of an advertising campaign, information in creative material which is presented as fact carries the risk of changing if the legislation is amended or does not pass. The print advertisement for Health Reform, reproduced at Appendix 9 to this report, stated that:

For the first time the Australian Government *will* take dominant funding responsibility for our health system—providing a secure funding base into the future.²²⁸

5.24 At the time DoHA was developing the campaign, the necessary amendments to the *Federal Financial Relations Act 2009* relating to GST funding had not been introduced.²²⁹ Nor had the Western Australian Government agreed to the proposed reforms or GST funding arrangements, with an active debate on these matters continuing at COAG. The risk of providing the community with information that may change is likely to be higher where the underlying policy position is still subject to active debate, and there would have been merit in considering the use of disclaimers in those circumstances. In the course of the audit, DoHA advised the ANAO that the ICC had not requested the use of disclaimers in the Health Reform Campaign²³⁰, and that a

²²⁸ Emphasis added.

²²⁹ The proposed changes to GST arrangements were summarised at p. 55 of the Australian Government's policy 'blue book', *A National Health and Hospitals Network for Australia's Future*, available from: <[http://www.yourhealth.gov.au/internet/yourhealth/publishing.nsf/Content/nhhn-report-toc/\\$FILE/NHHN%20-%20Full%20report.pdf](http://www.yourhealth.gov.au/internet/yourhealth/publishing.nsf/Content/nhhn-report-toc/$FILE/NHHN%20-%20Full%20report.pdf)> [accessed on 27 October 2011].

²³⁰ DoHA advice to ANAO, 4 October 2011. Finance advised the ANAO that the ICC cannot direct departments on matters such as whether to include disclaimers, and that ultimately agencies are responsible for their own strategies to satisfy the requirements of the 2010 Guidelines (Finance advice to ANAO, 18 January 2012).

range of other statements other than those relating to the GST required no legislation to be introduced.²³¹

Paragraph 21

5.25 Paragraph 21 of the 2010 Guidelines requires that information presented as fact should be accurate and verifiable.

5.26 There was an active process of discussion and debate between DoHA and the ICC, supported by Finance, on compliance with this paragraph. Discussion centred around a number of key statements:

- that the Australian Government was delivering the most significant improvement to the health system since the introduction of Medicare²³²; and
- statements and imagery potentially affected by Western Australia's decision not to support the reform plan at the COAG meeting held on 19 to 20 April 2010.²³³ These included the statements that the reform plan was 'funded nationally' and would establish a 'national network', and the visual device of a network stretching across Australia.²³⁴

5.27 In its Statement of Compliance to the ICC, dated 11 May 2010, DoHA advised that the statement 'the Australian Government is delivering the most

²³¹ Concerning more training, more beds, more GP services, more aged care beds, establishing a network to deliver more seamless care, run locally with more input, national standards and targets, and preparing for the ageing population. DoHA correspondence to ANAO, 20 October 2011.

²³² In the print advertisement reproduced at Appendix 9:2, the statement was expressed as: 'The new health reform is the most significant improvement to our health system since the introduction of Medicare'. In the television advertisement the statement was expressed as 'the Australian Government is delivering the most significant improvement to our health system since the introduction of Medicare.'

²³³ On 20 April 2010 the Council of Australian Governments, with the exception of Western Australia, reached agreement on the establishment of a National Health and Hospitals Network.

²³⁴ Various forms of these statements, for campaign purposes, were considered by DoHA, Finance and the ICC in the course of developing the campaign. At a policy level, the statements appeared as follows in the joint media release issued by the Prime Minister, Treasurer and Minister for Health and Ageing on 3 March 2010, announcing 'A National Health and Hospitals Network for Australia's Future':

These reforms represent the biggest changes to Australia's health and hospital system since the introduction of Medicare, and one of the most significant reforms to the federation in its history.

A National Network: to bring together eight disparate State run systems with one set of tough national standards to drive and deliver better hospital services.

Funded nationally: by taking the dominant funding role in the entire public hospital system the Australian Government will end the blame game, eliminate waste and shoulder the burden of funding to meet rapidly rising health costs.

significant improvement to our health system since the introduction of Medicare' was factual because:

With the introduction of Medicare the Commonwealth took responsibility for underwriting the cost of services provided by a privately practising medical practitioner, for both in and out of hospital services.

The implementation of the health reforms will result in the Commonwealth taking majority responsibility for funding hospitals including capital, full funding and policy responsibly for primary health care, dedicating around one third of annual GST funding currently directed to states and territories (except WA) to fund this change in responsibilities, redirecting administration of hospital management to Local Hospital Networks, with local hospitals paid on the basis of a national efficient price for each hospital service they provide to public patients.

5.28 In the course of the audit, the ANAO sought further information from DoHA on the basis used to verify the factual accuracy of the statement. DoHA advised that the senior responsible departmental officials provided a detailed oral explanation to the ICC, which was not recorded in the ICC minutes. DoHA also provided the ANAO with the following summary of information provided to the ICC by the then First Assistant Secretary of DoHA's Health Reform Taskforce, at the ICC meetings of 21 and 28 April 2010, in support of the statement that the reform 'is delivering the most significant improvement to our health system since the introduction of Medicare':

1. This was the first major health financing reform since Medicare, when the Commonwealth Government took responsibility for funding the provision of private health services through an open ended, uncapped social insurance scheme. The health reforms as put to the States at COAG in May 2010 involved the Commonwealth taking responsibility for the majority—60%—funding for public hospitals, on an open ended uncapped basis. Previous contributions to public hospitals had been via grants. The Commonwealth was also proposing to take over 100% of the funding for state provided primary health care services which, while the definition was yet to be negotiated, envisaged a broad definition including non-acute mental health services, for instance.
2. The reforms covered the entire spectrum of the health sector, from preventative health, through to primary care, community health and the acute care sector.
3. For the first time the Commonwealth was going to link funding to patient health outcomes. It was proposing to do this through introducing nationally standard and complementary governance arrangements to both primary and

acute care, with the entire system accountable to a new body called the National Health Performance Authority.²³⁵

5.29 DoHA further advised that these points were derived from the publications *A National Health and Hospitals Network for Australia's Future March 2010*, and *A National Health and Hospitals Network: Further Investments in Australia's Health April 2010*, copies of which were provided to the ICC.²³⁶

5.30 There was also an extended exchange of information between DoHA, the ICC and its Finance secretariat relating to campaign statements and imagery potentially affected by the decision of the Western Australian government to not support the reform plan at the COAG meeting held on 19 and 20 April 2010. This exchange occurred over time, in the context of the uncertain policy environment which existed before COAG, and which continued after COAG (as negotiations with Western Australia continued after the COAG meeting).

5.31 At the (pre-COAG) ICC meeting held on 7 April 2010, the record indicates that the ICC, DoHA and the Finance secretariat were conscious of the 'central importance' of the COAG meeting for the proposed campaign, and the need for the focus and wording of the campaign to properly take into account whether overall agreement had been reached or whether disagreements remained on issues in dispute such as funding shares. The meeting focused on two areas that required attention to ensure that the Guidelines were satisfied:

The first area of concern is with some of the claims made in the material that might be challenged against Principle 2 which requires factual, verifiable information. Terms such as "*the most significant...*" and "*funded nationally*" need to be shown to be capable of verification if, in a climate of contention, their accuracy were to be called into question.

The second concern – bringing into play Principles 2 and 4 – stems from the apparent lack of certainty about the final content of the Health Reform Plan, in particular in advance of the COAG discussions mentioned above. This raises the question of whether an advertising campaign planned to begin on 22 April would be most effective in terms of informing or reassuring the community

²³⁵ DoHA statement to ANAO, 7 October 2011.

²³⁶ *ibid.*

(Principle 4). The perception that there could be changes to the Plan, or that detail is lacking, might also mean that Principle 2 is not fully justified.²³⁷

5.32 At the (post-COAG) ICC meeting held on 21 April 2010, the record indicates that the ICC reviewed the revised campaign materials in the context of the COAG outcomes, and indicated that some aspects of the messaging and imagery featured in the advertising would benefit from review in regard to compliance with Principle 2:

...As an agreement has not yet been reached with WA regarding the reforms, the ICC believes that aspects of the currently proposed advertising materials should be reconsidered to reflect the fact that the Health Reforms are not, at this stage, Australia wide. For example, the proposed wording in the television and radio commercial scripts which currently refer to *"streamlining many systems into one unified network"*, could be revised, for example, to *"streamlining many systems into a unified network."*

The present situation regarding WA also impacts on the current visual device employed in the television and print commercials of a network stretching across Australia (Principle 2). If agreement with WA was reached prior to the placement of the proposed campaign, these issues would obviously be resolved.²³⁸

5.33 DoHA and the ICC discussed a range of options at the ICC meeting of 21 April 2010, including script revisions and alternative concepts, to ensure the factual accuracy of affected statements if agreement was not reached with Western Australia:

...if WA does not sign the Health Reform agreement, this will affect the overarching 'national' communications strategy, key messages of the campaign and the graphic device employed in the ad (a national network stretching across Australia)...

The ICC noted DoHA's comment that it may produce two concepts for the next phase of research, one that approaches the creative material from a national perspective and a second that removes reference to WA, in the event

²³⁷ Finance correspondence of 9 April 2010 to DoHA confirming discussions between DoHA, Finance and the ICC at the ICC meeting held on 6 April 2010.

²³⁸ Finance correspondence of 23 April 2010 to DoHA, confirming discussions at the ICC meeting held on 21 April 2010.

that it does not sign on to the Reform program. Script suggestions were also provided to assist with overcoming this issue.²³⁹

5.34 At the ICC meeting held on 28 April 2010, it was confirmed that 'DoHA may prepare two campaign versions in the event that Western Australia does not sign on'²⁴⁰, and at a further ICC meeting held on 6 May 2010, the record shows that the ICC noted that:

...the campaign was not planned to appear in Western Australia while negotiations between the Commonwealth and the West Australian Government were still continuing...[and] that Health has budget to ensure that subsequent phases of the campaign appear in WA, subject to policy agreement being reached with the WA Government...

The ICC commented on...The need for campaign materials and supporting documentation to avoid mentioning "all Australians" in the context of campaign targeting, given that negotiations with WA are still in progress.²⁴¹

5.35 At the final ICC meeting on the overarching phase of the campaign, held on 11 May 2010, the ICC noted that:

...the Department should ensure that its Statement of Compliance is clear that WA is not being included in the current media buy for this phase of the campaign, and accordingly, ensure that references to the campaign covering "all Australians" are removed or appropriately amended...²⁴²

5.36 One outcome of those discussions was that DoHA did not buy media places in Western Australia for the overarching phase of the campaign. DoHA's Statement of Compliance on the campaign, dated 11 May 2010²⁴³, indicated that as Western Australia had not yet agreed to the Health Reform Plan, it had not been included in the media buy at that stage. However, should Western Australia agree to the Plan, DoHA would seek the ICC's agreement to

²³⁹ Finance correspondence of June 2010 to DoHA, providing further written confirmation of discussions at the ICC meeting held on 21 April 2010.

²⁴⁰ Finance correspondence of 2 June 2010 to DoHA, confirming discussions at the ICC meeting held on 28 April 2010.

²⁴¹ Finance correspondence of 25 June 2010 to DoHA, providing written confirmation of discussions at the ICC meeting held on 6 May 2010.

²⁴² Finance correspondence of 2 June 2010 to DoHA, providing written confirmation of discussions at the ICC meeting held on 11 May 2010.

²⁴³ DoHA's 11 May 2010 Statement of Compliance informed the ICC's review report of 11 May 2010 and the DoHA Secretary's campaign certification of 11 May 2010.

include it in the media buy. DoHA's Statement of Compliance also indicated that it commissioned an advertising agency, JWT, to refine the advertising concept to remove the emphasis on the national network, 'in response to concerns raised by the ICC in relation to the lack of clarity around WA's involvement in the new National Health and Hospitals Network.'

5.37 In the course of the audit, DoHA advised that it was their understanding that:

the ICC considered that by not purchasing media in WA that the relationship between the advertising wording and the WA population had been adequately addressed.

Paragraph 23

5.38 Paragraph 23 of the 2010 Guidelines provides that agencies consider the needs of specified groups. NESB and Indigenous groups were identified as a target audience for the campaign, but specific campaign components for those groups were not developed in time for the launch of the campaign's overarching phase.²⁴⁴ The post-analysis report provided by the Master Media Agency for the overarching phase observed that: 'NESB and Indigenous activity were not booked for this burst of the Health Reform'.

5.39 DoHA advised the ANAO that specific campaign components were in the process of being developed for these target audiences, and confirmed that these components were not developed in time for the launch of either phase because of the limitations associated with the tight timeframes to develop specific creative material and the campaign as a whole. In the case of the workplace phase, DoHA further advised that the specific campaign components under development were not completed due to the operation of the caretaker conventions and the Government's decision to cease the campaign.²⁴⁵

²⁴⁴ The overarching phase commenced on 13 May 2010 while the workforce phase commenced on 6 June 2010. The consultants for Indigenous communications were engaged on 5 July 2010, around four months after DoHA had begun working on the campaign. For the NESB component, consultants were engaged on 1 October 2010.

²⁴⁵ DoHA advised the ANAO that it was unable to expend funds to develop creative materials between 17 July and 14 September 2010 due to caretaker conventions. Development did not continue after 14 September due to DoHA awaiting advice regarding the Government's publicly stated election commitment to save \$60 million from advertising campaigns, including a specific reference to ceasing the health reform campaign.

5.40 During the developmental stage of the NESB and Indigenous consultant briefs, on 25 May 2010, Finance raised with DoHA the proposed budgets for the NESB and Indigenous components, and agreement was reached to double the budgets for these components from \$50 000 to \$100 000. The increase was reflected in the indicative budgets appearing in DoHA's June 2010 specialist communications services briefs for these audiences.

5.41 Finance also advised DoHA on 25 May 2010 that it believed it was important to demonstrate any linkages or crossover with other Indigenous health programs being undertaken by DoHA or third parties, such as 'Closing the Gap'.²⁴⁶ DoHA subsequently included a section on 'Health Reform and links to other Government Indigenous programs' in its June 2010 specialist communications services brief for Indigenous audiences.

Principle 3—Campaign materials should be objective and not directed at promoting party political interests

5.42 DoHA's Statement of Compliance to the ICC and the chief executive's certification contained reasonable representations of the campaign's compliance with Principle 3. The campaign did not contain any overt promotion of party political interests, political slogans or bias contrary to Principle 3. The ANAO's findings are summarised at Appendix 2 to this chapter.

Principle 4—Campaigns should be justified and undertaken in an efficient, effective and relevant manner

5.43 DoHA's Statement of Compliance to the ICC and the chief executive's certification contained reasonable representations of the campaign's compliance with paragraphs 29, 30, 32 and 33 of the 2010 Guidelines. The ANAO's findings are summarised at Appendix 2 to this chapter.

5.44 In respect to paragraph 29, no developmental market research had been conducted, in addition to policy-based research²⁴⁷, to consider the need for an

²⁴⁶ 'Closing the Gap' was endorsed by the Australian Government in March 2008 with the aim of reducing Indigenous disadvantage by focusing on targets for health, housing, early childhood, education, economic participation, and remote service delivery. DoHA is the core funder while COAG is responsible for monitoring change.

²⁴⁷ The policy research was conducted by Woolcott Research, *Health System Reform Community Input Qualitative and Quantitative Research*, prepared for the Department of Health and Ageing, January 2010.

advertising campaign and support for its development. That said, paragraph 29 provides that a campaign should be informed by 'appropriate' research or evidence and does not stipulate the specific type of research to be undertaken—providing substantial latitude to the responsible agency. In the course of the audit, DoHA advised that:

It is important to note this was a fairly straightforward information campaign (not a complex social marketing behavioural-change campaign) designed only to deliver awareness and direct interested citizens to further information. We took into account the fact there was a strong capacity to shape development of the campaign and take further views into account through the future rounds of research to be done during concept testing and refinement.

The department put this view to both DoFD [Finance] and the ICC in discussions and it was accepted by both that we could proceed to further stages of campaign development without a formal developmental research stage. If they had required it, DoHA would have done further research in order to achieve a compliant campaign as directed.²⁴⁸

5.45 DoHA further advised that at the first meeting of the ICC on 7 April 2010, the department provided a report prepared by McKinsey and Company which included reference to public relations campaigns as a 'lever' that could be used to establish changes in health care policy by creating 'general public awareness of a policy' and influencing health consumers through 'moral suasion'.²⁴⁹

Paragraph 31

5.46 Paragraph 31 of the 2010 Guidelines provides that the medium and volume of the advertising activities should be cost-effective and justifiable within the budget allocated to the campaign. DoHA's 27 May 2010 Statement of Compliance reported to the ICC in broad terms on the campaign's compliance with paragraph 31:

Advice from Universal McCann, the Australian Government's master media planning and buying agency [MMA], as well as recommendations from the

²⁴⁸ Finance advised the ANAO that neither the ICC nor Finance can direct departments on matters such as the need to undertake specific types of research, and that ultimately agencies are responsible for their own strategies to satisfy the requirements of the 2010 Guidelines (Finance advice to ANAO, 18 January 2012).

²⁴⁹ McKinsey & Company, *Global health insights—Critical factors for successful reform*, discussion draft, 29 September 2009, prepared for the Department of Health and Ageing, p.27.

formative and concept testing research has guided the selection of preferred communication channels, media and distribution methods that will best reach and impact on the target audience at the minimum level necessary (efficiency and effectiveness).

An appropriate mix of advertising (television, print, radio, and industry/trade press) and public relations activities will be used to communicate messages to the target audiences, nationwide.

Mass communications approaches are used as they:

- reach a large proportion of the population, cost effectively
- reach those currently not engaged in health promotion programs
- deliver messages in a manner that resonates with the target audience.

Trade and industry print media is appropriate to directly communicate with professionals in the health workforce.

5.47 While DoHA's Statement of Compliance referred to issues of cost-effectiveness in general terms, DoHA did not document that it had made an explicit assessment of the overall cost-effectiveness of the proposed media placement approach recommended by the MMA—which totalled over \$13 million. While this does not necessarily mean that value for money was not achieved, DoHA should have satisfied itself that the proposed media mix was a cost-effective way to achieve the objectives of the campaign before authorising the proposed media spend with the MMA. In the course of the audit, DoHA advised that:

It would not be possible for DoHA to undertake a comprehensive cost-effectiveness review of proposed media plans internally as the media market is variable in terms of cost and availability of media—we do not hold that type of market intelligence.

Further to this, DoFD [Finance] administers the Australian Government's Central Advertising System which consolidates government advertising expenditure to secure optimal media discounts for Australian Government agencies. DoHA understands a value for money assessment as specified in the

CPGs was undertaken when Universal McCann [the MMA] was contracted through a competitive tender process.²⁵⁰

5.48 As discussed in Chapter 2, while agencies are required to place their advertising through the MMA, as a means of bringing specialist expertise and market knowledge to the table, the cost-effectiveness of the media buy undertaken by MMA on an agency's behalf—including issues of quantity and quality—remains an agency responsibility. Agency approvers of spending proposals must satisfy themselves on the question of cost-effectiveness and should not assume that the MMA's involvement will, of itself, secure value for money.²⁵¹

5.49 The financial framework requirements also operate at an agency level, and are in addition to the arrangements put in place by Finance through the deed of contract with the MMA, to secure discounts on media rates for the Australian Government. Agencies are not able to rely on the operation of the deed alone to satisfy the financial framework requirements for efficient and effective use of Commonwealth resources, which apply to agencies' individual spending proposals.

Paragraph 33

5.50 Paragraph 33 of the 2010 Guidelines provides that campaigns should be evaluated to determine their effectiveness. In September 2010 DoHA received a final research report on levels of public awareness about health reform, established through a tracking survey.²⁵² The report concluded that:

In summary, the research provides clear evidence that the campaign was successful in its stated aim of increasing awareness of the proposed health

²⁵⁰ DoHA advice to ANAO, 20 October 2011. DoHA further advised that it has significant knowledge of and experience in undertaking advertising-led campaigns, and that it reviews, as a matter of course, all proposed media plans with its other recent campaign activity to consider both potential effectiveness (which it defines as reach, frequency and channel selection) and relative cost-effectiveness compared to the media buys for its other campaigns. In the case of the Health Reform Campaign, DoHA referred to e-mails between DoHA and the MMA as providing some evidence that DoHA was actively engaged in reviewing the media plan from a cost and effectiveness perspective. DoHA also advised that media plans and their cost-effectiveness were discussed at a number of ICC meetings, and that the ICC chair had asked the MMA's representative to discuss the media plan, media availability and cost.

²⁵¹ The financial framework requirements apply to all spending proposals, including the purchase of goods and services relating to the delivery of advertising campaigns, such as the media buy undertaken by the MMA, developmental research services, campaign creative development, printing and distribution.

²⁵² The report covered a range of issues, including advertising recall and recognition, message takeout, reactions to advertising and messages and changes in attitude and behaviour.

reforms amongst the general public. The campaign was successful in reaching the target audience, with just over 7 in 10 participants reporting that they had seen at least one element of the campaign. Further, there was strong evidence to suggest that being exposed to the campaign led to an increased awareness of the reforms. Indicative of the campaign's role in increasing awareness of health reform and related measures, those that saw the campaign were significantly more likely than those that did not to be aware of:

- 'Health reform for better healthcare and better hospitals'
- National Health and Hospitals Network, and
- each of the 25 specific reform measures tested in the research.²⁵³

5.51 While the tracking survey reported on the 'aim of increasing awareness of the proposed health reforms amongst the general public', the campaign objective agreed by the Government on 15 March 2010 had been to inform Australians of the changes to the health system under the proposed Health Reform Plan; on its face a more ambitious objective. The distinction between increasing awareness of the reforms and informing Australians of the changes to the system was noted by Finance in a briefing to the ICC on 6 October 2010:

Beyond measures of awareness, the research is less clear as to whether the campaign achieved its other objectives which also sought to elicit increases in knowledge and understanding of the health and hospital system and to encourage new or return entrants into the workforce.²⁵⁴

5.52 In the course of the audit, DoHA advised that its evaluation activity was affected by the October 2010 government decision to discontinue the campaign.²⁵⁵ DoHA further advised that:

²⁵³ Ipsos-Eureka Social Research Institute, *Health Reform Communication Campaign—General public tracking survey: Final report*, prepared for DoHA, 23 September 2010, p.7. The research also reported, at p. 6, that: 'Comparing the performance of the campaign against norms for commercial campaigns with a similar media buy, gives some indication of the ability of the campaign to cut-through in a crowded marketplace. On such measures, the...Campaign performed better than or on par with commercial norms for the TVC and print components, and higher than commercial norms on comparable diagnostic measures.'

²⁵⁴ Finance advice to the ICC, 6 October 2010.

²⁵⁵ DoHA statement to ANAO, 30 September 2011. DoHA advised that if the campaign funding had not been discontinued, evaluation research, for example in relation to the workforce phase of activity, would have considered available data for increases in university and technical colleges, first preferences and uptake of courses in health related qualifications, alongside health workforce participation data, in order to inform any future phases of activity and draw conclusions.

It was not possible for the evaluation completed in September [2010] to consider the campaign's overall policy objectives. This would have been done to the extent it was possible had the campaign continued, as part of the next evaluation report that would have incorporated other available data...given the policy objectives were longer term measures, the department argues it would have reported on the extent of achievement of those at a later date but the campaign was cancelled before it was able to do that.²⁵⁶

Principle 5—Campaigns must comply with legal requirements and procurement policies and procedures

5.53 Principle 5 requires campaigns to comply with all relevant laws. To assist agencies, Principle 5 includes a non-exhaustive list of laws that are applicable to campaign advertising. These requirements exist independently of the 2010 Guidelines, as do a range of other obligations such as those relating to procurement and the financial management framework.²⁵⁷

5.54 DoHA's assessment of compliance and the chief executive's certification contained reasonable representations of the campaign's compliance with Principle 5. The ANAO's findings are summarised at Appendix 2 to this chapter.

5.55 DoHA sought internal legal advice on the overarching phase of the campaign, and the Australian Government Solicitor (AGS) reviewed campaign creative materials for compliance with Principle 5, providing additional assurance to the chief executive.

5.56 There was sufficient evidence maintained by DoHA to document the decision-making process in relation to financial approvals for contracts. The authorisations were completed by people who had the appropriate delegation and the invoices received matched the approved budget for the stated procurement.

²⁵⁶ DoHA advice to ANAO, 4 October 2011.

²⁵⁷ Under paragraph 14 of the Guidelines, the ICC is not required to review compliance with Principle 5.

Appendix 2: DoHA's Health Reform Campaign: compliance with the 5 Principles

1. The summary tables in this appendix indicate, by means of a tick or a cross, where:
 - DoHA's assessment of compliance (in a Statement of Compliance) addressed the relevant Principle or sub-paragraph of the 2010 Guidelines; and
 - DoHA's chief executive certified (in a Certification Statement) that the Health Reform Campaign was compliant with the 2010 Guidelines.
2. The ticks and crosses do not indicate whether the ANAO concurs with the statements made by the ICC or the agency. The ANAO's observations appear separately.

Table A 6

DoHA's compliance with Principle 1

Principle/paragraph	Mandatory or sound practice	Agency compliance assessment	CEO certification
Paragraph 18 The subject matter of campaigns <i>should</i> be directly related to the Government's responsibilities. As such, only policies or programs underpinned by: <ul style="list-style-type: none"> legislative authority; or appropriation of the Parliament; or a Cabinet Decision which is intended to be implemented during the current Parliament <i>should</i> be the subject of a campaign.	Sound practice	✓	✓
ANAO analysis: Health policy and funding are shared Commonwealth and State responsibilities. Elements of the Health Reform package were intended to be implemented during the current Parliament.			
Paragraph 19 Examples of suitable uses for government campaigns include to: <ul style="list-style-type: none"> inform the public of new, existing or proposed government policies, or policy revisions; provide information on government programs or services or revisions to programs or services to which the public are entitled; inform consideration of issues; disseminate scientific, medical or health and safety information; or provide information on the performance of government to facilitate accountability to the public. 	Illustrative. Not expressed as mandatory (must) or sound practice (should).	✓	Chief Executive selected dot points 1 and 2 of paragraph 19.
ANAO analysis: The campaign materials indicate that the purpose of the campaign was to inform the public of the Australian Government's Health Reform Plan and policy directions. The Plan had implications for a range of Commonwealth funded health services.			

Source: ANAO analysis.

Table A 7

DoHA's compliance with Principle 2

Principle/paragraph	Mandatory or Sound Practice	Agency compliance assessment	CEO certification
Paragraph 20 Campaign materials <i>should</i> enable the recipients of the information to distinguish between facts, comment, opinion and analysis.	Sound practice	✓	✓

ANAO analysis: While not requested by the ICC, there would have been merit in campaign materials identifying that information relating to the Commonwealth's share of funding may change subject to the passage of legislation.			
Paragraph 21 Where information is presented as a fact, it <i>should</i> be accurate and verifiable. When making a factual comparison, the material <i>should</i> not attempt to mislead the recipient about the situation with which the comparison is made and it <i>should</i> state explicitly the basis for the comparison.	Sound practice	✓	✓
ANAO analysis: Active discussion between DoHA, ICC and its Finance secretariat on key statements.			
Paragraph 22 Pre-existing policies, products, services and activities <i>should</i> not be presented as new.	Sound practice	✓	✓
ANAO analysis: Pre-existing policies were not presented as new.			
Paragraph 23 Special attention <i>should</i> be paid to communicating with any disadvantaged individuals or groups identified as being within the target audience. Particular attention <i>should</i> be paid 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.	Sound practice	✓	✓
ANAO analysis: NESB and Indigenous groups were identified as target audiences. Specific campaign components were in the process of development but not completed due to tight timelines, caretaker period and government decision to end campaign.			
Paragraph 24 Imagery used in campaign materials <i>should</i> reflect the diverse range of Australians. There <i>should</i> be recognition of the full participation of women, Indigenous and culturally and linguistically diverse communities by realistically portraying their interests, lifestyles and contributions to Australian society.	Sound practice	✓	✓
ANAO analysis: The campaign materials contain imagery of people from diverse communities.			
Paragraph 25 Campaign materials <i>should</i> be tested with target audiences to indicate they are engaging and perform well against the objectives of the campaign	Sound practice	✓	✓
ANAO analysis: Creative material was tested with a range of identified target audiences.			

Source: ANAO analysis.

Table A 8

DoHa's compliance with Principle 3

Principle/paragraph	Mandatory or Sound Practice	Agency compliance assessment	CEO certification
Paragraph 26 Campaign materials <i>must</i> be presented in objective language and be free of political argument.	Mandatory	✓	✓
ANAO analysis: Campaign materials were free of overt political argument.			
Paragraph 27 Campaign materials <i>must</i> not try to foster a positive impression of a particular political party or promote party political interests.	Mandatory	✓	✓
ANAO analysis: No overt promotion or specific political parties identified.			
Paragraph 28 Campaign materials <i>must</i> not:			
(a) mention the party in Government by name;	Mandatory	✓	✓
(b) directly attack or scorn the views, policies or actions of others such as the policies and opinions of opposition parties or groups;	Mandatory	✓	✓
(c) include party political slogans or images;	Mandatory	✓	✓
(d) be designed to influence public support for a political party, a candidate for election, a Minister or a Member of Parliament; or	Mandatory	✓	✓
(e) refer or link to the web sites of politicians or political parties	Mandatory	✓	✓
ANAO analysis: a) No issues identified. b) No issues identified. c) No issues identified. d) No references to political candidates, ministers or MPs identified. No overt intention to influence public support for a political party. e) No issues identified.			

Source: ANAO analysis.

Table A 9

DoHA's compliance with Principle 4

Principle/paragraph	Mandatory or Sound Practice	Agency compliance assessment	CEO certification
Paragraph 29 Campaigns <i>should</i> only be instigated where a need is demonstrated, target recipients are clearly identified and the campaign is informed by appropriate research or evidence.	Sound practice	✓	✓
ANAO analysis: DoHA identified a need for the campaign on the basis of policy research undertaken in late 2009.			
Paragraph 30 Campaign information <i>should</i> clearly and directly affect the interests of recipients.	Sound practice	✓	✓
ANAO analysis: Primary and secondary target audiences were identified in DoHA's communication strategy.			
Paragraph 31 The medium and volume of the advertising activities <i>should</i> be cost effective and justifiable within the budget allocated to the campaign.	Sound practice in part, as paragraph 31 requirements overlap with value for money requirements.	✓	✓
ANAO analysis: DoHA relied on the advice of the Master Media Agency and did not document that it had made an explicit assessment of the overall cost-effectiveness of the recommended approach.			
Paragraph 32 Distribution of unsolicited material <i>should</i> be carefully controlled	Sound practice	✓	✓
ANAO analysis: Unsolicited material such as direct mail or SMS messaging was not included in the campaign strategy.			
Paragraph 33 Campaigns <i>should</i> be evaluated to determine effectiveness	Sound practice	✓	✓
ANAO analysis: Evaluation focused on levels of public awareness of health reform, established through a tracking survey. No evaluation of whether the campaign achieved its other objectives.			

Source: ANAO analysis.

Table A 10

DoHA's compliance with Principle 5

Principle/paragraph	Mandatory or Sound Practice	Agency compliance assessment	CEO certification
Paragraph 34 The manner of presentation and the delivery of campaigns <i>must</i> comply with all relevant laws including:	Mandatory	✓	✓
(a) laws with respect to broadcasting and media;	Mandatory	✓	✓
(b) privacy laws;	Mandatory	✓	✓
(c) intellectual property laws;	Mandatory	✓	✓
(d) electoral laws;	Mandatory	✓	✓
(e) trade practices and consumer protection laws; and	Mandatory	✓	✓
(f) workplace relations laws.	Mandatory	✓	✓
ANAO analysis: Legal advice for overarching phase of campaign was sought from DoHA's legal branch on 21 April 2010, and received on 5 May 2010. Legal advice was sought from AGS on 5 May 2010 and received on that day.			
Paragraph 35 Procurement policies and procedures for the tendering and commissioning of services and the employment of consultants <i>should</i> be followed and there <i>should</i> be a clear audit trail regarding decision making.	Sound practice in part, noting obligation to comply with FMA & CPG requirements.	✓	✓
ANAO analysis: DoHA's procurement processes demonstrated adherence to the principles of the CPGs, internal procurement guidance, and the FMA Act and Regulations.			

Source: ANAO analysis.

6. Treasury's Tax Reform Campaign

This chapter examines the development of the Treasury's Tax Reform Campaign, the effect of its exemption from the 2010 Guidelines, and its compliance with the non-exempt elements of the Guidelines.

Campaign overview

6.1 The Australia's Future Tax System Review was established in 2008 by the Australian Government to examine the Australian tax system. The review was led by the then Treasury Secretary, Dr Ken Henry AC, and is commonly referred to as the Henry Review.²⁵⁸ Following completion of the Henry Review, the Australian Government announced its future tax plan agenda—*Stronger, Fairer, Simpler: A Tax Plan for Our Future*—on 2 May 2010.²⁵⁹

6.2 The Australian Government had agreed on 20 April 2010 to the development of an information campaign and the Treasury was allocated a total of \$38.5 million (\$5.9 million in 2009–10 and \$32.6 million in 2010–11) for communications activities.

6.3 Preceding the Government's tax reform announcement on 2 May 2010, Treasury had begun researching the need for a government advertising campaign to support the tax reform agenda. The Treasury's Campaign Strategy of April 2010 identified the need for a campaign as follows:

Specifically, the campaign to support tax reform is essential to ensure:

- a high level of community and business awareness, understanding and knowledge of Australia's tax, superannuation and transfer systems;
- community understanding of the economic and social drivers underpinning the need for tax reform;

²⁵⁸ A copy of the terms of reference and a list of review panel members is published by the Treasury [Internet]; *Australia's future tax system—The Review*, Australia, 2011, available from <http://www.taxreview.treasury.gov.au/content/Content.aspx?doc=html/the_review.htm> [accessed 28 November 2011].

²⁵⁹ Swan, W (Treasurer), *Joint Media Release with the Prime Minister and the Treasurer: STRONGER, FAIRER, SIMPLER: A TAX PLAN FOR OUR FUTURE* [Internet], The Treasury, Australia, 2 May 2010, available from <<http://www.treasurer.gov.au/DisplayDocs.aspx?doc=pressreleases/2010/028.htm&pageID=&min=wms&Year=&DocType=0>> [accessed 28 November 2011].

- the community and business are aware of the Australian Government's reforms to Australia's tax and transfer system, including the superannuation system and their impact on both individuals and the Australian economy;
- community access to information sources that audiences use and rely on to manage or understand their benefits, entitlements and obligations under Australia's tax and transfer system; and
- ongoing stakeholder and community engagement in the reform dialogue.²⁶⁰

6.4 In later correspondence to the then Special Minister of State (SMOS) dated 28 May 2010, the Treasurer stated that the intent of the campaign was to provide factual information for the public on the Government's tax plan and to encourage them to find out more.

6.5 The Tax Reform Campaign launched in the press, radio and online on 29 May 2010 and on television on 6 June 2010. The national campaign was planned to run for ten weeks and was scheduled for completion on 8 August 2010.²⁶¹

6.6 The Tax Reform Campaign was cancelled earlier than planned by the new Prime Minister, the Hon Julia Gillard MP, on 24 June 2010, so that the Government could enter into further discussion with representatives from the mining industry to reach a mutual agreement on how the proposed Resource Super Profits Tax (RSPT) would be implemented. On 1 July 2010, resulting from the discussions, the Prime Minister and mining companies signed an agreement for a new Mineral Resources Rent Tax (MRRT), to replace the RSPT that was proposed by the Government on 2 May 2010.²⁶²

²⁶⁰ The Treasury, *Stronger, Fairer, Simpler—a tax plan for our future: Campaign Strategy*, April 2010.

²⁶¹ Treasury Executive Minute to the Treasurer, 26 May 2010.

²⁶² The agreement was signed between the Government and BHP Billiton, Rio Tinto Australia and Xstrata Coal. See Commonwealth of Australia, Attorney General's Department, Policy Transition Group - Report to the Australian Government, *New Resource Taxation Arrangements*, [Internet]. Australia, 2010, available from http://www.futuretax.gov.au/documents/attachments/NEW_RESOURCE_TAXATION_ARRANGEMENTS_REPORT_FINAL_web.pdf [accessed 19 May 2011].

6.7 The objectives of the Tax Reform Campaign are summarised in Table 6.1, along with the total budget and planned media spend. An example of the Tax Reform Campaign creative material is included at Appendix 9 to this report.

Table 6.1

Summary of the Tax Reform Campaign

Summary		
Objective	The campaign's high-level communication objective was to assist all taxpayers to understand the Australian Government's tax reform agenda and how the planned changes to the tax and superannuation systems would affect individuals, businesses and the Australian economy.	
Timing	29 May 2010 – 8 August 2010 Cancelled 24 June 2010	
Target audience	<p>The planned primary target audience for the campaign:</p> <ul style="list-style-type: none"> • general community; • all Australian businesses; and • tax professionals <p>Special target audiences:</p> <ul style="list-style-type: none"> • small business; • Indigenous Australians; • people with a disability; and • people from a non-English Speaking Background (NESB) 	
Planned media spend	Total:	\$23.9m (GST inclusive)
Campaign budget	2009–10:	\$5.9m
	2010–11:	\$32.6m
	Total	\$38.5m

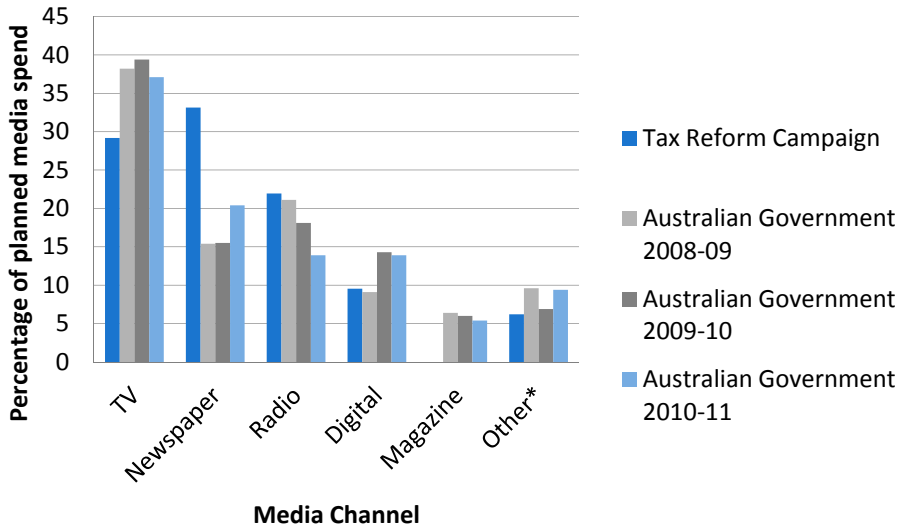
Source: ANAO analysis.

Media channels

6.8 Figure 6.1 identifies the percentage of anticipated expenditure across the chosen media channels for the Tax Reform Campaign compared with the overall percentage of media placement expenditure by the Australian Government in 2008–09 and 2009–10.

Figure 6.1

Planned media for the Tax Reform Campaign



Source: ANAO analysis.

Note: No magazine media was used in the Tax Reform Campaign.

Other: 'Other' refers to NESB, Indigenous, Out of Home and Print Handicapped media. For the Tax Reform Campaign, 5.33 per cent was for NESB, 0.54 per cent was for Indigenous, and 0.34 per cent was for Print Handicapped media.

6.9 The above figure illustrates that for the Tax Reform Campaign, a significant proportion of the total media expenditure was allocated to the traditional advertising mediums of newspaper and television.²⁶³

²⁶³ Advertisements were produced for television, radio, print and online/internet mediums. Treasury had planned to support these mass media elements with further messaging to the community through stakeholder and community consultation, direct mail, fact sheets, public relations activities, communications with tax professionals and maintenance of the campaign website and hotline. The early cancellation of the campaign meant that some of these planned activities did not proceed.

Treasury's campaign exemption and development timeframes

6.10 The Independent Communications Committee (ICC) considered the proposed Tax Reform Campaign at its meeting on 21 April 2010, including a first version of the Treasury's Statement of Compliance.²⁶⁴

6.11 On 7 May 2010, during the campaign's development, senior officials of the Treasury's Tax System Division²⁶⁵ received written information from the Treasurer's Office about being 'favourably disposed to the fast tracking option' for the campaign. Correspondence regarding an exemption from the 2010 Guidelines was subsequently drafted and forwarded to the Treasurer's Office later that day.

6.12 On 10 May 2010, the Treasurer wrote to the then SMOS requesting an exemption for the Tax Reform Campaign from the 2010 Guidelines, to ensure that advertising was able to go to air much more quickly as a means of addressing issues and misinformation then being aired in the media.

6.13 The SMOS replied to the Treasurer in writing on 24 May 2010, granting the exemption on the basis of urgency and compelling grounds.^{266 267}

6.14 In his response, the SMOS also indicated that while the Treasury would be exempt from presenting campaign activities to the ICC and from having the campaign certified by the Treasury Secretary, he expected Treasury to adhere to the intent of the 2010 Guidelines.

²⁶⁴ The Treasury, *Statement against the Guidelines on Information and Advertising Campaigns: Prepared for the Independent Committee on Communications by the Commonwealth Treasury*, 21 April 2010. The ICC noted, in its record of meeting dated 2 June 2010, that the Statement of Compliance would require refinement given that planning for the campaign was in its early stages, and that the media plan would be revised after the Government's response to the Henry Review was released.

²⁶⁵ The Tax System Division within Revenue Group was responsible for the Tax Reform Campaign.

²⁶⁶ Finance briefed SMOS on the proposed exemption on 14 May 2010, noting that he had indicated in discussion with them that he considered the grounds presented for the exemption to be compelling and intended to support it. On that basis, Finance submitted a draft response agreeing to the exemption. Finance also noted that an exemption on the grounds of compelling reasons and/or urgency could create a precedent for other campaigns that were seeking to get to market quickly, and proposed caveats for the exemption which appeared in SMOS' reply to the Treasurer. Finance also suggested that SMOS consider consulting with his Opposition counterpart prior to tabling the exemption. SMOS signed-off the brief on 28 May 2010.

²⁶⁷ Before Finance submitted its Ministerial Brief, the Finance Secretary sought internal advice on the proposed exemption, which he received on 13 May 2010. That advice raised a number of concerns relating to the pace of campaign development and attendant risks.

6.15 On 26 May 2010, the Treasury's Tax System Division briefed the Treasurer on the campaign. The Treasury Executive Minute noted the exemption granted by SMOS and advised that the Campaign had been developed according to the 2010 Guidelines. Treasury also recommended that the Treasurer approve the campaign for launch on Saturday 29 May 2010²⁶⁸, and approve the media plan to enable the Treasury to authorise the media buy identified in the campaign.²⁶⁹ The Treasurer provided his approval on the same day (26 May).

6.16 In subsequent correspondence dated 28 May 2010, the Treasurer informed SMOS that he had requested that Treasury adhere to the intent of the Guidelines, and in particular Principle 3, and that he could confirm that campaign materials were objective and not directed at promoting party political interests.

6.17 The SMOS tabled a parliamentary statement on the exemption on 28 May 2010, advising that he had granted the exemption on 24 May 2010:

I have accepted the Treasurer's advice that there is an urgent and compelling reason to exempt the Tax Reform advertising campaign from the Guidelines, in order that advertising is able to go to air more quickly.²⁷⁰

6.18 During the course of the audit, the former Cabinet Secretary and SMOS advised that he decided to grant the requested exemption subject to certain expectations:

²⁶⁸ The advice noted that the plan featured radio and press leading the advertising in national and regional media from 29 May 2010, with the addition of television from 6 June 2010. The national campaign would run for ten weeks and was scheduled for completion on 8 August 2010.

²⁶⁹ The advice noted that Treasury was required to sign-off on the media buying authority by 10am on 27 May 2010 to allow time for media bookings.

²⁷⁰ Paragraph 5 of the Campaign Guidelines provides that where an exemption is approved, the ICC will be informed and the decision will be formally recorded and reported to the Parliament. Issues relating to the timing of the parliamentary statement and communication with Dr Hawke were subsequently raised on 17 June 2010, at both the JCPAA hearings on its inquiry into The Role of the Auditor-General in Scrutinising Government Advertising, and at the Budget Estimates hearings of the Senate Finance and Public Administration Legislation Committee. Under cover of a statement dated 9 July 2010 which was presented by Finance to the JCPAA on his behalf, Dr Hawke answered a number of questions taken on notice at the 17 June 2010 hearings. On the question of timing, he advised the JCPAA that 'The First Assistant Secretary of the Procurement Division in the Department of Finance and Deregulation contacted me on the afternoon of 27 May 2010 to advise that the Cabinet Secretary had agreed to an exemption for a tax reform campaign. I received a copy of the Cabinet Secretary's letter to the Treasurer on 28 May 2010.'

Firstly, I had decided to grant the exemption on two out of the three grounds— that there was a compelling reason for the exemption, and the need for extremely urgent action...Accordingly, I amended the letter [submitted by Finance] to make it clear that the exemption was being granted on two grounds.

Secondly, I amended the letter [submitted by Finance] to strengthen the expectation that the advertising campaign would adhere to the intent (rather than the 'broad intent' as in the draft provided by the department) of the Guidelines and to draw the attention of the Treasurer to Principle 3, that campaign materials should be objective and not directed at promoting party political interests.²⁷¹

6.19 The Tax Reform Campaign advertising subsequently commenced in the press, radio and online on the weekend of 29 May 2010 and television advertising commenced from 6 June 2010, approximately four weeks ahead of the original plan.²⁷²

6.20 The Treasury undertook much of the development work for the Tax Reform Campaign for press, radio and online in the 39 days (approximately 5.5 weeks) between the government decision of 20 April 2010 and the time that press and radio advertisements appeared on 29 May 2010. Forty-six days (approximately 6.5 weeks) elapsed between the government decision and the time that television advertisements appeared on 6 June 2010.²⁷³

²⁷¹ Correspondence to the Auditor-General from Senator the Hon Joe Ludwig, Minister for Agriculture, Fisheries and Forestry, 12 January 2012.

²⁷² Treasury's Campaign Strategy of April 2010 identified a three phase campaign timeline. Phase 1, to run for four weeks from late May to late June 2010, for press and online advertising. Phase 2, to run for six weeks from late June to early August 2010, for television, radio, press and online advertising. Phase 3 was planned to run from April/May 2011 for four weeks and was to include television, radio, press and online advertising.

²⁷³ The Treasury developed the campaign at a time of transition in the campaign advertising framework. One feature of the revised framework was Finance's indicative timeline for the development and placement of campaigns, which was circulated to agencies on 20 May 2010 and was therefore not available to Treasury until late in the development of its campaign. The Finance Secretary circulated the indicative timeline to assist agencies in their planning, noting that: television campaigns that are developed from 'scratch' generally take between 20 and 27 weeks; and the timeframes for print and online campaigns range from eight to 12 weeks, depending on the existing research and the complexity of the message. The Finance advice also observed that: 'Allowing sufficient time for campaign development remains critical to achieving optimal outcomes', and that 'Ultimately, compressed timelines increase the risk that the justification for, and quality of campaigns, will be negatively affected.'

6.21 The speed with which the campaign was launched, its exemption from the 2010 Guidelines, and the size of the planned media spend²⁷⁴ prompted controversy in the Parliament and the media.²⁷⁵

The effect of the exemption

6.22 The then SMOS' correspondence to the Treasurer of 24 May 2010 granting an exemption, and his 28 May 2010 statement to the Parliament, indicated that while the Treasury was exempted from ICC certification requirements, he expected Treasury to adhere to the 'intent' of the 2010 Guidelines:

Despite the exemption there are associated campaign processes which can be applied without any impact on the ability of the Government to quickly communicate important information relating to Tax Reform. I expect the Treasury to: adhere to the intent of the Guidelines, in particular principle 3, that campaign materials should be objective and not directed at promoting party political interests; place advertising through the Central Advertising System; source communications consultants from the Communications Multi-Use List; contribute to the biannual reports on campaign expenditure and consultancies which are tabled in Parliament; and to work closely with the Communications Advice Branch in the Department of Finance as the campaign is being progressed.²⁷⁶

6.23 In his 28 May 2010 response, the Treasurer advised SMOS that he had requested that Treasury adhere to the intent of the Guidelines, and in particular Principle 3. The Treasurer also noted that he had been advised by Treasury that the campaign development processes stipulated by SMOS had been complied with.

6.24 In light of the exchange of correspondence between SMOS and the Treasurer, the practical effect of the exemption was as follows:

²⁷⁴ The planned media spend was \$23.8 million, more than double the planned total cost media spend of \$10.4 million for the Health Reform Campaign, which was planned to run for a similar period of time. The Tax Reform Campaign actual media spend was less than the approved amount due to the early cancellation of the campaign. The final total cost was \$10.568 million, with \$2 million reallocated to another campaign.

²⁷⁵ The matters surrounding the exemption of the Tax Reform Campaign were covered extensively in the media following the tabling of the parliamentary statement by SMOS on 28 May 2010.

²⁷⁶ Senator the Hon J Ludwig, Letter to the Treasurer from the Special Minister of State approving the exemption of the proposed Tax Reform advertising campaign, Parliament House, 24 May 2010.

- the ‘underlying principles’ in paragraph 8 of the Guidelines, the sound practice elements of Principles 1 to 5, and the publication and reporting requirements in paragraph 17 were unaffected;
- Treasury was no longer expected to comply with the letter of paragraphs 26 to 28, but with their ‘intent’;
- the requirements relating to efficiency and effectiveness in Principle 4 were not affected, as they have their basis in section 44 of the FMA Act and FMA Regulation 9 and therefore operate independently of the Guidelines;
- the mandatory requirements in Principle 5 relating to compliance with relevant laws and procurement requirements were unaffected, as those obligations also operate independently of the Guidelines; and
- Treasury was exempted from the requirements in paragraph 14 to present the relevant campaign activities to the ICC, receive a review report from the ICC, and have the campaign certified by the chief executive.²⁷⁷

6.25 The exemption was not expected to have blanket coverage. Moreover, the exemption mechanism could not exempt the Tax Reform Campaign from legal requirements, which operate independently of the 2010 Guidelines. The ANAO assessed the Treasury’s administration of the development and implementation of the Tax Reform Campaign against the non-exempt requirements of the 2010 Guidelines and the expectations reflected in the exchange of correspondence between SMOS and the Treasurer.

²⁷⁷ In correspondence to the Treasurer dated 29 April 2010, the Minister for Finance and Deregulation had authorised Treasury officials (under Regulation 10 of the *Financial Management and Accountability Regulations 1997*) to consider spending proposals relating to the tax campaign across the 2009–10 and 2010–11 financial years, in the absence of an appropriation for 2010–11 to meet any campaign-related expenditure arising in 2010–11. The Finance Minister stated that his Regulation 10 authorisation was ‘conditional upon Treasury working closely with my Department on fulfilling campaign advertising requirements and seeking advice from the Independent Communications Committee on campaign compliance with the *Guidelines*.’ The authorisation was not amended after the exemption was granted, leaving open the question of whether the condition requiring Treasury to seek ICC advice continued to apply. While the ANAO’s analysis is based on the condition not continuing to apply, it would have been prudent for Treasury to consider, and if necessary seek Finance or legal advice, on the possible interaction of the Finance Minister’s authorisation (which has a legal basis) and the exemption granted by SMOS (which has a policy basis). The Treasurer had sought the authorisation on 28 April 2010.

Compliance with the 2010 Guidelines

6.26 The ANAO assessed compliance against the mandatory publication and reporting requirements in paragraph 17 of the 2010 Guidelines, and the five Information and Advertising Campaign Principles.

6.27 While the campaign generally complied with, and as necessary had regard to, the non-exempt elements of the 2010 Guidelines, Treasury did not always take steps to document compliance. Treasury completed one Statement of Compliance against the Guidelines for the ICC—dated 21 April 2010²⁷⁸—and started work on an update²⁷⁹, but did not take steps to systematically document its considerations after receiving the exemption from the then SMOS. As a consequence, there was an incomplete Treasury record available for the purpose of assessing the campaign's compliance with the Guidelines, which required the ANAO to rely on a combination of internal and external sources of information.

6.28 In the course of the audit, Treasury advised the ANAO that the Treasurer's reply to SMOS of 28 May 2010 served as documentation of the Treasury's intention to adhere to the guidelines. Treasury further advised that:

Treasury is satisfied with the processes followed to ensure that the Tax Reform advertising material was developed in accordance with the Government Advertising Guidelines (with the exception of those elements Treasury was explicitly made exempt from in Minister Ludwig's letter).

Treasury is satisfied that the Secretary was kept informed about the campaign's development and was aware of steps taken by the area responsible to ensure that the campaign was developed in keeping with the Advertising Guidelines.

The Treasury developed the Tax Reform campaign in the same way as campaigns not exempt from the guidelines.²⁸⁰

6.29 Treasury was not able to provide the ANAO with a briefing to the Treasury Secretary documenting compliance, and while an Executive Minute

²⁷⁸ Treasury's *Statement against the Guidelines on Information and Advertising Campaigns* noted that the exact detail of the Government's tax reform agenda had not been announced and that Treasury was awaiting authority to commence development of the campaign.

²⁷⁹ The May 2010 update remained in draft form after the exemption was granted.

²⁸⁰ Treasury advice to the ANAO, 17 October 2011.

to the Treasurer of 26 May 2010 provided some assurance, it did so in general terms and did not document the details of compliance:

The Campaign has been developed according to the *Guidelines on Information and Advertising Campaigns by Australian Government Departments and Agencies (Guidelines)* with the communication strategy gaining a positive review by the Independent Committee on Communications (ICC) on 20 April.

6.30 Further, the correspondence from the Treasurer to SMOS of 28 May 2010—confirming that the Treasurer had requested that Treasury adhere to the intent of the Guidelines—was also at a high level and did not document the details of compliance. Nor would it be expected to do so.

6.31 In the light of this experience, it would be beneficial if agencies granted an exemption from the Guidelines were to adopt a process of internal ‘certification’ to inform the chief executive of compliance with the non-exempt elements of the Campaign Guidelines.

Recommendation No.4

6.32 The ANAO recommends that in future, agencies granted an exemption from the 2010 *Guidelines on Information and Advertising Campaigns by Australian Government Departments and Agencies* should adopt a process of internal ‘certification’ to provide assurance to the agency Chief Executive of compliance with the Guidelines to the extent that they continue to apply.

Treasury response: *Agreed*

AEC response: *Agreed*

Compliance with publication and reporting requirements

6.33 Treasury complied with the publication and reporting requirements in paragraph 17 of the Campaign Guidelines, which continued to apply to the campaign notwithstanding the exemption. Table 6.2 summarises the ANAO’s findings.

6.34 Treasury advised that planned research studies were halted and never completed as the campaign was not completed.²⁸¹

²⁸¹ Treasury advice to ANAO, 17 October 2011. The campaign was planned to run from 29 May to 8 August 2010, but was cancelled ahead of schedule on 24 June 2010.

Table 6.2**Compliance with publication and reporting requirements**

Element	Status	Was it done?	Date completed/ ANAO comments
Paragraph 17. Chief Executives <u>will</u> ensure that:			
Research reports for advertising campaigns with expenditure of \$250 000 or more are published on their agency's web site following the launch of a campaign <u>where it is appropriate to do so</u> ; and	Not mandatory due to caveat.	—	Planned research studies were halted and never completed as the campaign was not completed.
Details of advertising campaigns undertaken <u>will</u> be published in agency annual reports.	Mandatory	✓	Annual Report, 4 October 2010.

Source: ANAO analysis. Emphasis added.

Note: Ticks and crosses indicate the ANAO's assessment of whether a process was undertaken.

Compliance with the five Information and Advertising Campaign Principles

6.35 The ANAO examined Treasury's consideration of Principles 1 to 5 in the development of the Tax Reform Campaign. Appendix 3 to this chapter summarises the ANAO's findings, and indicates the status of each Principle and sub-paragraph of the 2010 Guidelines before and after the exemption was granted by SMOS on 24 May 2010.

Principle 1—Campaigns should be relevant to government responsibilities

6.36 While the Treasury was not able to document that it had adopted a process to consider whether the campaign had regard to Principle 1, the ANAO's inquiries established that the subject matter of the campaign was directly related to government responsibilities and that there was a Cabinet decision indicating that the Government intended to implement some of the reforms during the term of that Parliament.

Principle 2—Campaign materials should be presented in an objective, fair and accessible manner and be designed to meet the objectives of the campaign

6.37 Treasury adopted an internal process to obtain technical clearance, from its policy areas, of materials prepared for the campaign. This included press material and scripts for radio and television advertisements. However, Treasury was not able to document that its internal policy areas had cleared

those materials for factual accuracy.²⁸² In the course of the audit, Treasury advised that:

After the completion of the Tax Reform advertising campaign, Treasury reviewed its processes for technical clearance of campaign material and now conducts technical sign-off similar to processes used during Budget.²⁸³

6.38 The ANAO's inquiries established that the Tax Reform Campaign materials did not present pre-existing policies, products, services and activities as new—as provided for in paragraph 22 of the 2010 Guidelines.

6.39 Consistent with paragraphs 23 and 24 of the 2010 Guidelines, the campaign had regard to the communication needs of community groups, with material produced in alternative language versions and tailored to 'mining' and 'non-mining' states and territories.

6.40 As provided for in paragraph 25 of the 2010 Guidelines, Treasury also took some steps, in the limited time available, to ensure that elements of the campaign were tested and performing well against the objectives for the campaign before its launch—although the creative material provided for testing was generally in a pre-production stage²⁸⁴ and full suites of the creative material were not used for concept testing. Moreover, the planned third phase of concept testing was conducted after the campaign had launched.

6.41 Paragraph 20 of the 2010 Guidelines provides that campaign materials should enable the recipients of the information to distinguish between facts, comment, opinion and analysis. Where legislation has not been passed before the launch of an advertising campaign, information in creative material which is presented as fact carries the risk of changing if the legislation is amended or not passed. The campaign did not identify that some information presented as fact may change subject to the passage of legislation. The risk of providing the community with information that may change is likely to be higher where the

²⁸² Treasury advised that technical clearance of campaign materials was obtained by e-mailing drafts of the material to relevant senior officers seeking their clearance and/or suggested changes by return e-mail or orally. Treasury provided the ANAO with outgoing e-mails to policy areas but was not able to document responses from its policy areas.

²⁸³ Treasury advice to ANAO, 25 October 2011. Treasury also advised that: 'The ANAO can find evidence of the new Treasury processes by reviewing the documentation that supports the technical clearance process followed to ensure accuracy of the Climate Change Household product'. This issue is examined further in Chapter 8, which examines the development of the Clean Energy Future Campaign.

²⁸⁴ Pre-production refers to material prior to filming, recording or producing final or near final versions.

underlying policy position is still subject to active debate in the Parliament, and there would be been merit in considering the use of disclaimers in those circumstances. In the course of the audit, Treasury observed that:

This requirement is not explicit in the government advertising guidelines.²⁸⁵

6.42 The Tax Reform Campaign was cancelled earlier than planned by the new Prime Minister on 24 June 2010, so that the Government could enter into further discussion with the mining industry on the RSPT. The Prime Minister and mining companies signed an agreement for a new Mineral Resources Rent Tax (MRRT) to replace the RSPT on 1 July 2010. The campaign's cancellation highlights the risks associated with seeking to communicate un-legislated reforms, and in particular the risk of them not going ahead as intended.

Principle 3—Campaign materials should be objective and not directed at promoting party political interests

6.43 While Treasury could only provide limited documentation that it had adopted a process to consider whether the campaign had regard to Principle 3, the ANAO's inquiries established that in practice, the Treasury had regard to paragraphs 26 to 28 of the 2010 Guidelines:

- in respect to paragraph 26, factual language was used, relaying information that had been publicly released as part of the Henry Review—although as already noted, the information was potentially subject to change as it related to proposed legislation;
- in respect to paragraph 27, campaign materials were not overtly designed in such a way as to try and foster a positive impression of a particular party, or promote party political interests;
- the campaign materials did not include the matters proscribed in paragraphs 28(a), 28(b), 28(c) and 28(e); and
- in respect to paragraph 28(d), campaign materials did not contain references to a candidate for election, a minister or a Member of Parliament, and were not overtly designed to influence public support for a political party.

²⁸⁵ Treasury advice to ANAO, 17 October 2011.

Principle 4—Campaigns should be justified and undertaken in an efficient, effective and relevant manner

6.44 Treasury again provided limited documentation that it adopted a process to consider whether the campaign had regard to Principle 4. However, the ANAO's inquiries established that in practice, the Treasury had regard to aspects of Principle 4.

6.45 The Tax Reform Campaign research had indicated the preferred volume and communications mediums for the campaign, but Treasury did not formally assess the overall cost-effectiveness of adopting the recommended approach. The ANAO was not provided with information to demonstrate that an analysis was conducted on the volume of planned activities, or the planned reach and use of mass media advertising over three campaign phases and two financial years. Treasury was only able to provide general statements, such as those appearing in the funding request to government and its Campaign Strategy, indicating that:

Mass media advertising is a proven effective and cost efficient mechanism for reaching these [community, business and stakeholder] audiences at the same time.²⁸⁶

6.46 While this does not necessarily mean that value for money was not achieved, Treasury should have satisfied itself that the proposed media mix was a cost-effective way to achieve the objectives of the campaign before authorising the proposed media spend with the Master Media Agency (MMA).

6.47 The 2010 Guidelines also provide, in paragraph 33, that it is sound practice to evaluate campaigns to determine their effectiveness. Treasury did not conduct a post-campaign evaluation to obtain lessons learned from the exercise for use in future campaign development. In the course of the audit, Treasury advised that:

The Tax Reform advertising campaign was not completed and therefore an evaluation was not conducted. The key purpose of a campaign evaluation is to

²⁸⁶ The Treasury, *Stronger, Fairer, Simpler—a tax plan for our future: Campaign Strategy*, April 2010, p.4. Mass media advertising was defined as a mix of television, radio, press and online. Treasury advised ministers that the Master Media Agency had advised that the proposed campaign would reach 96 per cent of individuals and businesses at least three times throughout the campaign.

measure the effectiveness of the advertising. The advertising had not run for long enough to gauge effectiveness.²⁸⁷

6.48 Treasury was allocated a budget of \$38.5 million for the Tax Reform Campaign and reported an actual spend for the campaign and related activities of approximately \$13.2 million.²⁸⁸ In light of the costs incurred, there would have been merit in conducting appropriate evaluation activity. Moreover, ministers had been advised in April 2010 that the campaign would be assessed by two measures—through quantitative tracking research to test the effectiveness of the communication materials, and a final evaluation of the overall effectiveness of the campaign.

Principle 5—Campaigns must comply with legal requirements and procurement policies and procedures

6.49 Principle 5 requires campaigns to comply with all relevant laws. To assist agencies, Principle 5 includes a non-exhaustive list of laws that are applicable to campaign advertising. These requirements exist independently of the 2010 Guidelines, as do a range of other obligations such as those relating to procurement and the financial management framework. As a consequence, they applied to the Tax Reform Campaign regardless of its exemption under the Guidelines.

6.50 The Treasury took appropriate steps to comply with Principle 5 of the Guidelines. Appendix 3 to this chapter summarises the ANAO's findings.

6.51 Treasury sought clearance of the intended campaign materials before launch. Treasury also received external legal advice for the campaign creatives on 24 May 2010 and 4 June 2010, which paid particular attention to the Treasury's request that the materials be reviewed to ensure compliance with Principle 5 of the 2010 Guidelines. These processes provided assurance on compliance with legislative requirements.

6.52 On 21 June 2010 a further letter of assurance was sought, after the campaign launch on 6 June 2010, from the external legal advisor for revisions to two television advertisements. The request included a review of the contract

²⁸⁷ Treasury advice to ANAO, 17 October 2011.

²⁸⁸ Treasury has advised that this figure could reduce over time with the return of 'delete and charge' costs to the department achieved from the on-sell of advertising placements. Approximate credits back to the department to date have been around \$2 million, and this sum was reallocated to another campaign.

between the Treasury and the creative agency, Shannon's Way, to ensure compliance with Principle 5. The legal advice was received on 21 June 2010 and stated that the two television advertisements complied with the legal requirements and procedures in Principle 5, and that procurement policies and procedures for the tendering and commission of services were followed in the engagement of Shannon's Way.²⁸⁹

6.53 The ANAO found that procurements conducted for the Tax Reform Campaign were conducted and evidenced in accordance with the principles of the CPGs and internal procurement guidance. In all but one case, campaign related procurements were conducted via open tender processes, and in accordance with the requirements of the Communications Multi-Use List (CMUL). The exception was Treasury's engagement of public relations services through direct source. The sole sourced arrangement was made as a matter of extreme urgency, to immediately engage a professional consultant to counter what were considered negative claims in the media at the time.

6.54 Treasury also took steps to ensure the campaign and contracts related to the campaign's development complied with relevant laws and procurement policies and procedures. There was sufficient evidence maintained by Treasury to document the decision-making process in relation to spending approvals for contracts. The authorisations were completed by people who had the appropriate delegation and the invoices received matched the approved budget for the stated procurement.

²⁸⁹ A Treasury Executive Minute of 26 May 2010 advised the Treasurer that: 'Following a select tender process, a creative agency, Shannon's Way, was engaged to produce materials to support the campaign.' On 10 June 2010, *The Australian* newspaper published an article about Shannon's Way, entitled: *Rival agencies cry foul, claiming 'Labor mate' won tax ad tender*. The Treasury's appointment of Shannon's Way also attracted parliamentary interest.

Appendix 3: Treasury's Tax Reform Campaign: consideration of Principles 1 to 4 and compliance with Principle 5

1. The summary tables in this appendix summarise the ANAO's findings for each Principle, and indicate the status of a Principle or sub-paragraph before and after the campaign exemption was granted by the Special Minister of State on 24 May 2010.

Table A 11

Treasury consideration of Principle 1

Principle/paragraph	Pre-exemption status	Post-exemption status
Paragraph 18 The subject matter of campaigns <i>should</i> be directly related to the Government's responsibilities. As such, only policies or programs underpinned by: <ul style="list-style-type: none"> • legislative authority; or • appropriation of the Parliament; or • a Cabinet Decision which is intended to be implemented during the current Parliament <i>should</i> be the subject of a campaign.	Sound practice	Sound practice
ANAO analysis: The Government conducted a review of the Australian tax system and planned to introduce tax reform measures. Budget approval was granted by the Strategic Priorities and Budget Committee of Cabinet (SPBC) on 20 April 2010 to develop a government advertising campaign on tax reform. The SPBC decision indicated an intention to implement some of the reforms during the term of that Parliament.		
Paragraph 19 Examples of suitable uses for government campaigns include to: <ul style="list-style-type: none"> • inform the public of new, existing or proposed government policies, or policy revisions; • provide information on government programs or services or revisions to programs or services to which the public are entitled; • inform consideration of issues; • disseminate scientific, medical or health and safety information; or • provide information on the performance of government to facilitate accountability to the public. 	Illustrative Not expressed as mandatory (must) or sound practice (should).	Illustrative
The Treasury's Campaign Strategy identified that: 'The advertising campaign will ensure community awareness, understanding and engagement in the reform process and the immediate and long-term financial, share market and community impacts of the changes.'		

Source: ANAO analysis.

Table A 12

Treasury consideration of Principle 2

Principle/paragraph	Pre-exemption status	Post-exemption status
Paragraph 20 Campaign materials <i>should</i> enable the recipients of the information to distinguish between facts, comment, opinion and analysis.	Sound practice	Sound practice
ANAO analysis: Proposed tax reform changes requiring legislation were presented in creative material. While not required by the Guidelines, there would have been merit in campaign materials identifying that some information presented as fact may change subject to the passage of legislation.		
Paragraph 21 Where information is presented as a fact, it <i>should</i> be accurate and verifiable. When making a factual comparison, the material <i>should</i> not attempt to mislead the recipient about the situation with which the comparison is made and it <i>should</i> state explicitly the basis for the comparison.	Sound practice	Sound practice
ANAO analysis: While Treasury sought confirmation from internal policy areas on the factual accuracy of campaign materials, responses were not documented.		
Paragraph 22 Pre-existing policies, products, services and activities <i>should</i> not be presented as new.	Sound practice	Sound practice
ANAO analysis: No evidence that pre-existing policies or activities were presented as new.		
Paragraph 23 Special attention <i>should</i> be paid to communicating with any disadvantaged individuals or groups identified as being within the target audience. Particular attention <i>should</i> be paid 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.	Sound practice	Sound practice
ANAO analysis: Treasury had considered the need to communicate with some disadvantaged individuals and groups, and incorporated this element into the campaign's communication strategy to reach special audiences, such as Indigenous Australians and non-English speaking audiences. The campaign developmental research findings did not identify young people and the rural community as having special communication needs.		
Paragraph 24 Imagery used in campaign materials <i>should</i> reflect the diverse range of Australians. There <i>should</i> be recognition of the full participation of women, Indigenous and culturally and linguistically diverse communities by realistically portraying their interests, lifestyles and contributions to Australian society.	Sound practice	Sound practice
ANAO analysis: Creative materials were concept tested with a mix of age, gender, regional and metropolitan locations and small to medium business holders from across several Australian States. The campaign developmental research findings did not identify CALD communities as having special communication needs.		
Paragraph 25 Campaign materials <i>should</i> be tested with target audiences to indicate they are engaging and perform well against the objectives of the campaign.	Sound practice	Sound practice

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Principle/paragraph	Pre-exemption status	Post-exemption status
ANAO analysis: Treasury took some steps, in the time available, to ensure that elements of the campaign were tested and performing well against the objectives for the campaign before its launch. Treasury launched the campaign on 29 May 2010, before testing the 'almost final' creative with target audiences for performance. Final production materials were not tested with target audiences, and further creative testing was conducted on 9 and 10 June 2010.		

Source: ANAO analysis.

Table A 13

Treasury consideration of Principle 3

Principle/paragraph	Pre-exemption status	Post-exemption status
Paragraph 26 Campaign materials <i>must</i> be presented in objective language and be free of political argument.	Mandatory	Sound practice
ANAO analysis: Objective and factual language was used.		
Paragraph 27 Campaign materials <i>must</i> not try to foster a positive impression of a particular political party or promote party political interests.	Mandatory	Sound practice
ANAO analysis: No overt promotion or specific political parties identified.		
Paragraph 28 Campaign materials <i>must</i> not:		
(a) mention the party in Government by name;	Mandatory	Sound practice
(b) directly attack or scorn the views, policies or actions of others such as the policies and opinions of opposition parties or groups;	Mandatory	Sound practice
(c) include party political slogans or images;	Mandatory	Sound practice
(d) be designed to influence public support for a political party, a candidate for election, a Minister or a Member of Parliament; and	Mandatory	Sound practice
(e) refer or link to the web sites of politicians or political parties	Mandatory	Sound practice
ANAO analysis: a) No political parties identified. b) Campaign materials do not mention policies or opinions of opposition parties or groups. c) Party political slogans or images not evident in campaign material. d) No references to political candidates, ministers or MPs identified. No overt intention to influence public support for a political party. e) Campaign materials provided a link to the 'australia.gov.au' web site.		

Source: ANAO analysis.

Table A 14

Treasury consideration of Principle 4

Principle/paragraph	Pre-exemption status	Post-exemption status
Paragraph 29 Campaigns <i>should</i> only be instigated where a need is demonstrated, target recipients are clearly identified and the campaign is informed by appropriate research or evidence.	Sound practice	Sound practice
ANAO analysis: Treasury relied upon developmental communications research conducted during April 2010 to ascertain the need for the campaign and to define its target audience. The research was provided to the Master Media Agency and recommendations provided back were accepted for a campaign based around mass media advertising for target audience aged 18 plus.		
Paragraph 30 Campaign information <i>should</i> clearly and directly affect the interests of recipients.	Sound practice	Sound practice
ANAO analysis: Treasury's Campaign Strategy identified three primary audiences: the general community; all Australian businesses (especially small business); and tax professionals. Two secondary audiences were also identified: tax professionals and tax academics.		
Paragraph 31 The medium and volume of the advertising activities <i>should</i> be cost effective and justifiable within the budget allocated to the campaign.	Sound practice in part, as paragraph 31 requirements overlap with value for money requirements.	Sound practice in part
ANAO analysis: Treasury relied on the advice of the Master Media Agency and did not make a formal assessment of the overall cost-effectiveness of the recommended approach.		
Paragraph 32 Distribution of unsolicited material <i>should</i> be carefully controlled.	Sound practice	Sound practice
ANAO analysis: There was no planned provision for unsolicited campaign material.		
Paragraph 33 Campaigns <i>should</i> be evaluated to determine effectiveness.	Sound practice	Sound practice
ANAO analysis: Treasury took steps to ensure the campaign was being evaluated to determine effectiveness while on air through benchmark and tracking research. No post-campaign evaluation was conducted.		

Source: ANAO analysis.

Table A 15

Treasury compliance with Principle 5

Principle/paragraph	Pre-exemption status	Post-exemption status
Paragraph 34 The manner of presentation and the delivery of campaigns <i>must</i> comply with all relevant laws including:	Mandatory	Mandatory
(a) laws with respect to broadcasting and media;	Mandatory	Mandatory
(b) privacy laws;	Mandatory	Mandatory
(c) intellectual property laws;	Mandatory	Mandatory
(d) electoral laws;	Mandatory	Mandatory
(e) trade practices and consumer protection laws; and	Mandatory	Mandatory
(f) workplace relations laws.	Mandatory	Mandatory
ANAO analysis: Treasury sought clearance of campaign materials from an external legal advisor before the campaign launch.		
Paragraph 35 Procurement policies and procedures for the tendering and commissioning of services and the employment of consultants <i>should</i> be followed and there <i>should</i> be a clear audit trail regarding decision making.	Sound practice in part, noting obligation to comply with FMA and CPG requirements.	Sound practice in part
ANAO analysis: Treasury procurements were conducted and evidenced in accordance with the principles of the CPGs, internal procurement guidance, and the FMA Act and Regulations.		

Source: ANAO analysis.

7. AEC's 2010 Federal Election Campaign

This chapter examines the development of the AEC's 2010 Federal Election Campaign, the effect of its 2009 exemption from the Guidelines, and its compliance with the non-exempt elements of the 2010 Guidelines.

Campaign overview

7.1 The Australian Electoral Commission (AEC) is responsible for maintaining an impartial and independent electoral system for eligible voters through active electoral roll management, efficient delivery of polling services and targeted education and public awareness programs.²⁹⁰

7.2 Section 7 of the *Commonwealth Electoral Act 1918* (the Electoral Act) provides the AEC with certain functions and powers, including the promotion of public awareness of electoral and parliamentary matters by means of education and information programs, and by other means.²⁹¹

7.3 The AEC has chosen to undertake these functions via, among other things, a mass media national advertising campaign during federal elections. It considers this approach to be the most effective way to maximise electoral awareness and to encourage effective participation from eligible Australian voters, within a short timeframe. The AEC had previously conducted a national campaign for the 2007 federal election (2007 Campaign) which included national advertising, direct mail, public relations activities and market research over several phases.

7.4 An important feature of the AEC's planning for election advertising campaigns is the fact that it receives no advance warning of elections and must therefore conduct its campaigns:

²⁹⁰ Australian Electoral Commission, *Overview of the AEC* [Internet]. Australia, 2011, available from <http://www.aec.gov.au/About_AEC/index.htm#role> [accessed 13 May 2011].

²⁹¹ *Commonwealth Electoral Act 1918*, s.7(c).

in a tight, unpredictable timeframe with immutable deadlines and a just-in-time message that has to get [to] all Australian citizens over 18 to remind them of their obligations in relation to the election.²⁹²

7.5 The AEC's 2010 Federal Election Campaign (2010 Campaign) creative material was based on that used for the 2007 Election Campaign. A summary of the 2010 Campaign objectives, planned timings, budget and media spend are illustrated in Table 7.1. An example of the 2010 Campaign creative material is included at Appendix 9 to this report.

Table 7.1

Summary of the 2010 Federal Election Campaign

Summary	
Objectives	<p>Purpose of the 2010 campaign:</p> <ul style="list-style-type: none"> • Maximise effective participation in the federal election. <p>The main communication objectives for the three phases of the campaign were:</p> <ul style="list-style-type: none"> • Close of rolls: use the limited time before the first deadline to encourage new enrollees or those needing to get back on the roll to enrol in time; and encourage enrolled electors to update details before the second deadline.^a • Voter services: maximise overall turnout by ensuring those who will be unable to vote on Election Day vote early; and promote early voting services such as pre-poll voting and postal voting. • Formality: advise electors how to cast a formal vote to reduce informal voting.^b
Timing	17 July 2010 – 21 August 2010 (Polling Day)
Target audience	All eligible voters (18+)
Media spend	\$8.6m
Campaign budget	\$12.807m

Source: ANAO analysis.

Note^a: There are two deadlines for the close of rolls: 8pm on the day the writs are issued for new enrollees; and 8pm on the third working day after the writs are issued for people who need to re-enrol with updated correct details.

Note^b: An informal vote is a ballot paper which has been incorrectly completed or not filled in at all. Informal votes are not counted towards any candidate but are set aside.

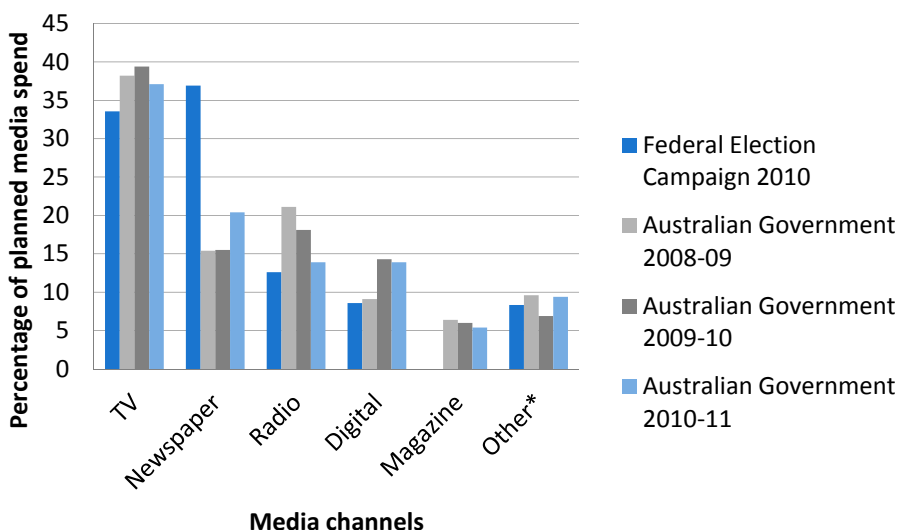
²⁹² AEC correspondence to ANAO, 16 January 2012.

Media channels

7.6 Figure 7.1 identifies the percentage of anticipated campaign expenditure across the chosen media channels for the three phases of the 2010 Campaign, compared with the overall percentage of media expenditure by the Australian Government in 2008–09, 2009–10 and 2010–11.

Figure 7.1

Planned media for the 2010 Federal Election Campaign



Source: ANAO analysis.

Note*: 'Other' refers to NESB, Indigenous, Out of Home and Print Handicapped media. For the 2010 Federal Election Campaign, 5.35 per cent was for NESB, 2.23 per cent was for Indigenous, and 0.67 per cent was for Print Handicapped media.

7.7 The above figure illustrates that for the 2010 Federal Election Campaign, a significantly larger proportion of the total media expenditure was allocated to the traditional advertising mediums of newspaper and television. The AEC advised the ANAO that:

Upon announcement of the election the AEC must rapidly build reach to all eligible electors (an estimated 15 million-plus market). To achieve rapid reach, television is crucial. Print is a key support medium particularly for 'non-campaign' advertising (booked through Adcorp) such as the detailed print advertising that lists polling places and other information for electors on

or just before polling day in accordance with legislative requirements. This is the reason for the strong television and print weights.²⁹³

7.8 The AEC further advised that:

- ...the actual media placement the MMA can achieve for the AEC is heavily impacted by:
 - the fact that we get no advance warning of the election,
 - the media buy can therefore only commence upon announcement of the election, and
 - an election period is a uniquely and highly competitive environment in which to be trying to buy media placements
- because of advertising closing deadlines, there are certain channels which are not available to the AEC for its campaign such as theatres, billboards, and certain publications (such as monthly magazines) and this affects the nature of the mix.²⁹⁴

The AEC's 2009 exemption

7.9 The 2008 Guidelines provided for the Cabinet Secretary to exempt a campaign from compliance with the Guidelines on the basis of a national emergency, extreme urgency or other extraordinary reasons the Cabinet Secretary considered appropriate.²⁹⁵

7.10 In correspondence of 1 December 2008 with the Finance Secretary, the Electoral Commissioner indicated his intention to seek a limited exemption—from paragraphs 2, 5 and 6 of the 2008 Guidelines and from all associated business processes. Paragraph 2 related to the review of campaigns over \$250 000 by the Auditor-General. Paragraph 5 required FMA Act agencies to comply with policy and process requirements related to the Guidelines. Paragraph 6 related to the need for a certification by the agency chief executive and a report by the Auditor-General before a minister could approve a campaign's launch.

²⁹³ AEC correspondence to ANAO, 19 October 2011.

²⁹⁴ AEC correspondence to ANAO, 16 January 2012.

²⁹⁵ Department of Finance and Deregulation, *Guidelines on Information and Advertising Campaigns by Australian Government Departments and Agencies, June 2008*, paragraph 7, p.3.

7.11 The Finance Secretary responded in supportive terms on 8 January 2009.

7.12 On 17 July 2009, the Acting Electoral Commissioner sought, from the Cabinet Secretary, a 'full exemption' from the requirements of the 2008 Guidelines and associated business processes for all AEC public information campaigns, including campaigns related to federal elections, by-elections and referendums.²⁹⁶

7.13 In his advice to the Cabinet Secretary, the Acting Electoral Commissioner stated that a full exemption would preserve the AEC's capacity to independently determine and approve its campaign strategy and timing, and would help retain political neutrality. He also advised that the AEC 'intends to adhere to the substance of the Guidelines as expressed in guidelines 1–5²⁹⁷ and will continue to comply with the Commonwealth Procurement Guidelines and all other legal requirements.'

7.14 Finance expressed its support for the exemption in separate advice to the Cabinet Secretary dated 14 August 2009.

7.15 In correspondence dated 17 August 2009 the then Cabinet Secretary and Special Minister of State, Senator the Hon Joe Ludwig, granted an exemption to the AEC, on the grounds of extraordinary reasons²⁹⁸, for:

the requirement for its campaign advertising regarding federal elections, by-elections or referenda to be reviewed by the Interdepartmental Committee on Communications and the Australian National Audit Office.

7.16 In granting the exemption, the Cabinet Secretary noted that while the AEC would not need to present associated communication strategies, media plans and creative materials for review and certification, it was expected to adhere to the broad intent of the Guidelines.

²⁹⁶ AEC Ministerial Brief, 17 July 2009. The AEC was also fully exempt from the previous campaign review arrangements conducted by the Ministerial Committee on Government Communications (MCGC). The MCGC was established by the Prime Minister in 1997 to make key decisions relating to information activities undertaken by government departments and agencies subject to the FMA Act.

²⁹⁷ ANAO note: Guidelines 1–5 in the 2008 Guidelines were replaced by Principles 1–5 in the 2010 Guidelines.

²⁹⁸ The Guidelines released in 2008 included 'extraordinary reasons' as one of three grounds for an exemption. The Guidelines released in March 2010 amended this to 'compelling reasons.'

7.17 The Cabinet Secretary advised the then Prime Minister of the exemption in correspondence dated 17 August 2009 and sought his approval for the text of a statement to the Parliament.

7.18 Consistent with paragraph 7 of the 2008 Guidelines, on 17 September 2009 the Cabinet Secretary provided a written statement to the Parliament of his decision to grant the AEC an exemption from the Guidelines on the grounds of 'extraordinary reasons', citing the Acting Electoral Commissioner's advice that:

campaigns undertaken by the Australian Electoral Commission (AEC) need to be, and perceived to be, conducted independently from government.

7.19 The three notable features of the exemption are that:

- it continues to the present, notwithstanding the release of revised Guidelines in March 2010, and the absence of any explicit mechanism, in either the 2008 or 2010 Guidelines, to establish an exemption in perpetuity;
- it is intended to apply to multiple campaigns, or a class of campaigns (public information or campaign activities related to federal elections, by-elections and referenda), notwithstanding the reference in paragraph 7 of the 2008 Guidelines that an exemption related to 'a campaign'²⁹⁹; and
- in large measure, it was intended to exempt the AEC from review procedures which were done away with when the campaign advertising framework was reviewed in 2010—specifically the requirement for review by the Interdepartmental Committee on Communications and the Auditor-General.

7.20 The AEC and Finance advised the ANAO that the AEC did not seek to renew the exemption when the revised Campaign Guidelines were released in March 2010. The AEC relied on its 2009 exemption as a basis for not presenting any 2010 Campaign strategies, media plans or creative materials for review and certification by the ICC.

²⁹⁹ Paragraph 7 of the 2008 Guidelines provided that '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.' The 2010 Guidelines also refer to the exemption of 'a campaign'.

7.21 Subsequent to the commencement of the audit in January 2011, Finance advised the Special Minister of State on 4 February 2011 that:

With the changes to the Guidelines in March 2010, the exemption provided to the AEC may need to be reviewed or revised, primarily reflecting the change in reasons for exemptions and the replacement of the Australian National Audit Office with the Independent Communications Committee.³⁰⁰

7.22 Finance also sought advice from its internal Special Counsel, in February 2011, on the status of the AEC's continuing exemption. That advice, received on 28 February 2011, concluded that the exemption continued to be effective. However, the Special Counsel also noted that:

My only reservation is that the exempting power in both the June 2008 (old) guidelines and the March 2010 (new) guidelines appear to only refer to an exemption for a specific campaign, whereas the Cabinet Secretary has purported to provide an exemption for multiple campaigns going forward. On balance, this is an acceptable exercise of the exemption power, because the issues faced by AEC are going to be the same in all campaigns and it is impractical to expect the Cabinet Secretary to exercise his discretion every time a by election needs to be held, for example. I would suggest, however, that if the guidelines are ever reviewed, the situation be clarified.³⁰¹

7.23 Finance advised the ANAO that the advice was sought without prior consultation with the AEC, and that it was not subsequently provided to the AEC. In the course of the audit, the AEC advised that:

We believe the advice clearly supports the view that the 2009 exemption remains undisturbed under the current Guidelines. However, we acknowledge the proviso in the legal advice that if a higher test for exemption status were ever to be introduced that it should be clarified in the context of the AEC's particular exemption.³⁰²

7.24 It would have been prudent for the AEC, in consultation with Finance, to seek to refresh the exemption following the release of the 2010 Guidelines and the commencement of the revised campaign advertising framework.

³⁰⁰ Ministerial brief, 4 February 2011, paragraph 29.

³⁰¹ Special Counsel's advice to Finance, 28 February 2011.

³⁰² AEC correspondence to ANAO, 19 October 2011.

The effect of the exemption

7.25 The Cabinet Secretary's correspondence to the AEC of 17 August 2009 granting the exemption, and his 17 September 2009 statement to the Parliament, indicated that he expected the AEC to adhere to the 'broad intent' of the Guidelines and continue to observe other processes:

This exemption means that the AEC will not need to present the relevant public information or campaign activities to the Interdepartmental Committee on Communications for consideration, have the campaign certified by the Electoral Commissioner or submitted to the Auditor-General for review of compliance with the Guidelines.

I expect the AEC to adhere to the broad intent of the Guidelines, place advertising through the Central Advertising System, source communications consultants from the Communications Multi-Use List and provide information for inclusion in the biannual reports on campaign expenditure and consultancies, which are tabled in Parliament.³⁰³

7.26 The ANAO examined the compliance of the 2010 Federal Election Campaign with the non-exempt elements of the Guidelines, against this background. As the exemption was not updated to reflect the 2010 Guidelines, the ANAO, to the extent possible, mapped the exemption to ascertain its effect in the context of the 2010 Guidelines. The practical effect of the exemption in the context of the 2010 Guidelines was as follows:

- the 'underlying principles' in paragraph 8 of the 2010 Guidelines, the sound practice elements of Principles 1 to 5, and the publication and reporting requirements in paragraph 17 were unaffected;
- the AEC was no longer expected to comply with the letter of paragraphs 26 to 28, but with their 'broad intent';
- the requirements relating to efficiency and effectiveness in Principle 4 were not affected, as they have their basis in section 44 of the FMA Act and FMA Regulation 9 and therefore operate independently of the Guidelines;

³⁰³ Statement by the Cabinet Secretary, Senator the Hon Joe Ludwig, *Approval of exemption of AEC public information campaigns from Australian Government advertising guidelines*, 17 September 2009.

- the mandatory requirements in Principle 5 relating to compliance with relevant laws and procurement requirements were unaffected, as those obligations also operate independently of the Guidelines; and
- the AEC was exempted from the requirements in paragraph 14 to present the relevant campaign activities to the ICC, receive a review report from the ICC, and have the campaign certified by the chief executive.

7.27 The exemption was not expected to have blanket coverage. Moreover, the exemption mechanism could not exempt the campaign from legal requirements, which operate independently of the Guidelines. The ANAO assessed the AEC's administration of the development and implementation of the 2010 Election Campaign against the non-exempt requirements of the 2010 Guidelines and the expectations reflected in the Cabinet Secretary's correspondence granting the exemption.

Compliance with the 2010 Guidelines

7.28 The ANAO assessed compliance against the mandatory publication and reporting requirements in paragraph 17 of the 2010 Guidelines, and the five Information and Advertising Campaign Principles.

7.29 While the campaign generally complied with, and as necessary had regard to, the non-exempt elements of the 2010 Guidelines, the AEC did not take steps to systematically document compliance. As a consequence, there was an incomplete AEC record available for the purpose of assessing the campaign's compliance with the Guidelines, requiring the ANAO to rely on a combination of internal and external sources of information.

7.30 The ANAO acknowledges the sensitivities relating to review and certification of AEC campaigns by third parties, which prompted the 2009 exemption. That said, it would have been consistent with the AEC's undertaking and the Cabinet Secretary's expectation—that the AEC would adhere to the broad intent of the Guidelines—for the AEC to have internally documented its compliance with the Guidelines to the extent that they continued to apply. In the course of the audit, the AEC advised that:

while I acknowledge the ANAO's observation that the AEC did not provide specific written documentation about its adherence to the Campaign Guidelines (the Guidelines), the AEC considers that it conducted its 2010 federal election communication campaign in accordance with the broad intent of the Guidelines. However the AEC accepts that it would facilitate

greater transparency if this was documented in a more accessible way. In the interests of additional transparency, in future the AEC will publish on our website a checklist, based on an internal certification process, of Guideline compliance for election or referendum campaigns. This will supplement the information about AEC campaigns that is already publicly available through AEC submissions to, and committee reports of, the Joint Standing Committee on Electoral Matters.³⁰⁴

7.31 As recommended in Chapter 6³⁰⁵, in the light of this experience, it would be beneficial if agencies granted an exemption from the Guidelines were to adopt a process of internal 'certification' to inform the chief executive of compliance with the non-exempt elements of the Guidelines. The AEC has agreed to the ANAO's recommendation.

Compliance with publication and reporting requirements

7.32 The AEC complied with the publication and reporting requirements in paragraph 17 of the Campaign Guidelines, which continued to apply to the campaign notwithstanding the exemption. Table 7.2. summarises the ANAO's findings.

7.33 The AEC exercised its discretion under paragraph 17 of the 2010 Guidelines not to publish the relevant research report, but did not document the reasons for doing so.

7.34 The campaign was reported on in the AEC's 2010–11 annual report.

³⁰⁴ AEC correspondence to ANAO, 19 October 2011.

³⁰⁵ See Recommendation No.4 at paragraph 6.32 of this report.

Table 7.2

The AEC's compliance with publication and reporting requirements

Element	Status	Was it done?	Date completed/ ANAO comments
Paragraph 17. Chief Executives <u>will</u> ensure that:			
Research reports for advertising campaigns with expenditure of \$250 000 or more are published on their agency's web site following the launch of a campaign <u>where it is appropriate to do so</u> ; and	Not mandatory due to caveat	✗	AEC did not document its reasons for not publishing.
Details of advertising campaigns undertaken <u>will</u> be published in agency annual reports.	Mandatory	✓	Campaign was reported on in 2010–11 annual report.

Source: ANAO analysis. Emphasis added.

Note: Ticks and crosses indicate the ANAO's assessment of whether a process was undertaken.

Compliance with the five Information and Advertising Campaign Principles

7.35 The ANAO examined the AEC's consideration of Principles 1 to 5 in the development of the 2010 Federal Election Campaign. Appendix 4 to this chapter summarises the ANAO's findings, and indicates the status of each Principle and sub-paragraph of the Guidelines before and after the exemption was granted by the Cabinet Secretary.

Principle 1—Campaigns should be relevant to government responsibilities

7.36 While the AEC was not able to document that it had adopted a process to consider whether the campaign had regard to Principle 1, the ANAO's inquiries established that the campaign was directly related to the AEC's legal authority to promote public awareness of electoral and Parliamentary matters under section 7 of the *Commonwealth Electoral Act 1918*.

7.37 In the course of the audit, the AEC advised the ANAO that it is funded on a cyclical basis with an increased level of funding provided every third year to cover election-related costs such as the advertising campaign, and that:

The campaign creative was developed with the intent of meeting the AEC's statutory obligation under s.7 of the *Commonwealth Electoral Act 1918* and

delivered at 2010 election time because this is when funds were available for the purpose.³⁰⁶

Principle 2—Campaign materials should be presented in an objective, fair and accessible manner and be designed to meet the objectives of the campaign

7.38 While the ANAO's inquiries established that the AEC applied the sound practice identified in Principle 2, the AEC could only provide limited documentation to show that it had adopted a process to consider whether the campaign had regard to Principle 2. In the course of the audit, the AEC advised the ANAO that:

As the 2010 Campaign re-used the same creative developed for the 2007 election campaign and, as such, it was not considered necessary to revisit the issue of whether the campaign complied with the sub-elements of Principle 2 or Principle 3 given that it already complied (noting that in the conduct of all of its business the AEC is expected to, and does, operate in an apolitical manner).³⁰⁷

Principle 3—Campaign materials should be objective and not directed at promoting party political interests

7.39 The AEC did not document that it had adopted a process to consider whether the campaign had regard to Principle 3. However, the ANAO's inquiries established that the AEC complied with paragraphs 26 to 28 of the 2010 Guidelines.

7.40 The campaign materials related to the mechanics (how, when and where) of voting, while affirming the importance of the democratic process. None of the proscribed matters listed in paragraph 28 were present in the creative material.

³⁰⁶ *ibid.*

³⁰⁷ AEC correspondence to ANAO, 16 October 2011.

Principle 4—Campaigns should be justified and undertaken in an efficient, effective and relevant manner

7.41 As with Principles 1 to 3, the AEC did not document that it had adopted a process to consider whether the campaign had regard to the sound practice identified in paragraphs 29 to 33 of Principle 4.

7.42 However, the ANAO's inquiries established that the AEC applied the sound practice identified in paragraphs 29 and 30. Paragraph 32 was not relevant, as unsolicited material was not used in the campaign.

7.43 The AEC sought to make efficient use of campaign materials. The campaign material used was originally developed for the 2007 Federal Election. At that time, the AEC had intended to use the material for the next election, and had developed it so that updated information, such as dates related to the close of electoral rolls, could easily be inserted into the existing material.

7.44 The AEC's communications officials also liaised frequently with the Master Media Agency (MMA), and the AEC advised that the detailed media plans prepared by AEC in liaison with the MMA went through eleven iterations for the close of rolls advertising phase and nine iterations for the voter services and formality advertising phases. However, the AEC did not document that it had made an explicit assessment of the overall cost-effectiveness of the proposed media placement approach recommended by the MMA—which totalled almost \$9 million. While this does not necessarily mean that value for money was not achieved, the AEC should have satisfied itself that the proposed media mix was a cost-effective way to achieve the objectives of the campaign before authorising the proposed media spend with the MMA.

7.45 The AEC advised that:

- the AEC accepts the comment that it did not document explicit assessment of the overall cost-effectiveness of the proposed media placement approach
- while noting the above, the key reason for having the MMA provide several iterations of the media placement plan, as noted in...[paragraph 7.44 of the audit]...was to try to achieve the most effective audience reach in the timeframe for the available budget i.e. cost-effectiveness. The AEC, therefore, considers that whilst it may not

have specifically documented that it was satisfied with [the] cost-effectiveness of the mix, it did indeed take action to ensure a cost-effective mix.³⁰⁸

7.46 The AEC undertook an evaluation of the 2010 Campaign as provided for in paragraph 33 of the 2010 Guidelines, although it focused on public recall, awareness of the campaign, and levels of understanding of the information relayed in the campaign. The AEC did not document that it had evaluated the effectiveness of the campaign in relation to its stated purpose: to maximise effective participation in the federal election. Levels of participation in the election, for example in relation to increased enrolments, were not evaluated following the campaign.

7.47 An evaluation against the purposes of the campaign would have allowed the AEC to assess whether this method of promoting public awareness was the most effective way of achieving the stated purpose. In the course of the audit, the AEC advised that:

A challenge for the AEC is to conclusively and cost effectively evaluate an AEC campaign against behavioural enrolment and voting participation outcomes in isolation of all other variables and campaign 'noise' during a federal election.

The AEC takes advice from its market research provider as to the appropriate methodology for assessing campaign effectiveness, balancing the questions asked with the level of intrusiveness that survey participants might perceive and accept yet still participate. The AEC is cognisant of ensuring that market research methodologies do not, and are not perceived to, impinge upon the secrecy of the vote but still have veracity.

The quantitative research undertaken during the election shows the effectiveness of the AEC's communication campaign to provide timely and accurate electoral information to eligible electors, through a number of measures. The AEC believes that the sample sizes and approach were robust and in line with public sector campaign best practice, and that the combination of questions asked allows it to draw some conclusions about impact.³⁰⁹

³⁰⁸ AEC correspondence to ANAO, 16 January 2012.

³⁰⁹ *ibid.*

Principle 5—Campaigns must comply with legal requirements and procurement policies and procedures

7.48 Principle 5 requires campaigns to comply with all relevant laws. To assist agencies, Principle 5 includes a non-exhaustive list of laws that are applicable to campaign advertising. These requirements exist independently of the 2010 Guidelines, as do a range of other obligations such as those relating to procurement and the financial management framework. As a consequence, they applied to the 2010 Federal Election Campaign regardless of its exemption under the Guidelines, to the maximum extent permitted by the AEC's enabling legislation, the *Commonwealth Electoral Act 1918*.

7.49 The AEC took steps to comply with the sub-elements of Principle 5 contained in paragraphs 34(a), 34(d) and 35 of the 2010 Guidelines. However, the legal advice sought by the AEC focused on the authorisations for advertising material as referenced in electoral and broadcasting laws, and did not extend to paragraphs 34(b), 34(c), 34(e) and 34(f) of Principle 5.

7.50 In the course of the audit, the AEC advised the ANAO that:

Given the nature of the AEC's business and the focus of its advertising campaign, it was not considered necessary to seek legal advice on all of the sub-elements of paragraph 34 of Principle 5. However, the AEC accepts that as a good practice it could, in future, specifically document why it considers that its campaign is not captured by the provisions of these laws.³¹⁰

³¹⁰ AEC correspondence to ANAO, 19 October 2011.

Appendix 4: AEC's 2010 Federal Election Campaign: consideration of Principles 1 to 4 and compliance with Principle 5

1. The summary tables in this appendix summarise the ANAO's findings for each Principle, and indicate the status of a Principle or sub-paragraph before and after the campaign exemption was granted by the Cabinet Secretary on 17 August 2009.

Table A 16

AEC's consideration of Principle 1

Principle/paragraph	Pre exemption status	Post exemption status
Paragraph 18 The subject matter of campaigns <i>should</i> be directly related to the Government's responsibilities. As such, only policies or programs underpinned by: <ul style="list-style-type: none"> • legislative authority; or • appropriation of the Parliament; or • a Cabinet Decision which is intended to be implemented during the current Parliament <i>should</i> be the subject of a campaign.	Sound practice	Sound practice
ANAO analysis: AEC did not document its consideration of this matter. The ANAO notes that: <ul style="list-style-type: none"> • Section 7 of the <i>Commonwealth Electoral Act 1918</i> provides the AEC with specific functions and powers, including the ability to promote public awareness of electoral and Parliamentary matters. • The AEC had received a departmental appropriation for communication strategies and services, education and communication. 		
Paragraph 19 Examples of suitable uses for government campaigns include to: <ul style="list-style-type: none"> • inform the public of new, existing or proposed government policies, or policy revisions; • provide information on government programs or services or revisions to programs or services to which the public are entitled; • inform consideration of issues; • disseminate scientific, medical or health and safety information; or • provide information on the performance of government to facilitate accountability to the public. 	Illustrative	Illustrative

Source: ANAO analysis.

Table A 17

AEC's consideration of Principle 2

Principle/paragraph	Pre exemption status	Post exemption status
Paragraph 20 Campaign materials <i>should</i> enable the recipients of the information to distinguish between facts, comment, opinion and analysis.	Sound practice	Sound practice
ANAO analysis: AEC did not document its consideration of this matter. The ANAO notes that the 2010 Campaign creative material was designed to cover three areas of information: close of rolls; voter services; and formal voting requirements. The AEC advised that information contained in campaign materials was based on factual information that was publicly available on the AEC's website.		
Paragraph 21 Where information is presented as a fact, it <i>should</i> be accurate and verifiable. When making a factual comparison, the material <i>should</i> not attempt to mislead the recipient about the situation with which the comparison is made and it <i>should</i> state explicitly the basis for the comparison.	Sound practice	Sound practice
ANAO analysis: AEC did not document its consideration of this matter. The ANAO notes that the three topic areas provided information and/or reminders to voters on what to do to enrol in time; the need to update details if voters had moved; how to vote early if away on election day; remote polling options; official election guides; and information on how to vote correctly. Much of the information reflected the requirements of the <i>Commonwealth Electoral Act 1918</i> .		
Paragraph 22 Pre-existing policies, products, services and activities <i>should</i> not be presented as new.	Sound practice	Sound practice
ANAO analysis: Not applicable.		
Paragraph 23 Special attention <i>should</i> be paid to communicating with any disadvantaged individuals or groups identified as being within the target audience. Particular attention <i>should</i> be paid 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.	Sound practice	Sound practice
ANAO analysis: While not re-considered for the 2010 Campaign, the 2007 Campaign material identified the need to address special audiences. The ANAO notes that: campaign materials were translated into other languages, and materials were placed in print-handicapped and Indigenous specific publications; and creative materials depicted young people, particularly those materials aimed at identifying the need to enrol to be eligible to vote.		
Paragraph 24 Imagery used in campaign materials <i>should</i> reflect the diverse range of Australians. There <i>should</i> be recognition of the full participation of women, Indigenous and culturally and linguistically diverse communities by realistically portraying their interests, lifestyles and contributions to Australian society.	Sound practice	Sound practice
ANAO analysis: AEC did not document its consideration of this matter. The ANAO notes that a diverse range of people were depicted in the creative material used.		

Principle/paragraph	Pre exemption status	Post exemption status
Paragraph 25 Campaign materials <i>should</i> be tested with target audiences to indicate they are engaging and perform well against the objectives of the campaign.	Sound practice	Sound practice
ANAO analysis: Creative material was tested for the 2007 Campaign. While the material was not retested in 2010, an evaluation of the communication strategy found the material had a high recognition amongst those surveyed.		

Source: ANAO analysis.

Table A 18

AEC's consideration of Principle 3

Principle/paragraph	Pre exemption status	Post exemption status
Paragraph 26 Campaign materials <i>must</i> be presented in objective language and be free of political argument.	Mandatory	Sound practice
ANAO analysis: AEC did not document its consideration of this matter. The ANAO notes that the materials related to the mechanics (how, when and where) of voting, while affirming the value of the democratic process.		
Paragraph 27 Campaign materials <i>must</i> not try to foster a positive impression of a particular political party or promote party political interests.	Mandatory	Sound practice
ANAO analysis: AEC did not document its consideration of this matter. The ANAO notes that the material related to the mechanics (how, when and where) of voting.		
Paragraph 28 Campaign materials <i>must</i> not:		
(a) mention the party in Government by name;	Mandatory	Sound practice
(b) directly attack or scorn the views, policies or actions of others such as the policies and opinions of opposition parties or groups;	Mandatory	Sound practice
(c) include party political slogans or images;	Mandatory	Sound practice
(d) be designed to influence public support for a political party, a candidate for election, a Minister or a Member of Parliament; or	Mandatory	Sound practice
(e) refer or link to the web sites of politicians or political parties	Mandatory	Sound practice
ANAO analysis: AEC did not document its consideration of this matter. The ANAO notes that none of the proscribed matters listed were present in the creative material.		

Source: ANAO analysis.

Table A 19

AEC's consideration of Principle 4

Principle/paragraph	Pre exemption status	Post exemption status
Paragraph 29 Campaigns <i>should</i> only be instigated where a need is demonstrated, target recipients are clearly identified and the campaign is informed by appropriate research or evidence.	Sound practice	Sound practice
ANAO analysis: AEC did not document its consideration of this matter. The ANAO notes that the AEC planned to provide information relating to voting requirements to Australians aged 18 years or over.		
Paragraph 30 Campaign information <i>should</i> clearly and directly affect the interests of recipients.	Sound practice	Sound practice
ANAO analysis: As above.		
Paragraph 31 The medium and volume of the advertising activities <i>should</i> be cost effective and justifiable within the budget allocated to the campaign.	Sound practice in part, as paragraph 31 requirements overlap with value for money requirements.	Sound practice in part
ANAO analysis: AEC relied on the advice of the Master Media Agency and did not document that it had made an explicit assessment of the overall cost-effectiveness of the recommended approach.		
Paragraph 32 Distribution of unsolicited material <i>should</i> be carefully controlled.	Sound practice	Sound practice
ANAO analysis: Not applicable.		
Paragraph 33 Campaigns <i>should</i> be evaluated to determine effectiveness.	Sound practice	Sound practice
ANAO analysis: AEC did not document its consideration of this matter. The ANAO notes that the AEC had commissioned benchmark and tracking research for the 2010 Campaign, with a final report provided to the AEC in December 2010. The research provided a post-campaign evaluation based on: understanding of the messages; awareness of the campaign; comprehension of what was being advertised; and understanding that the AEC was running the campaign. The research did not provide an evaluation as to whether the campaign had contributed to the overarching campaign purpose of maximising effective participation in the federal election.		

Source: ANAO analysis.

Table A 20

AEC's compliance with Principle 5

Principle/paragraph	Pre exemption status	Post exemption status
Paragraph 34 The manner of presentation and the delivery of campaigns <i>must</i> comply with all relevant laws including:	Mandatory	Mandatory
(a) laws with respect to broadcasting and media;	Mandatory	Mandatory
(b) privacy laws;	Mandatory	Mandatory
(c) intellectual property laws;	Mandatory	Mandatory
(d) electoral laws;	Mandatory	Mandatory
(e) trade practices and consumer protection laws; and	Mandatory	Mandatory
(f) workplace relations laws.	Mandatory	Mandatory
ANAO analysis: The AEC obtained legal advice relating to broadcasting/media and electoral laws, but did not obtain advice on other matters or laws identified in paragraph 34.		
Paragraph 35 Procurement policies and procedures for the tendering and commissioning of services and the employment of consultants <i>should</i> be followed and there <i>should</i> be a clear audit trail regarding decision making.	Sound practice in part, noting obligation to comply with FMA and CPG requirements.	Sound practice in part
ANAO analysis: AEC procurements were conducted and evidenced in accordance with the principles of the CPGs, internal procurement guidance, and the FMA Act and Regulations.		

Source: ANAO analysis.

8. DCCEE's Clean Energy Future Campaign

This chapter examines the development of DCCEE's Clean Energy Future Campaign and the processes used by the department to certify that the campaign was undertaken in accordance with the 2010 Guidelines.

Campaign overview

8.1 On 27 September 2010 the Prime Minister announced the creation of a Multi-Party Climate Change Committee (MPCCC) to help build consensus on how Australia would tackle climate change. The MPCCC would explore options for the introduction of a carbon price and report to Cabinet, through the Minister for Climate Change and Energy Efficiency (the Minister), with a range of possible policy positions informed by discussions with independent experts, the public and industry. The MPCCC would also play a role in establishing community consensus for action on climate change.³¹¹

8.2 In the context of agreeing to establish the MPCCC, the Government had agreed, on 27 September 2010, that the Minister develop options for a possible government community engagement and communications strategy on climate change.

8.3 On 24 February 2011, the Prime Minister outlined the Australian Government's proposed climate change framework, involving a two-stage plan for a carbon price mechanism—starting with a fixed price period for three to five years before transitioning to an emissions trading scheme. The Government proposed that the carbon price commence on 1 July 2012, subject to the passage of legislation.³¹²

8.4 On 28 March 2011, the Government agreed to a communications and public engagement strategy designed to build broad community consensus for

³¹¹ Joint media release, Prime Minister, Treasurer and Minister, *Prime Minister Establishes Climate Change Committee*, 27 September 2010. Available from <<http://www.climatechange.gov.au/minister/greg-combet/2010/media-releases/September/mr20100927.aspx>> [accessed 4 November 2011].

³¹² Joint media release, Prime Minister and Minister, *Climate Change Framework Announced*, 24 February 2011. Available from <<http://www.pm.gov.au/press-office/climate-change-framework-announced>> [accessed 4 November 2011]. The framework was agreed by government and Greens members of the MPCCC. The other members, Mr Tony Windsor MP and Mr Robert Oakeshott MP, had agreed that it be released for community consultation.

action to reduce Australia's carbon pollution, including increasing understanding of, and support for, the introduction of a carbon price and key elements of the strategy. The communications and engagement strategy had a number of components, including a potential advertising campaign.³¹³ The Government agreed that the Department of Climate Change and Energy Efficiency (DCCEE) would continue to explore options for an advertising campaign, which could be used once the final carbon price policy position had been decided. The advertising campaign was to be settled in the context of its consideration of the carbon price policy detail.

8.5 The Government agreed that DCCEE would lead implementation of the communications and engagement strategy, with the support of a Climate Change Communications Interdepartmental Committee (the Committee) established to ensure that departments and agencies had input into the strategy. The Committee would provide coordinated and strategic advice to a Secretary's Group on Climate Change and, through that group, to the Government on the communications and public engagement strategy. Campaign advertising elements were to be authorised by the Secretary of DCCEE in accordance with the 2010 Guidelines³¹⁴, following the receipt of advice from Finance's Communications Advice Branch (CAB) and the Independent Communications Committee (ICC).³¹⁵

8.6 The communications and public engagement strategy as a whole was expected to involve expenditure of \$25.8 million over two years: comprising \$11.3 million for public engagement activities in 2010–11 and 2011–12, and \$14.5 million for campaign advertising in 2010–11 and 2011–12. The Government agreed that \$13.7 million previously identified for another

³¹³ The advertising campaign was one component of a wider strategy and was expected to play a key role in communicating the vision of a clean energy future to the Australian community.

³¹⁴ In a briefing dated 20 May 2011, DCCEE asked the Minister to note the pros and cons of seeking an exemption from the 2010 Guidelines, but this option was not adopted.

³¹⁵ A new feature of the government advertising landscape was the involvement, from late March 2011, of the Department of the Prime Minister and Cabinet's (PM&C's) newly appointed Executive Coordinator, Strategic Policy and Implementation. The minutes of the ICC's 9 June 2011 meeting indicate that the Executive Coordinator attended that meeting to provide a briefing on the proposed modifications to the Government's campaign development process, including the new Peer Review Group. At that meeting, the Executive Coordinator also observed that: 'from its [PM&C's] perspective, the [DCCEE's] campaign would focus on trying to shift the frame of reference through which the public looks at climate change and related policy, and emphasise what the government is doing and why'.

campaign be used to fund the strategy.³¹⁶ A decision on the remaining funding of \$12.1 million would be made in the context of the Government's further consideration of the campaign advertising proposal to be developed by DCCEE.

8.7 In May 2011 the Minister asked the Government to consider proceeding with a public advertising campaign on Australia's Clean Energy Future at a proposed cost of \$31.5 million in 2011–12. The Government agreed on 23 May 2011 that the advertising campaign would be settled by the Prime Minister, Treasurer and the Minister at an appropriate time.

8.8 The Minister wrote to the Prime Minister, Treasurer and Finance Minister on 27 May 2011 seeking agreement to proceed with the Clean Energy Future (CEF) Campaign. Total funding as agreed with Finance would be \$31.5 million in 2011–12, without offsetting savings. The CEF Campaign was expected to comprise two phases³¹⁷ and three broad elements:

- Phase 1: \$12 million in 2011–12 for television, radio, print and other advertising to communicate high-level policy messages from the time that the carbon price package was settled until legislation was introduced into Parliament;
- Phase 1: an additional \$5 million in 2011–12 for a household information product, possibly for distribution as a newspaper insert³¹⁸, to be distributed before legislation was introduced into Parliament; and
- Phase 2: \$14.5 million in 2011–12 for a detailed package of information to be distributed after the passage of legislation.

8.9 In her response to the Minister of 29 May 2011, the Prime Minister agreed to a budget of \$31.5 million for the campaign and to his recommendations for the design of the campaign as outlined in his correspondence of 27 May 2011.

³¹⁶ \$29 million was originally allocated to the Climate Change Foundation Campaign, which did not proceed. \$15.3 million was subsequently returned to the Budget in March 2011 to help meet the Government's election commitment to reduce government advertising by \$60 million over the forward estimates. This left \$13.7 million for DCCEE's public communications and engagement strategy.

³¹⁷ At the time of preparation of this audit, only phase 1 had been actioned.

³¹⁸ The final product took the form of a 20-page colour booklet mailed to all (approximately 9.8 million) Australian households at a cost of \$4.2 million.

8.10 The allocation of \$31.5 million for the CEF Campaign was in addition to the \$13.7 million already allocated for the communications and public engagement strategy. Combined resourcing for the proposed communications and public engagement strategy and its component CEF Campaign therefore totalled \$42.5 million.

8.11 The Minister issued a media release on 16 June 2011 announcing elements of the communications and public engagement strategy:

the Government is committing \$12 million for a national advertising campaign. This is in addition to Government's decision in the 2011–12 Budget to fund a community-based public engagement campaign.³¹⁹

8.12 On 10 July 2011 the Government announced³²⁰ its climate change plan, *Securing a Clean Energy Future*.³²¹ The plan included putting a price on carbon pollution, promoting innovation and investment in renewable energy and improving energy efficiency. It also included a package of compensation measures to help individuals meet the costs passed through by some businesses; to include tax cuts, changes to family payments, pensions and benefits.

8.13 The CEF Campaign commenced on 17 July 2011 and was scheduled to run for five weeks, until 20 August 2011. Advertisements appeared nationally on television, radio, online and in print. A 20–page colour booklet, *What a carbon price means for you: the pathway to a clean energy future*, was also mailed to all Australian households.³²²

³¹⁹ Minister for Climate Change and Energy Efficiency, *Climate Change Public Information Campaign*, media release, 16 June 2011. Available from <http://www.climatechange.gov.au/~media/Files/minister/combet/2011/media/june/mr20110616.pdf> [accessed 14 November 2011].

³²⁰ Joint media release, Prime Minister, Treasurer, Minister, *Securing a Clean Energy Future for Australia*, 10 July 2011. Available from <http://www.treasurer.gov.au/DisplayDocs.aspx?doc=pressreleases/2011/085.htm&pageID=&min=wms&Year=&DocType=0> [accessed 4 July 2011].

³²¹ Four documents formed the Clean Energy Plan: *Securing a Clean Energy Future: The Australian Government's Climate Change Plan*; *Securing a Clean Energy Future: The Australian Government's Climate Change Plan in Summary*; *Supporting Australian Households: Helping Households Move to a Clean Energy Future*; and *Clean Energy Australia: Investing in the Clean Energy Sources of the Future*. Available from <http://www.cleanenergyfuture.gov.au/clean-energy-future/our-plan/> [accessed 4 November 2011]. The Government released its legislative package on 28 July 2011.

³²² The booklet was intended to reach approximately 9.8 million households. Delivery to metropolitan addresses in NSW, Victoria, Queensland and the ACT commenced in the first week of August 2011. All households (metropolitan, regional, rural and remote) were expected to receive the booklet by the end of August 2011.

8.14 In subsequent correspondence to the Prime Minister of 2 August 2011, the Minister advised of an additional media buy of \$1.9 million for Phase 1 of the CEF Campaign, bringing the total cost of the Phase 1 advertising buy to \$13.4 million. The additional expenditure was to be drawn from the \$14.5 million budget for the anticipated Phase 2, and was a response to tracking research on Phase 1, conducted after its launch on 17 July 2011, which indicated that while the campaign was tracking well, there remained confusion in the public mind on the key elements of the government policy being communicated. The Minister expressed concern that the confusion was likely to be exacerbated as a result of competing advertisements on similar themes then underway and also because of the breadth of messages the campaign was being asked to carry.

8.15 In further correspondence of 25 August 2011, the Minister advised the Prime Minister that the campaign would be extended for a further three and a half weeks to 13 September 2011, on similar grounds. The extension would include a two-week advertising hiatus followed by 'an intense advertising burst' from 4 to 13 September 2011. The cost of the additional media buy was \$3.5 million, bringing the total planned cost of the Phase 1 advertising media buy to \$16.9 million.³²³ The additional expenditure would also be drawn from the budget for the anticipated Phase 2, leaving approximately \$10 million (of the original \$14.5 million) available for Phase 2 should it proceed.

8.16 While Phase 1 of the CEF Campaign ended on 13 September 2011³²⁴, the television advertisements continued to be screened on YouTube in their original format until 19 September 2011, and YouTube continued to screen material that had messages consistent with the advertisements, using graphics that were consistent with the advertisements and that directed audiences to the CEF website, in the same way that the other advertising material did. The campaign material also continued to be available on the

³²³ The final total expenditure for Phase 1 of the CEF Campaign media buy was \$16,208,614 (ex GST). DCCEE advised the amount was less than the initially anticipated \$16.9 million due to media availability at the time of booking.

³²⁴ The relevant Bills were introduced to Parliament on 13 September 2011. The ICC had expressed concerns about the continuation of advertising once the legislation had been introduced into Parliament. The ICC had also noted specific concerns about campaign advertising continuing while the carbon pricing legislation was before the Parliament. At the ICC meeting of 24 August 2011 it was recorded by the ICC Secretariat that DCCEE indicated that advertising would cease before legislation was introduced into the Parliament.

'<http://www.cleanenergyfuture.gov.au>' website in an identical format to the television and radio advertisements. In the course of the audit, DCCEE informed the ANAO that in its opinion the use of YouTube and the website did not constitute paid media placement under paragraph 9 of the 2010 Guidelines, as people had to seek out the information.³²⁵

8.17 A summary of the CEF Campaign objectives, planned timings, target audience, budget and media spend are outlined in Table 8.1. Examples of CEF Campaign final creative materials are included at Appendix 9 and Appendix 10 to this report.

³²⁵ Paragraph 9 provides that for the purposes of the Guidelines, 'an advertising campaign involves paid media placement and is designed to inform, educate, motivate or change behaviour.'

Table.8.1

Summary of the Clean Energy Future Campaign

Summary		
Objective	<p>The objectives of the CEF Campaign were to:</p> <ul style="list-style-type: none"> • set the vision and gain support for a clean energy future; • raise awareness about the suite of measures the Government has already introduced and is planning to introduce (including a carbon price) to reduce Australia's carbon pollution; • raise awareness of the assistance packages in place to help households manage potential financial impacts resulting from a carbon price; • mitigate confusion and anxiety within the community; and • re-direct the community to the clean energy future website to find out more. 	
Timing	<p>The campaign was designed to be implemented across two phases^a:</p> <ul style="list-style-type: none"> • Phase 1—from the time the carbon price package was settled, until legislation was introduced; • Phase 2—after the passage of carbon price legislation. 	
Target audience	<p>Primary target audiences:</p> <p>Of the five identified audience segments^b across the Australian public, the primary target audience groups were:</p> <ul style="list-style-type: none"> • Segment 3 and Segment 1 • Segment 4 <p>A secondary target for the campaign was Segment 2</p> <p>Segment 0 was not a target audience for the campaign.</p>	
Planned media spend (GST inc)	<p>Total Phase 1:</p> <p>Total Phase 2:</p> <p>TOTAL:</p>	<p>\$17m</p> <p>\$14.5m</p> <p>\$31.5</p>

Source: ANAO analysis.

Note^a: At the time of preparation of this audit, only phase 1 had been actioned.

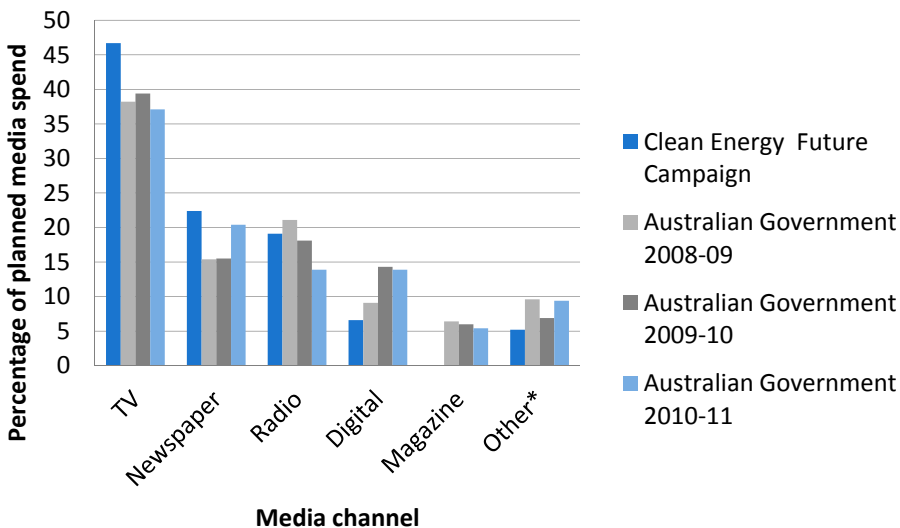
Note^b: See Table 8.7 for further detail on the five audience segments.

Media channels

8.18 Figure 8.1 identifies the percentage of anticipated expenditure across the chosen media channels for the CEF Campaign compared with the overall percentage of media placement expenditure by the Australian Government in 2008–09, 2009–10 and 2010–11. The media summary does not include expenditure spent on the household mail-out booklet that was developed independently from the planned media channels put forward by the Master Media Agency.

Figure 8.1

Planned media for the Clean Energy Future Campaign



Source: ANAO analysis.

Other*: 'Other' refers to NESB, Indigenous, Out of Home and Print Handicapped media. For the CEF Campaign, 3.14 per cent was for NESB, 1.8 per cent was for Indigenous, and 0.26 per cent was for Print Handicapped media.

8.19 The above figure illustrates that for the CEF Campaign, a significantly larger proportion of the total media expenditure was allocated to the traditional advertising medium of television, rather than other media.

Compliance with the 2010 Guidelines

8.20 The Government's Clean Energy Plan was a complex package and DCCEE relied heavily on the work of other agencies, particularly the Treasury, for technical input when developing the CEF Campaign. The Government had agreed on 28 March 2011 that DCCEE would lead the implementation of the community engagement strategy and that advertising campaign elements were to be authorised by DCCEE in accordance with the 2010 Guidelines. The ANAO has, accordingly, examined the steps taken by DCCEE to ensure that the CEF Campaign complied with the 2010 Guidelines. The ANAO assessed compliance against the mandatory certification, publication and reporting requirements in paragraphs 14 and 17 of the 2010 Guidelines, and the five Information and Advertising Campaign Principles.

8.21 The ANAO also notes that paragraph 15 of the 2010 Guidelines provides that information campaigns³²⁶ of \$250 000 or more, such as the non-advertising components of the Government's communications and public engagement strategy (strategy), must comply with the Guidelines but are not subject to review by the ICC or certification by the agency chief executive. The ANAO did not assess compliance against the Guidelines of the non-advertising elements of the strategy—such as the CEF website³²⁷—as the audit scope related to the CEF advertising campaign.

Compliance with certification, publication and reporting requirements

8.22 DCCEE complied with the certification, publication and reporting requirements in paragraphs 14 and 17 of the 2010 Guidelines. Table 8.2 summarises the ANAO's findings.

8.23 DCCEE exercised its discretion under paragraph 17 not to publish the developmental research report for the campaign, and DCCEE advised that

³²⁶ Paragraph 7 of the 2010 Guidelines provides that a 'campaign' is 'a planned series of communication activities that share common objectives, target the same audience and have specific timelines and a dedicated budget'. A distinction is drawn between an 'advertising campaign', which includes media placement, and an 'information campaign', which does not include media placement. This description of an information campaign would appear to describe the integrated 'communications and public engagement strategy', which was designed to build a broad community consensus for action, had specific timelines for its implementation and a dedicated budget of \$42.5 million.

³²⁷ <<http://www.cleanenergyfuture.gov.au/>> [accessed 14 November 2011].

information contained in the report was deemed to be Cabinet-in-Confidence, in the context of a request for its release under Freedom of Information (FOI).

8.24 There was also a delay in placing the chief executive's campaign certifications on the DCCEE website. While the campaign was launched on 17 July 2011, the certifications were not placed on the website until after 4 August 2011. Paragraph 14 of the 2010 Guidelines provides for certifications to be placed on an agency's website 'when' (not after) a campaign is launched.

8.25 As the campaign had not concluded during the 2010–11 financial year, details were not included in DCCEE's 2010–11 annual report. However, payments made for services provided in the development of the CEF Campaign were included.³²⁸

8.26 Finance did not include details of the CEF Campaign in the *Campaign Advertising by Australian Government Departments and Agencies—Full Year Report 2010–11*,³²⁹ because the CEF Campaign advertising did not launch until 17 July 2011, while the report covered the period 1 July 2010 to 30 June 2011.

³²⁸ Department of Climate Change and Energy Efficiency, *2010–11 Annual Report*, p. 214.

³²⁹ Department of Finance and Deregulation, *Campaign Advertising by Australian Government Departments and Agencies—Full Year Report 2010–11*, Financial Management Group, September 2011.

Table 8.2

Compliance with certification, publication and reporting requirements

Element	Status	Was it done?	Date completed / ANAO comments
Paragraph 14. For advertising campaigns of \$250 000 or more:			
The Independent Communications Committee <u>will</u> consider the proposed campaign and provide a report to the Chief Executive on compliance with Principles 1, 2, 3 and 4 of the Guidelines. Agencies <u>will</u> be responsible for providing a report to their Chief Executive on campaign compliance with Principle 5 of the Guidelines.	Mandatory	✓	ICC provided five reports to DCCEE chief executive: <ul style="list-style-type: none"> • 14 July 2011 • 18 July 2011 (household booklet) • 28 July 2011 (NESB and Indigenous material) • 1 August 2011 (additional media buy) • 24 August 2011 (further additional media buy).
Following consideration of the reports on campaign compliance, the Chief Executive <u>will</u> certify that the campaign complies with the Guidelines and relevant government policies.	Mandatory	✓	DCCEE chief executive completed five certification documents for CEF campaign: <ul style="list-style-type: none"> • 14 July 2011 • 19 July 2011 (household booklet) • 29 July 2011 (NESB and Indigenous material) • 2 August 2011 (additional media buy) • 25 August 2011 (further additional media buy).
The Chief Executive <u>will</u> give the certification to the relevant Minister who may launch the campaign or approve its launch.	Mandatory	✓	Minister approved launch dates for CEF campaign: <ul style="list-style-type: none"> • 14 July 2011 (initial launch) • 19 July 2011 (household booklet) • 28 July 2011 (NESB and Indigenous material) • 2 August 2011 (additional media buy) • 25 August 2011 (further additional media buy).
The Chief Executive's certification <u>will</u> be published on the relevant department's web site when the campaign is launched.	Mandatory	✓	CEF campaign started on 17 July 2011. CEO certifications were not placed on DCCEE website until after 4 August 2011.
The conclusions of the Independent Communications Committee <u>will</u> be published on Finance's web site after the campaign is launched.	Mandatory	✓	The five ICC reports were published on the Finance website during July and August 2011.

Element	Status	Was it done?	Date completed / ANAO comments
Paragraph 17. Chief Executives <u>will</u> ensure that:			
Research reports for advertising campaigns with expenditure of \$250 000 or more are published on their agency's web site following the launch of a campaign <u>where it is appropriate to do so</u> ; and	Not mandatory due to caveat	✗	DCCEE's developmental research report was not published due to FOI exemption.
Details of advertising campaigns undertaken <u>will</u> be published in agency annual reports.	Mandatory	✓	CEF Campaign had not concluded during 2010–11 annual reporting period. Payments made for services provided in the development of the CEF Campaign were included in 2010-11 annual report.

Source: ANAO analysis. Emphasis added.

Note: Ticks and crosses indicate the ANAO's assessment of whether a process was undertaken.

Compliance with the five Information and Advertising Campaign Principles

8.27 In its letters to DCCEE dated 14, 18 and 28 July, and 1 and 24 August 2011, the ICC confirmed that it had undertaken a review of the CEF Campaign's compliance with the 2010 Guidelines and concluded that the campaign complied with Principles 1 to 4.³³⁰

8.28 The ANAO examined the process through which the CEF Campaign was certified as compliant with the five Information and Advertising Campaign Principles. This was done by reviewing the Statements of Compliance for Principles 1 to 4 provided to the ICC by DCCEE³³¹, the formal record of the ICC's conclusions in relation to the campaign³³², the DCCEE chief

³³⁰ While the ICC did not specifically identify compliance with each sub-paragraph in its review letters (consistent with its normal practice) it issued a positive review for the entire principle.

³³¹ The Statement of Compliance provided to the ICC on 18 July 2011 was used for this purpose. Had that version not been available from the ICC records maintained by Finance, there would have been some uncertainty as to the status of that document, as the versions provided to the ANAO by DCCEE were undated and unreferenced.

³³² The ICC provided five reports to DCCEE on the CEF Campaign: 14 July 2011; 18 July 2011 (household mail-out booklet); 28 July 2011 (NESB and Indigenous material); 1 August 2011 (additional media buy); and 24 August 2011 (further additional media buy).

executive's Certification Statements for the campaign³³³, and related records of the ICC, Finance, DCCEE and the Treasury.

8.29 The ANAO's examination was complicated by record keeping and approval practices which fell short of sound administrative practice. DCCEE was often unable to provide complete versions of ministerial briefs of auditable quality. This resulted from the departmental practice of only scanning into the ministerial correspondence system the cover page of ministerial briefs and relying on officials to place the full version on local files. As a consequence, the ANAO was provided with composite briefs comprising a scanned front page sourced from the ministerial tracking system, with the remaining pages sourced from elsewhere.

8.30 Further, while the front pages of ministerial briefs were signed and dated by the Minister, the majority of briefs provided to the ANAO were not signed or initialled by the official tendering the advice. Ministerial briefs tendered by the Secretary were an exception. In a number of cases ministerial briefs were stamped as 'signed' above the responsible official's signature block—a practice which lends no additional authority to a document.

8.31 In the course of the audit, DCCEE advised that its record keeping and approval practices would be amended to ensure that officials sign their advice to ministers and parliamentary secretaries, and agency files contain signed copies of ministerial advice.

Principle 1—Campaigns should be relevant to government responsibilities

8.32 DCCEE's Statements of Compliance to the ICC and the chief executive's certifications contained reasonable representations of the CEF Campaign's compliance with Principle 1. The ANAO's findings are summarised at Appendix 5 to this chapter.

8.33 The campaign related directly to Commonwealth responsibilities and a range of initiatives which were variously supported by legislative authority, parliamentary appropriations and government decisions intended to be implemented during the current Parliament.

³³³ The DCCEE Secretary completed five certification documents for the CEF campaign: 14 July 2011; 19 July 2011 (household booklet); 29 July 2011 (NESB and Indigenous material); 2 August 2011 (additional media buy); and 25 August 2011 (further additional media buy).

Principle 2—Campaign materials should be presented in an objective, fair and accessible manner and be designed to meet the objectives of the campaign

8.34 DCCEE's Statements of Compliance to the ICC and the chief executive's certifications contained reasonable representations of the CEF Campaign's compliance with paragraphs 20, 22, 23, 24 and 25 of the 2010 Guidelines. The ANAO's findings are summarised at Appendix 5 to this chapter.

Paragraph 20

8.35 Paragraph 20 provides that campaign materials should enable the recipients of information to distinguish between facts, comment, opinion and analysis.

8.36 Where legislation has not been passed before the launch of an advertising campaign, information in creative material which is presented as fact carries the risk of changing if the legislation is amended or does not pass. There was some inconsistency in CEF Campaign materials identifying that information relating to the carbon pricing mechanism may change subject to the passage of legislation. The ICC had discussed with DCCEE the need to be clear in the print advertisement and household booklet that the introduction of the carbon price and associated measures were subject to the introduction of legislation, and DCCEE included disclaimers in the household booklet and print advertisement. The Introduction to the household mail-out stated that:

From 1 July next year, subject to legislation being passed, the biggest polluters will pay for every tonne of carbon pollution they put into the atmosphere.³³⁴

8.37 The print advertisement stated:

That's why the Government will introduce legislation to implement a range of initiatives—including a carbon price.³³⁵

8.38 However, the radio and television advertisements did not contain statements to identify that the proposed carbon price was subject to legalisation. While some of the advertisements were of 'real' people (not actors) voicing statements relating to the work they did or the opinions they

³³⁴ Department of Climate Change and Energy Efficiency, *What a carbon price means for you*, July 2011, household booklet, p. 3.

³³⁵ Department of Climate Change and Energy Efficiency, *What a carbon price will mean for you*, print advertisement, July 2011.

held, others contained a mix of opinions and voice-over statements. One television advertisement included the following statements of fact in a voice-over, without further explanation:

Australians are already working for a clean energy future. But a carbon price will help us do more.

More than half the money raised will go to households. In fact, 9 in 10 households will receive tax cuts, increased payments or both.

And with the rest we'll be supporting jobs and investing in our clean energy future.³³⁶

8.39 The risk of providing the community with information that may change is likely to be higher where the underlying policy position is still subject to active debate, and there would have been merit in considering the use of disclaimers in those circumstances.

8.40 The use of both voiceovers and 'real Australians' telling their stories, had some further potential implications for compliance with Paragraph 20—the risk that recipients of the information might not be able to distinguish between facts, comment, opinion and analysis. However, the proposed creative concept testing did not indicate that research subjects were confused between the opinions voiced by 'real people' and the information conveyed in voice-overs. This was supported by the use of 'sliders'³³⁷ as part of the campaign tracking research for the campaign, indicating that audiences were comfortable in distinguishing between opinions and other statements.

Paragraph 21

8.41 Paragraph 21 provides that where information is presented as fact, it should be accurate and verifiable.

³³⁶ Department of Climate Change and Energy Efficiency, Television advertisement, *Assistance 11/7 45 secs*.

³³⁷ Sliders are devices provided to testing audiences when viewing creative material for television advertisements. They are instructed to move the slider towards the top when hearing or seeing something they feel more positive about and to move the slider towards the bottom as they feel less positive. Where a voice-over occurred in an advertisement, audience sliders all moved towards the bottom, indicating they were less positive about the information conveyed in that way. This led the research agency to comment that 'the role played by voice-overs should be reviewed, with possible options being to reduce the complexity and volume of information they convey in any single TVC'.

8.42 An important component of DCCEE's Statement of Compliance to the ICC was a 'matrix of factual statements and supporting sources.'³³⁸ The matrix was attached to DCCEE's Statement of Compliance for the household mail-out booklet and referenced the sources for 142 discrete statements appearing in the campaign.³³⁹ In preparing the matrix, DCCEE established a process to document information sources, including an e-mail process to consult with the Treasury on campaign statements relating to its responsibilities.³⁴⁰

8.43 Of the 142 campaign statements referenced in the matrix, 52 of the sources (37 percent) cited were found to be insufficient³⁴¹, inconsistent³⁴² or indirect.³⁴³ While acknowledging the significant effort invested by DCCEE in preparing and updating the matrix³⁴⁴, DCCEE did not in all cases establish a clear line of sight between the statements appearing in the campaign and the sources of support recorded in the matrix.³⁴⁵ Table 8.3 summarises the ANAO's review of the matrix.

³³⁸ At its meeting with DCCEE and Finance on 23 June 2011, the ICC had noted that the 2010 Guidelines require campaign materials to clearly distinguish between facts, comment, opinion and analysis, and that DCCEE should have regard to this when preparing its supporting Statement of Compliance.

³³⁹ The matrix advised on the following campaign elements: (1) overarching television advertisement; (2) 'employment' alternative 60 second advertisement; (3) 'potential' alternative 60 second advertisement; (4) 'assistance' 45 second television advertisement; (5) 'big polluters' 45 second television advertisement; (6) 'environmentally effective' 45 second television advertisement; (7) 'big polluters' 45 second radio advertisement; (8) 'environmentally effective' 45 second radio advertisement; (9) 'assistance' 30 second radio advertisement; (10) print advertisements; and (11) household mail-out.

³⁴⁰ Treasury was able to demonstrate improvement in its internal processes for the co-ordination of input to DCCEE, informed by its experience in developing the Tax Reform Campaign, although there was some inconsistency in implementing the revised arrangements, with internal clearance forms not fully completed in all cases.

³⁴¹ Where the source reference partly supported the statement, or certain aspects of statements, or where the source reference was not considered specific enough.

³⁴² Where the source reference contained information that was inconsistent with the information stated in the advertising material.

³⁴³ Where the reference provided did not contain information that related to the statements in the advertising material, or if the reference was to a website link that does not work.

³⁴⁴ The matrix was updated and re-submitted to the ICC continuously. Updates were attached to the five separate Statements of Compliance prepared by DCCEE.

³⁴⁵ It is important to note that while issues were identified with the sources cited by DCCEE for campaign statements, this did not mean that the statements themselves were wrong or could not be supported by other sources of information.

Table 8.3**Analysis of DCCEE campaign statements matrix and supporting sources**

Campaign Element	No. of Statements	Opinion	Other	ANAO assessment of 'other' statements (when not opinion)			
				Indirect Reference ^a	Insufficient Reference ^b	Inconsistent Reference ^c	Total:
TV	33	20	13	4	7	1	12
Radio	7	1	6	2	3	0	5
Print	3	0	3	0	3	0	3
Household mail-out	99	0	99	6	18	8	32
Total:	142	21	121	12	31	9	52

Source: ANAO analysis.

Note: The ANAO reviewed the information provided in support of each factual statement as documented in DCCEE's Statement of Compliance matrix provided to the ICC for review on 18 July 2011.

Note ^a: Indirect reference: where the reference provided did not contain information that related to the statements in the advertising material, or if the reference was to a website link that does not work.

Note ^b: Insufficient reference: where the source reference partly supported the statement, or certain aspects of statements, or where the source reference was not considered specific enough.

Note ^c: Inconsistent reference: where the source reference contained information that was inconsistent with the information stated in the advertising material.

8.44 A 20-page colour booklet³⁴⁶ mailed to 9.8 million households during August 2011, at a cost of approximately \$4.2 million, was an important element of the Clean Energy Future Campaign. DCCEE's matrix advised on 99 discrete statements appearing in the household mail-out, including four 'headline' statements appearing prominently at the beginning of the document. The ANAO was required to access material not cited by DCCEE in the matrix to establish an authoritative source—Treasury modelling and distributional analysis—for the headline statements. The results of the ANAO's review are summarised in Table 8.4.

Table 8.4

ANAO analysis of the four headline statements in household mail-out

No.	Statement appearing in mail-out ^a	Source document cited by DCCEE in Statement of Compliance ^b	Additional Treasury evidence provided in the course of the audit ^c
1	<i>What the carbon price package means for Australian households... 9 in 10 households will receive some combination of tax cuts and increased payments to help them with the cost of living impact of the carbon price.</i>	The Plan, page xiv. The source document stated that: ' About nine out of ten households will receive some assistance' (see p. xiv).	Treasury's internal distributional analysis of the final Clean Energy Future household assistance package of 8 July 2011 showed that 92 per cent of households were estimated to receive some combination of tax cuts and increased payments to help them with the cost of living impact of the carbon price.
<p>ANAO analysis/comment</p> <p>The statement in the household mail-out was emphatic—that 9 in 10 households 'will' receive some combination of assistance. In contrast, the source document was qualified—stating that 'about' 9 in 10 households would receive some combination of assistance.</p> <p>Additional Treasury evidence supported the statement that more than 9 in 10 households (92 per cent) were estimated to receive some combination of assistance, lending support to the statement in the household mail-out. However, support for the statement required access to material not cited in the matrix.</p> <p>The statement did not imply that 9 in 10 households would receive full compensation for the impacts of the carbon price, as suggested by some commentators during the campaign. The statement referred to the number of households to receive some combination of tax cuts and increased payments.</p>			

³⁴⁶ Australian Government, *What a carbon price means for you: the pathway to a clean energy future*. Available from <http://www.cleanenergyfuture.gov.au/wp-content/uploads/2011/08/What_a_carbon_price_means_to_you.pdf> [accessed 9 December 2011].

No.	Statement appearing in mail-out ^a	Source document cited by DCCEE in Statement of Compliance ^b	Additional Treasury evidence provided in the course of the audit ^c
2	<p><i>What the carbon price package means for Australian households...</i></p> <p><i>Over 1 million extra Australians will no longer need to lodge a tax return.</i></p>	<p>The Plan, pages 37 and 38.</p> <p>The source document stated that:</p> <p>'These two rounds of major tax reform will free over 1 million people from having to lodge a tax return and boost the returns to work' (p. 37).</p> <p>'In all, these tax cuts will mean that over 1 million people will be freed from the tax system' (p.38).</p>	<p>Treasury modelling dated 3 June 2011 estimated that the lower bound estimate of the number of tax filers that may have no legal requirement to lodge by 2015–16 due to the tax reform was 1 040 000 tax filers.</p> <p>Additionally, Treasury advised that it estimated that following the second round of tax cuts in 2015–16 over a million individuals who would have been required to lodge a tax return prior to the personal tax changes in the Clean Energy Future Plan would no longer need to lodge a tax return as a result of the reforms.^d</p>
<p>ANAO analysis/comment</p> <p>Additional Treasury evidence supported the statement that after two rounds of tax cuts, a tax-free threshold of \$19 400 would mean that over a million people need no longer go to the effort of lodging annual tax returns.</p>			
3	<p><i>What the carbon price package means for Australian households...</i></p> <p><i>Almost 6 million households will be assisted to meet their average price impact.</i></p>	<p>The Plan, page 48.</p> <p>The source document stated that:</p> <p>'Making sure 5.7 million Australian households are assisted to meet their average price impacts...'</p>	<p>Treasury's internal distributional analysis of the final Clean Energy Future household assistance package of 8 July 2011 showed that 5 657 068 households were estimated to be assisted to meet their average price impact.</p>
<p>ANAO analysis/comments</p> <p>The source document repeated the statement. Additional Treasury evidence was required to support the statement.</p>			
4	<p><i>What the carbon price package means for Australian households...</i></p> <p><i>Over 4 million households will get assistance that is at least 20 per cent more than their average price impact.</i></p>	<p>The Plan, page 40.</p> <p>The source document stated that:</p> <p>'Approximately 90 per cent of low income households will receive assistance that exceeds their expected average price impact by around 20 per cent.'</p>	<p>Treasury's internal distributional analysis of the final Clean Energy Future household assistance package of 8 July 2011 showed that 4 247 663 households were estimated to be assisted by more than 120 per cent of their average price impact.</p>
<p>ANAO analysis/comments</p> <p>On its face, the source document did not provide support for the statement as it specified the percentage of low income households to receive assistance, not the number. There was also a discrepancy between the statement (which indicated that assistance will be at least 20 per cent more) compared to the source document (which indicated assistance of around 20 per cent more).</p> <p>Additional Treasury evidence lent support to the statement that over 4 million (4.2 million) households were estimated to be assisted by more than 120 per cent of their average price impact. However, support for the statement required access to material not cited in the matrix.</p>			

Source: ANAO analysis.

Note ^a: Emphasis added.

Note ^b: The source document cited for each statement was *Securing a clean energy future for Australia: The Australian Government's climate change plan* (the Plan).

Note ^c: Treasury advised the ANAO that statements 1, 3 and 4 were based on distributional analysis of the final Clean Energy Future household assistance package which was modelled by Treasury and circulated to relevant agencies, including DCCEE, in a Cabinet submission. Treasury also advised that it had undertaken the modelling underlying statement 2.

Note ^d: Treasury advice to ANAO, 2 December 2011.

8.45 Further, the matrix did not advise on three key statements appearing in the Introduction to the household mail-out, and the ANAO was required to assess comparable statements appearing elsewhere in the household mail-out which were referred to in the matrix. For two of the key statements, it was necessary to access material not cited by DCCEE to establish an authoritative source—Treasury information and DCCEE calculations.³⁴⁷ The results of the ANAO's analysis are summarised in Table 8.5.

³⁴⁷ In the case of the key statement relating to the 500 biggest polluters paying the carbon tax, the source cited in the matrix only provided a starting point for further calculation and presumed prior knowledge of the operation of related legislation in order to undertake that calculation.

Table 8.5

ANAO analysis of three key statements in household mail-out 'Introduction'

No.	Statement appearing in Introduction	Related statement(s) in household mail-out and source cited in matrix ^a
1	<p><i>The carbon price package will ensure that by the end of the decade Australia will cut 160 million tonnes of pollution from the atmosphere each year. That's the equivalent of taking 45 million cars off the road.</i></p> <p>Source: Not provided in matrix.</p>	<p><i>By 2020 the carbon price package will take 160 million tonnes of pollution out of the atmosphere every year. That's the equivalent of taking forty-five million cars off the road (p.6)</i></p> <p>Source: 'Treasury modelling report p.6—Australia's abatement task—159 Mt'</p>
<p>ANAO analysis/comment</p> <p>The matrix cited, as the source for this statement, 'Australia's abatement task' at page 6 of the Treasury modelling.^b Page 6 of the Treasury modelling states that: 'To meet the Australian Government's unilateral emission reduction targets, the abatement task is 159 Mt CO₂-e in 2020.'</p> <p>However, page 6 of the modelling did not refer to the number of cars this equated to. DCCEE advised that the 159 Mt CO₂-e has been rounded to the nearest 10 million tonnes and the 45 million car figure was derived from this number assuming each car emits on average 3.5 tonnes of emissions each year.</p>		
2	<p><i>...over half of the money raised from the carbon price will be used to fund tax cuts, pension increases and higher family payments</i></p> <p>Source: Not provided in matrix.</p>	<p><i>...over half of the money raised under the carbon price will be used by the Government to cut taxes and increase payments to assist households, as detailed in this booklet (p.7)</i></p> <p>Source: 'Consistent with the announced carbon price package, Securing a Clean Energy Future for Australia, p.37, 38-39 and p.131 fiscal table'</p>
<p>ANAO analysis/comment</p> <p>The matrix cited, as the source for this statement, that it was 'consistent with the announced carbon price package' and referred to pages 37–39 and the fiscal table at page 131 of <i>Securing a clean energy future for Australia: The Australian Government's climate change plan</i>.</p> <p>The fiscal table at page 131 indicated that over the forward estimates, revenue from the sale of permits (\$24 470 million) and revenue from the application of the carbon price via other measures (\$930 million) totalled \$25 400 million, while household assistance measures totalled \$15 356 million—over half the estimated revenue.</p>		
3	<p><i>...the biggest polluters will pay for every tonne of carbon pollution they put into the atmosphere</i></p> <p>Source: Not provided in matrix.</p>	<p><i>A carbon price is not a tax on households—it will be paid by Australia's biggest polluters. This means around 500 big polluters will be required to pay for their pollution (p.7).</i></p> <p><i>The carbon price will be paid by around 500 of Australia's largest polluters. They will need a permit for every tonne of carbon pollution they produce. The cost of that permit is the carbon price (p.8).</i></p> <p>Source: 'Consistent with the announced carbon price package, Securing a Clean Energy Future for Australia, p.21 pp.104–105 (coverage and liable entities, table 4)'</p>

No.	Statement appearing in Introduction	Related statement(s) in household mail-out and source cited in matrix ^a
<p>ANAO analysis/comments</p> <p>The matrix cited, as the source for this statement, that it was 'consistent with the announced carbon price package' and referred to page 21 and pages 104–105 (Table 4: Coverage and liable entities) of <i>Securing a clean energy future for Australia: The Australian Government's climate change plan</i> (the Plan).</p> <p>While page 21 of the Plan contains two similar statements on this matter^c there is no further explanation of the basis for the statement. The ANAO further notes that while Table 4 in the Plan records the threshold for determining whether a facility will be covered by the carbon pricing mechanism^d it does not, on its face, provide an explanation of the statements relating to the 500 biggest polluters.</p> <p>The information provided in Table 4 does, however, provide a starting point for a skilled and highly informed reader to calculate the number of businesses potentially affected by the carbon price, provided the reader also has a detailed knowledge of the operation of the <i>National Greenhouse and Energy Reporting Act 2007</i>—which is not referred to in Table 4.^e</p>		

Source: ANAO analysis.

Note^a: Source document cited by DCCEE in the matrix attached to its Statement of Compliance to the ICC, 18 July 2011. As no source document(s) were cited for the statements appearing in the Introduction, the ANAO's analysis was based on similar statements appearing elsewhere in the household mail-out, which were cited in the matrix attached to DCCEE's Statement of Compliance of 18 July 2011.

Note^b: The Treasury, *Strong Growth, Low Pollution: Modelling a Carbon Price—Report*, 2011; and The Treasury, *Strong Growth, Low Pollution: Modelling a Carbon Price—Overview*, 2011. An update of the Treasury modelling was released on 21 September 2011, but was not relevant in the context of the CEF Campaign.

Note^c: The first statement is that: 'Around 500 of the biggest polluters in Australia will be required to pay for their pollution under the carbon pricing mechanism.' The second statement is that: 'The carbon pricing mechanism will apply directly to around 500 of the biggest polluters in Australia. The 50 largest polluters will be responsible for around 75 per cent of the pollution covered by the carbon pricing mechanism.'

Note^d: The table records that: 'In general, a threshold of 25 000 tonnes of CO₂-e will apply for determining whether a facility will be covered by the carbon pricing mechanism.'

Note^e: The Act introduced a single national framework for the reporting and dissemination of information about greenhouse gas emissions, greenhouse gas projects, and energy use and production of corporations. It is available from <<http://www.climatechange.gov.au/reporting>> [accessed 10 November 2011]. The basis for the calculation can be found in Table 4 at page 105 of *Securing a Clean Energy Future—The Australian Government's Climate Change Plan*, which states that: 'In general, a threshold of 25,000 tonnes of CO₂-e will apply for determining whether a facility will be covered by the carbon pricing mechanism. All scope 1 (direct) emissions covered by the carbon pricing mechanism, and legacy waste emissions, will count towards thresholds, but not scope 1 emissions from fuels or other sources excluded from the carbon pricing mechanism.'

8.46 While DCCEE adopted a sound approach in preparing the matrix, the initiative was not well implemented as the department was not able to establish a clear line of sight between many of the statements presented as fact in the campaign and the sources cited in the matrix to support those statements. There were also instances where the sources cited by DCCEE did not, on their face, support statements presented as fact in campaign materials, and further research and analysis was necessary to document a source for those statements.

8.47 In light of its experience in developing the Clean Energy Future Campaign, there would be merit in DCCEE reviewing its campaign certification processes to establish a clearer line of sight between information presented as fact in a campaign and the sources cited in support of that information. The review would beneficially include consideration of the department's approach on how best to present information in significant campaign statements that are based on analysis, such as expert advice and modelling. The review could also usefully inform the development of any future advertising campaigns, including Phase 2 of the CEF Campaign should it proceed.

Other campaign statements

8.48 During the CEF Campaign, concerns were raised as to whether the statement that a carbon price would only be paid by around 500 of Australia's big polluters was misleading, due to the impact—on a larger number of businesses—of the Fuel Tax Legislation Amendment (Clean Energy) Bill 2011.³⁴⁸ The statement appeared as follows in the household mail-out booklet:

A carbon price is not a tax on households—it will be paid by Australia's biggest polluters. This means around 500 big polluters will be required to pay for their pollution.³⁴⁹

The carbon price will be paid by around 500 of Australia's largest polluters. They will need a permit for every tonne of carbon pollution they produce. The cost of that permit is the carbon price.³⁵⁰

³⁴⁸ The Bill was released on 28 July 2011.

³⁴⁹ Australian Government, *What a carbon price means for you: the pathway to a clean energy future*, p.7.

³⁵⁰ *ibid.*, p.8.

8.49 At the time the CEF Campaign was underway, the proposed treatment of transport under the Climate Change Plan was addressed in the exposure draft of the Fuel Tax Legislation Amendment (Clean Energy) Bill 2011, the Treasury's published commentary on the provisions of the Bill, and Table 5 of the policy document, *Securing a Clean Energy Future—The Australian Government's Climate Change Plan*. Those sources are summarised in Table 8.6.

Table 8.6

Treatment of transport under the Climate Change Plan

<p>Fuel Tax Legislation Amendment (Clean Energy) Bill 2011, p.3.</p> <p>The Bill was intended to amend the <i>Fuel Tax Act 2006</i> to add the following clause:</p> <p><i>Your fuel tax credit entitlement is reduced by the amount equivalent to what the carbon price on the fuel emissions would be (if those emissions were subject to a carbon price).</i></p>
<p>Fuel Tax Legislation Amendment (Clean Energy) Bill 2011, Commentary on provisions, the Treasury, 28 July 2011, p.3.</p> <p>The Treasury's commentary on the Bill stated that:</p> <p><i>Businesses generally pay no effective excise on the fuel they use as their excise is offset under the fuel tax credit scheme. By reducing existing fuel tax credits by an amount equal to the carbon price, the Government will impose, though the existing fuel tax regime, an effective carbon price on business liquid and gaseous fuel emissions.</i></p>
<p>Securing a Clean Energy Future—The Australian Government's Climate Change Plan, p.105.</p> <p>Table 5: Treatment of Transport, stated that:</p> <p><i>Light commercial vehicles (vehicles 4.5 tonnes or less gross vehicle mass) and households will not face a carbon price on the fuel they use for transport. In addition, the agriculture, forestry and fishery industries will not pay a carbon price on their fuel use. Other business transport emissions from liquid fuels (rail and shipping) and non-transport emissions from businesses using liquid fuels will be subject to an equivalent carbon price, generally applied by reducing business fuel tax credits by an amount equivalent to that of placing the carbon price on liquid fuel emissions.</i></p>

Source: ANAO analysis.

8.50 Under the proposed Climate Change Plan, two of the key mechanisms to cut CO₂ emissions were:

- a 'carbon price' set out in the Clean Energy Bill 2011—which was intended to change production processes and to be implemented through a requirement that businesses buy and surrender to the

Government a permit for every tonne of CO2 emissions they produced. The initial price for permits would be \$23 per tonne³⁵¹; and

- an 'equivalent carbon price' for certain types of transport set out in the Fuel Tax Legislation Amendment (Clean Energy) Bill 2011—which if passed would exclude household vehicles and light commercial vehicles and would be applied by reducing business fuel tax credits by an amount equivalent to that of placing the carbon price on liquid fuel emissions.

8.51 While the purpose of the 'carbon price' and the 'equivalent carbon price' were the same—to reduce CO2 emissions—they were distinct legal mechanisms to be implemented through separate Bills, and the Bill introducing the 'carbon price' did not place direct legal obligations on households and small businesses.

Recommendation No.5

8.52 To strengthen transparency in the application of Paragraph 21 (a sub-element of Principle 2) of the 2010 *Guidelines on Information and Advertising Campaigns by Australian Government Departments and Agencies*, the ANAO recommends that the Department of Climate Change and Energy Efficiency review its campaign certification processes to ensure that there is a clear line of sight between information presented as fact in a government advertising campaign and the sources cited in support of that information.

DCCEE response: *Agreed*

8.53 To strengthen transparency, the Department will now review its campaign certification processes in the application of Paragraph 21 of the 2010 *Guidelines on Information and Advertising Campaigns by Australian Government Departments and Agencies*, specifically that element of Principle 2 which requires that information presented as fact in advertising campaigns is accurate and verifiable.

³⁵¹ For the first three years the carbon price would be fixed like a tax, before moving to an emissions trading scheme in 2015. In the fixed price stage, starting on 1 July 2012, the carbon price would start at \$23 per tonne, rising at 2.5 per cent in real terms. From 1 July 2015, the carbon price would be set by the market.

Principle 3—Campaign materials should be objective and not directed at promoting party political interests

8.54 DCCEE's Statements of Compliance to the ICC and the chief executive's certifications contained reasonable representations of the CEF Campaign's compliance with Principle 3. The ANAO's findings are summarised at Appendix 5 to this chapter.

8.55 The campaign did not contain any overt promotion of party political interests, political slogans or bias contrary to the mandatory sub-paragraphs of Principle 3.

Principle 4—Campaigns should be justified and undertaken in an efficient, effective and relevant manner

8.56 DCCEE's Statements of Compliance to the ICC and the chief executive's certifications contained reasonable representations of the CEF Campaign's compliance with paragraphs 29, 30 and 32 of Principle 4. The ANAO's findings are summarised at Appendix 5 to this chapter.

8.57 Paragraph 29 provides that campaigns should be informed by appropriate research or evidence. The communications and public engagement strategy developed by DCCEE was informed by developmental research conducted in October and November 2010.³⁵² The research sought to develop a segmentation of Australians in terms of their awareness, attitudes and behaviour in relation to climate change. It also sought to provide baseline measures of the community's understanding of climate change—how, where, and how often they discussed the issues around climate change, their attitudes to different aspects of climate change, their perceptions of who was responsible for action, and their understanding and perceptions of carbon pricing.

8.58 These audience segments were critical to the development of the CEF Campaign. Creative material developed for the campaign was provided for testing to groups representing the audience segments and was amended as necessary.

³⁵² Hall & Partners Open Mind, *Report: Climate Change Segmentation, Benchmarking and Communications Research*, prepared for Department of Climate Change and Energy Efficiency, 29 November 2010. The research report indicates that the quantitative component was conducted online and involved 4000 people aged 18 and over. In its Statement of Compliance of 18 July 2011, DCCEE advised the ICC that the research was updated in 2011 without significant changes.

8.59 The population segments, communication strategies and key messages are summarised in Table 8.7.

Table 8.7

Audience segmentation for climate change engagement and communication activities

Segment ^a	Percentage of the population	Defining attitude	Role of communications	Specific message
<p>Segment 4:</p> <p><i>Climate change, its causes and its impacts are not under debate—they are the reality, and they see it as critical for everyone to do their bit. They talk about the issue a lot with family, friends, workmates because it's so important to them. They have no doubt that carbon pricing is a vital next step.</i></p>	23	They need to just get on with it!	Assure and inspire	Act now for the future
<p>Segment 3:</p> <p><i>This is a segment of mothers in their 30s and 40s, who have no doubts climate change is real, and its impacts concern them a lot. But they aren't confident that they understand all they need to understand. They want their children to enjoy the Great Barrier Reef, but they also worry that climate change (and its solutions) will send food prices soaring.</i></p>	29	The welfare of my family is very important to me. I'm concerned about the sustainability of our current lifestyle	Keep top of mind	For future generations
<p>Segment 2:</p> <p><i>They're young, and they don't really have an opinion, yet. They don't quite know what to make of climate change and carbon pricing, but then they aren't all that focussed on social issues in general.</i></p>	26	Climate change is like, important, but not important. You know, it's not like I'll give up my hairdryer.	Persuade it's personal	Sustainable future
<p>Segment 1:</p> <p><i>These are middle aged men who aren't entirely sure about climate change, its effects and its causes. Nor do they know what to make of carbon pricing, but they know it's a bad thing. Their concern is with increasing prices—after all, it's not up to them to fix it.</i></p>	10	Humans are having a small effect but we kid ourselves if we think that we control everything.	Reframe: 'renewables'	Sustainable future

Segment ^a	Percentage of the population	Defining attitude	Role of communications	Specific message
Segment 0: <i>They are older men who hold strong opinions about climate change (and immigration and border security)—they don't believe it is human caused (if it exists at all). They feel they know a lot about the issue, but their knowledge can be misguided.</i>	12	The great global warming swindle ... weather patterns are cyclical ... 'vested interests' make any info hard to believe	Divert: 'nation building'	Self-reliant future

Source: ANAO analysis.

Note^a: DCCEE advised the ANAO that it did not adopt the descriptors originally proposed in a draft audience segmentation report prepared in 2010. The proposed descriptors were: 'Mother Earth' (segment 4); 'Family Guardians' (segment 3); 'Whatever' (segment 2); 'A Step Too Far' (segment 1); and 'Retired Commodores' (segment 0).

8.60 Paragraph 31 provides that the medium and volume of advertising activities should be cost-effective and justifiable within the budget allocated to the campaign. DCCEE did not document that it had made an explicit assessment of the overall cost-effectiveness of the proposed media placement approach recommended by the Master Media Agency (MMA)—which totalled \$17 million. While this does not necessarily mean that value for money was not achieved, DCCEE should have satisfied itself that the proposed media mix was a cost-effective way to achieve the objectives of the campaign before authorising the proposed media spend with the MMA.

8.61 Paragraph 32 of the 2010 Guidelines provides that the distribution of unsolicited material should be carefully controlled. DCCEE produced a 20 page A4 size colour household mail-out booklet, *What a carbon price means for you: the pathway to a clean energy future*, which was mailed to approximately 9.8 million households during August 2011, at a cost of approximately \$4.2 million.

8.62 The Minister decided on 22 June 2011 on the option of preparing a household mail-out³⁵³, and DCCEE received final ministerial approval for the mail-out on 24 June 2011. In advice to the Minister dated 24 June 2011, DCCEE

³⁵³ DCCEE brief to Minister, 22 June 2011. The briefing recorded that DCCEE had focused the publication options more on households following Ministerial feedback. The Minister also asked DCCEE to investigate the option of the Government writing to relevant pension and transfer payment recipients.

indicated that it had initially sought quotes for 'semi-addressed' mail (that is, individual addresses printed, but no name) but this would cost over \$4 million in delivery costs alone, and would be slower to print. DCCEE had therefore adopted the option of unaddressed mail, at a cost of approximately \$1.6 million. DCCEE further advised that printing costs were approximately \$2.6 million.³⁵⁴

8.63 In correspondence dated 24 June 2011, the Minister advised the Prime Minister that he had considered options for the household information product in collaboration with her office and concluded that the best approach was a direct mail-out to 'all Australian households'.

8.64 Paragraph 33 of the 2010 Guidelines provides that it is sound practice to evaluate campaigns to determine their effectiveness. DCCEE contracted an external research company, HPOM³⁵⁵, to evaluate the CEF Campaign. HPOM's November 2011 draft report was the subject of discussion between the ICC and DCCEE on 28 November 2011, and subsequent correspondence from the ICC secretariat to DCCEE noted that:

The Committee [ICC] was of the view that the HPOM draft report highlighted a number of matters that were particularly relevant to the development of any future advertising on a *Clean Energy Future*. These include:

- There was limited acceptance of the key campaign messages related to carbon pricing and household assistance. This is particularly relevant for any future phase of the campaign that is directed towards expanding on carbon pricing and household assistance.
- While the advertisements performed well on personal relevance and credibility through the process of online testing, they did not translate into high levels of action. This was reflected in the small number of calls to the call centre and visits to the *Clean Energy Future* website.
- The effectiveness of the creative executions is disappointing. The report indicates that this may reflect that there were too many messages and executions. The Committee discussed whether the nature of the television advertisements may also have contributed to

³⁵⁴ DCCEE brief to Minister, 24 June 2011. DCCEE also advised that it had commenced discussions with FaHCSIA on the option of an additional letter for all pension and transfer payment recipients.

³⁵⁵ Hall and Partners Open Mind (HPOM), *Evaluation Report: Clean Energy Future Campaign*, November 2011, Department of Climate Change and Energy Efficiency.

the low message takeout and impact of the campaign. In this context, it also discussed whether any future phase of the campaign should require new creative approaches.³⁵⁶

8.65 The ICC also commented on the short lead times allowed for media buying by the Master Media Agency, in the context of DCCEE's input to Finance's post-campaign evaluation template:

The Committee understands that the master media agency for planning and placement of government advertising campaigns, Universal McCann, can place media only when the department responsible for the campaign provides authority to do so. It is aware that Universal McCann was presented with challenging lead times, sometimes less than a week. This would have had a significant impact on its ability to buy advertising space on the most appropriate programs and secure the best placement positions...this was not acknowledged in either the draft [HPOM] report or the evaluation template completed by your department.³⁵⁷

8.66 When settled, the HPOM report potentially contains valuable lessons from the campaign, which DCCEE would benefit from in developing any future advertising campaigns.

Principle 5—Campaigns must comply with legal requirements and procurement policies and procedures

8.67 Principle 5 requires campaigns to comply with all relevant laws. To assist agencies, Principle 5 includes a non-exhaustive list of laws that are applicable to campaign advertising. Principle 5 also provides that procurement policies and procedures for the tendering and commissioning of services and the employment of consultants should be followed and there should be a clear audit trail regarding decision-making.

³⁵⁶ Finance correspondence with DCCEE, 8 December 2011, confirming discussions between the ICC and DCCEE on 28 November 2011. In its 6 January 2012 response to Finance, DCCEE stated that the Department 'clearly recognises the deficiencies in the campaign, some of which you set out in your letter. These included the messaging strategy, aspects of the creative executions, the number of advertising executions, the complexity of the issue, the prevailing negative community sentiment, the effectiveness of counter-campaigns, and some aspects of the media buy. We will draw lessons from the evaluation for future campaigns.'

³⁵⁷ Finance correspondence with DCCEE, 8 December 2011, confirming discussions between the ICC and DCCEE on 28 November 2011. In its 6 January 2012 response to Finance, DCCEE advised that the final HPOM evaluation report would include an addendum which 'outlines the process constraints impacting on the media buy, which we experienced throughout the campaign.'

8.68 These requirements also exist independently of the 2010 Guidelines, and include compliance with the FMA Act and Regulations, the CPGs and internal agency requirements.³⁵⁸

8.69 DCCEE's financial approval and procurement processes did not demonstrate consistent adherence to internal guidance, the FMA Act and FMA Regulations, and the department's management and recording of FMA approval processes fell short of sound administrative practice. The ANAO's findings are summarised at Appendix 5 to this chapter.

8.70 DCCEE had sought legal advice from in-house and from the Australian Government Solicitor (AGS), which considered the range of matters specifically listed in paragraph 34 of the 2010 Guidelines. AGS advised that the campaign materials were in a form that, subject to the assumptions in the advice³⁵⁹, complied with the legal requirements in Principle 5.

8.71 AGS also noted that it had not been requested to provide advice on procurement issues, as it was being attended to by DCCEE. While DCCEE's legal branch provided some advice in regard to paragraph 35, it was limited to whole-of-government arrangements for contracting communications consultants and the placement of media bookings. The advice did not consider compliance with the FMA Act and Regulations. The legal branch advised that:

The Contracts and Commercial Team in the Legal Services Branch is satisfied that the Department has complied with all aspects of the whole of government arrangement[s] for the Clean Energy Future government advertising campaign ...Accordingly, we are satisfied that the Department has complied with the second element of Principle 5.

8.72 DCCEE initiated and completed 18 separate procurement activities relating to the CEF Campaign and wider communications and public engagement strategy. The ANAO reviewed the procurement activities relating to the CEF Campaign, although it was not always clear from DCCEE records and systems which spending proposals related to the CEF Campaign and which related to the broader strategy. The ANAO's review considered

³⁵⁸ Under paragraph 14 of the Campaign Guidelines, the ICC is not required to review compliance with Principle 5.

³⁵⁹ The advice was provided subject to a range of caveats, including DCCEE being satisfied as to the accuracy of the campaign materials provided for review.

DCCEE's processes for approving spending proposals, the recording of those approvals, and procurement practices.³⁶⁰

8.73 The ANAO's review identified shortcomings relating to the giving and recording of approvals for spending proposals, and the procurement process adopted for the publication of the household mail-out, as discussed below.

Spending proposals

8.74 Under FMA Regulation 8, a person must not enter into an arrangement unless a spending proposal has been approved under FMA Regulation 9. An arrangement includes a contract or agreement under which public money is payable or may become payable. FMA Regulation 12 provides that an approval of a spending proposal that has not been given in writing (that is, a verbal approval) must be recorded in writing as soon as practicable. The purpose of this group of Regulations is to ensure that all proposals to commit public money are approved by responsible persons before those commitments are entered into, and recorded in writing in a timely way.

8.75 The ANAO's review found instances where FMA Regulation 9 approvals were:

- given verbally and not otherwise recorded; and
- recorded in DCCEE's procurement process system (known as TechnologyOne) as having occurred after the date the contract was entered into.

8.76 These instances are summarised in Table 8.8.

³⁶⁰ The requirements for approving spending proposals are set out in the FMA Act and Regulations. Procurement requirements are set out in the CPGs and DCCEE's internal Procurement Guidance of 6 January 2010.

Table 8.8**Regulation 9 approvals recorded after the date of contract**

No.	Spending Proposal	Verbal Regulation 9 approval? ^a	Date of Regulation 9 approval ^b	Date of Contract
1	Spending proposal for print production of the <i>What a carbon price means for you</i> publication for \$2.7 million.	Not known	9 August 2011	28 June 2011
2	Spending proposal for distribution of the <i>What a carbon price means for you</i> publication for \$1.7 million.	Yes	9 August 2011	1 August 2011
3	Spending proposal for specialist project management advice on video production activities for \$40 000.	Not known	28 July 2011	20 June 2011
4	Amendment to original spending proposal for specialist project management advice on video production activities for \$50 000.	Not known	28 July 2011	1 July 2011 (Deed of Variation)
5	Spending proposal for development and production of products for CEF campaign for \$250 000.	Not known	22 June 2011	21 June 2011
6	Spending proposal for speechwriting and editing services for CEF campaign for \$28 600.	Not known	8 August 2011	13 July 2011
7	Spending proposal for provision of media analysis and reporting services to support the proactive and reactive media strategy for the carbon price package announcement and clean energy future public engagement campaign for \$246 680.	Not known	21 June 2011	17 June 2011

Source: ANAO analysis.

Note ^a: As advised by DCCEE.

Note ^b: As recorded in DCCEE's TechnologyOne system. All FMA Regulation 9 approvals are recorded as having been given after funding agreements were entered into.

8.77 DCCEE advised that the spending proposal for the distribution of the household mail-out, valued at \$1.7 million (Item 2 in Table 8.8) received a verbal approval for the purposes of FMA Regulation 9 by the responsible Division Head before the relevant contract was entered into. However, the name of a different official was recorded in TechnologyOne as having provided that approval.³⁶¹ The failure to accurately record the verbal approval

³⁶¹ The approver is recorded as a Branch Head in the same Division of DCCEE as the official who gave the verbal approval.

was a breach of FMA Regulation 12³⁶², and should be reported in DCCEE's Certificate of Compliance.

8.78 DCCEE further advised the ANAO that a number of financial delegates could potentially give approvals for spending proposals arising in the relevant Division, and this led to the wrong official being recorded as the approver in TechnologyOne. While it is common for a Division to have a number of financial delegates, the Department of Finance and Deregulation's (Finance) guidance to agencies emphasises the importance to public accountability of ensuring clarity in the exercise of financial delegations and the provision of financial approvals:

Regulation 9 approval is made at the point when the person with the necessary authority, whether a minister, chief executive or a delegated official, actually approves key elements of the spending proposal for later incorporation into an arrangement. It is therefore essential to avoid confusion and clearly determine who the Regulation 9 approver will be for a particular spending proposal, since the approver is the person who will be accountable for that decision.³⁶³

8.79 Moreover, the practice of providing a verbal FMA Regulation 9 approval for a spending proposal involving the significant expenditure of public money did not represent sound practice. While the FMA Regulations make provision for verbal approvals as a means of providing a degree of practical flexibility in agency operations, well-documented written approvals remain the most appropriate means for considering the majority of spending proposals, and in particular significant spending proposals.

8.80 In the course of the audit, DCCEE advised the ANAO that all financial delegates in the relevant Division would attend training to refresh their knowledge of financial framework requirements and the DCCEE financial management system.

8.81 Table 8.8 also illustrates that TechnologyOne records six other FMA Regulation 9 approvals as occurring after the relevant funding agreement was entered into. As DCCEE was unable to confirm whether verbal approvals had

³⁶² FMA Regulation 12 provides that if approval of a spending proposal has not been given in writing, the approver must record the terms of the approval in writing as soon as practicable after giving the approval. The written record of the approval should be an accurate record.

³⁶³ Finance Circular 2011/01, *Commitments to spend public money (FMA Regulations 7 to 12)*, 31 March 2011, p.21. Available at <http://www.finance.gov.au/publications/finance-circulars/2011/01.html> [accessed 3 December 2011].

been provided for those spending proposals, the department will need to consider whether they represent a breach of FMA Regulation 8 and must therefore be recorded in the annual Statement of Compliance to the Minister. Regulation 8 provides that a person must not enter into an arrangement unless a spending proposal has been approved under Regulation 9, and Finance has advised agencies that Regulation 9 approvals cannot be given retrospectively.³⁶⁴

8.82 The ANAO's review also identified issues around contract variations and the level of detail recorded by officials in the 'value for money' field of TechnologyOne, when documenting FMA Regulation 9 approvals. The value for money field was completed for all procurements reviewed by the ANAO, except for one where no spending proposal was attached. The ANAO also observed various degrees of information presented to justify the approval of spending proposals—ranging from broad, general statements to statements that were more specific and informative.³⁶⁵ In one instance, the short two-line rationale recorded for the value for money offered by a creative agency remained unchanged through two contract variations which more than doubled the original cost of the spending proposal (from \$1.5 million to \$3.1 million)³⁶⁶ and extended the term of the arrangement. Moreover, the original contract entered into on the basis of the Regulation 9 approval was \$83 205 over the approved amount.³⁶⁷ The Regulation 9 approval should have been refreshed before the contract was entered into. Further, the date on which that contract was made did not appear on the face of the contract, although a contract commencement date of 11 March 2011 was specified.³⁶⁸

³⁶⁴ *ibid.*, p.22.

³⁶⁵ While the FMA Regulations do not prescribe what is to be recorded for the purposes of FMA Regulation 12, Finance guidance on the Regulations states that officials should 'ensure that the record is proportionate to the significance, value, level of risk and sensitivities associated with the spending proposal.' See Finance Circular No. 2011/01, *Commitments to spend public money (FMA Regulations 7 to 12)*, 31 March 2011, p.34.

³⁶⁶ The original \$1.5 million contract was varied to \$2.1 million in the first instance and later varied to \$3.1 million.

³⁶⁷ The approval was for \$1.5 million GST inclusive, while the contract was for \$1 583 205 GST inclusive.

³⁶⁸ The date on which a contract is signed and its commencement date can differ, depending on the terms of the contract.

8.83 DCCEE did not consistently apply its internal rules on the sequencing of FMA Regulation 9 and 10 approvals.³⁶⁹ Amendments to the FMA Regulations, which took effect on 1 July 2010, removed the previous requirement that FMA Regulation 10 be complied with before giving an approval under FMA Regulation 9. However, the Directions of the Secretary in DCCEE's Financial Delegation instrument stipulated that:

Delegates must ensure that: (a) Approval under FMA Regulation 9 must not be provided where FMA Regulation 10 authorisation is required. In such cases, Regulation 9 approval must not be provided before or pending FMA Regulation 10 authorisation.³⁷⁰

8.84 The Financial Delegation instrument was signed on 14 December 2010, after the changes to the FMA Regulations came into effect. Notwithstanding the change in the FMA Regulations, the Secretary's directions required a higher standard to be applied, consistent with an agency chief executive's prerogative to do so. Similarly, DCCEE's internal Procurement Guidance required that:

Approval under Regulation 10 **must** occur before approval under Regulation 9 and the Regulation 9 approver must have written evidence of the Regulation 10 approval.³⁷¹

8.85 The ANAO's review found that FMA Regulation 9 approval was given prior to Regulation 10 authorisation, in each of the procurements recorded in TechnologyOne where a Regulation 10 authorisation was required. While the correct sequencing of Regulation 9 and 10 approvals no longer constitutes a breach of the FMA Regulations, it was inconsistent with the Secretary's written directions to delegates and therefore a matter of internal concern for DCCEE. DCCEE's systems also recorded insufficient information to determine whether Regulation 9 approvers had written evidence of Regulation 10 approvals before providing a Regulation 9 approval.

³⁶⁹ FMA Regulation 10 provides that the Finance Minister must approve arrangements, before they are entered into, where an agency has an insufficient appropriation of money to meet expenditure that might be payable under the arrangement—a common situation where spending proposals relate to more than one financial year. The Finance Minister has delegated this power to agency chief executives.

³⁷⁰ Department of Climate Change and Energy Efficiency, *Financial Delegations*, 14 December 2010, p. 10.

³⁷¹ Department of Climate Change and Energy Efficiency, *Procurement Guidance*, 6 January 2010, p.19. Emphasis in original.

Procurement issues

8.86 DCCEE explored various options for procuring distribution services for the household mail-out booklet, valued at \$1.7 million, including the use of two mailing houses in addition to the option of using Australia Post. While DCCEE had regard to the preliminary quotes received from the mailing houses, the final method of procurement was to sole source from Australia Post. The proposal to spend public money recorded that:

The Department explored options of using the services of mailing houses...who regularly provide unaddressed mail to Australian households. The service Australia Post provides is much greater in terms of reach and because it would be delivered with addressed mail, there was less likelihood that it would be perceived as junk mail, thus improving the effectiveness of the direct mail out.³⁷²

8.87 A select tender for print services for the household mail-out booklet, valued at \$2.7 million and involving the publication of 10 million copies, was conducted within a severely compressed timeframe. DCCEE issued a request for quote to four companies on 22 June 2011, with a requirement that quotes be submitted by 1pm on 23 June 2011.³⁷³ The request for quote specified an A5 size brochure of 20 pages.

8.88 A supplementary e-mail from DCCEE dated 23 June 2011 and sent at 12:23pm, sought separate and additional quotes for an A4 size booklet of 20 pages. The e-mail extended the deadline by one hour to 2pm on 23 June 2011.³⁷⁴

8.89 The proposal to spend public money, as recorded on TechnologyOne, stated that:

Due to the significantly short turn around time to produce and distribute the publication, the Department contacted a range of print production companies to assess paper stock availability and capacity prior to conducting a select tender for print production services.

Of all companies contacted only four were able to source paper stock and complete the print job in the required time. As such, these four companies

³⁷² As recorded in DCCEE TechnologyOne system.

³⁷³ DCCEE's original request for quote, sent on 22 June 2011, incorrectly sought written quotes 'by 1pm Thursday 11 June 2011', rather than Thursday 23 June.

³⁷⁴ The e-mail also advised tenderers that Australia Post had advised DCCEE that there would not be any difference in mailing out an A5 versus an A4 booklet.

were invited to submit a proposal in response to the Department's select tender...

8.90 In the course of the audit, DCCEE further advised that:

There were a limited number of printers in Australia that had the capacity and access to appropriate paper stock to do the required job. It was also a highly confidential and sensitive project, making an open approach to the market inappropriate.³⁷⁵

8.91 DCCEE's unsigned tender evaluation report³⁷⁶, dated 18 July 2011³⁷⁷, recorded that only two of the four tenderers could source both A4 and A5 paper as specified. It further recorded that:

Following the close of the request for tender, and prior to the conclusion of the tender evaluation process, a decision was made by the Department to produce the climate change household mail out publication as a 20 page A4 booklet.³⁷⁸

8.92 The selected tenderer's price for the A4 option was \$2 601 073 compared to the unsuccessful tenderer's price of \$2 908 750.

8.93 The severely compressed timeframe for the tender, of approximately 1.5 days, had the effect of limiting the number of suppliers and reducing the potential of the process to maximise value for money. The last-minute variation to the scope of the tender—which gave firms approximately 90 minutes to quote on the A4 element—had the effect of further limiting the number of suppliers likely to submit satisfactory quotes, and further eroded the capacity of the tender process to maximise value for money.

³⁷⁵ DCCEE correspondence to ANAO, 18 January 2012.

³⁷⁶ The report provided to the ANAO by DCCEE was unsigned, although it made provision for responsible officials to do so.

³⁷⁷ The tender evaluation report records that the recommendation was 'agreed verbally on 24 June 2011' by the responsible Division Head. DCCEE had received Ministerial approval for the A4 sized mail-out on 24 June 2011.

³⁷⁸ DCCEE, Tender Evaluation Report for Provision of Print Production Services for the Climate Change Household Mail Out, paragraph 10.4.

8.94 In the course of the audit, the department advised that:

DCCEE acknowledges that the timeframes for several of the procurement exercises, particularly relating to the printing of the household mail-out, were very short and do not represent a best practice approach to procurement. However...the policy was still being finalised as the campaign was being developed. This significantly compressed DCCEE's timelines.³⁷⁹



Ian McPhee
Auditor-General

Canberra ACT
8 February 2012

³⁷⁹ DCCEE correspondence to ANAO, 18 January 2012.

Appendix 5: DCCEE's Clean Energy Future Campaign: compliance with the 5 Principles

1. The summary tables in this appendix indicate, by means of a tick or a cross, where:
 - DCCEE's assessment of compliance (in a Statement of Compliance) addressed the relevant Principle or sub-paragraph of the 2010 Guidelines; and
 - DCCEE's chief executive certified (in a Certification Statement) that the Clean Energy Future Campaign was compliant with the 2010 Guidelines.
2. The ticks and crosses do not indicate whether the ANAO concurs with the statements made by the ICC or the agency. The ANAO's observations appear separately.

Table A 21

DCCEE's compliance with Principle 1

Principle/paragraph	Mandatory or sound practice	Agency compliance assessment	CEO certification
<p>Paragraph 18</p> <p>The subject matter of campaigns <i>should</i> be directly related to the Government's responsibilities. As such, only policies or programs underpinned by:</p> <ul style="list-style-type: none"> legislative authority; or appropriation of the Parliament; or a Cabinet Decision which is intended to be implemented during the current Parliament <p><i>should</i> be the subject of a campaign.</p>	Sound practice	✓	✓
<p>ANAO analysis/comment:</p> <p>It was intended that relevant legislation be passed during the current Parliament.</p>			
<p>Paragraph 19</p> <p>Examples of suitable uses for government campaigns include to:</p> <ul style="list-style-type: none"> inform the public of new, existing or proposed government policies, or policy revisions; provide information on government programs or services or revisions to programs or services to which the public are entitled; inform consideration of issues; disseminate scientific, medical or health and safety information; or provide information on the performance of government to facilitate accountability to the public. 	<p>Illustrative.</p> <p>Not expressed as mandatory (must) or sound practice (should).</p>	✓	Chief Executive selected dot points 1 to 4 of paragraph 19.
<p>ANAO analysis/comment:</p> <p>The campaign materials indicate that the purpose of the campaign was to inform the public of the Government's Clean Energy Plan and policy directions.</p>			

Source: ANAO analysis.

Table A 22

DCCEE's compliance with Principle 2

Principle/paragraph	Mandatory or Sound Practice	Agency compliance assessment	CEO certification
Paragraph 20 Campaign materials <i>should</i> enable the recipients of the information to distinguish between facts, comment, opinion and analysis.	Sound practice	✓	✓
ANAO analysis/comment: Some inconsistency in campaign materials identifying that information relating to the carbon pricing mechanism may change subject to the passage of legislation			
Paragraph 21 Where information is presented as a fact, it <i>should</i> be accurate and verifiable. When making a factual comparison, the material <i>should</i> not attempt to mislead the recipient about the situation with which the comparison is made and it <i>should</i> state explicitly the basis for the comparison.	Sound practice	✓	✓
ANAO analysis/comment: DCCEE was unable to demonstrate a clear line of sight between all statements presented as fact in the campaign and the sources cited in DCCEE's Compliance Statement to support those statements. ANAO found instances where cited sources did not, on their face, support statements presented as fact. Further research and/or analysis was required to identify supporting information.*			
Paragraph 22 Pre-existing policies, products, services and activities <i>should</i> not be presented as new.	Sound practice	✓	✓
ANAO analysis/comment: Pre-existing policies were not presented as new.			
Paragraph 23 Special attention <i>should</i> be paid to communicating with any disadvantaged individuals or groups identified as being within the target audience. Particular attention <i>should</i> be paid 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	Sound practice	✓	✓
ANAO analysis/comment: While special audiences were considered by DCCEE in the campaign strategy, NESB and Indigenous groups were not specifically identified as target audiences for the campaign as the audiences were segmented according to attitude. A specialist multi-cultural communications agency was engaged to implement strategies to complement the mainstream campaign, and selected translated mainstream radio and print advertisements were produced.			

Principle/paragraph	Mandatory or Sound Practice	Agency compliance assessment	CEO certification
Paragraph 24 Imagery used in campaign materials <i>should</i> reflect the diverse range of Australians. There <i>should</i> be recognition of the full participation of women, Indigenous and culturally and linguistically diverse communities by realistically portraying their interests, lifestyles and contributions to Australian society.	Sound practice	✓	✓
ANAO analysis/comment: The campaign materials predominantly contain images of 'real' people (not actors) providing their opinions. Household mail-out presented a diversity of Australians.			
Paragraph 25 Campaign materials <i>should</i> be tested with target audiences to indicate they are engaging and perform well against the objectives of the campaign.	Sound practice	✓	✓
ANAO analysis/comment: Campaign materials were tested with identified primary target audience segments.			

Source: ANAO analysis.

Note* While issues were identified with the sources cited by DCCEE for campaign statements, this did not mean that the statements themselves were wrong or could not be supported by other sources of information.

Table A 23

DCCEE's compliance with Principle 3

Principle/paragraph	Mandatory or Sound Practice	Agency compliance assessment	CEO certification
Paragraph 26 Campaign materials <i>must</i> be presented in objective language and be free of political argument.	Mandatory	✓	✓
ANAO analysis/comment: Campaign materials were free of overt political argument.			
Paragraph 27 Campaign materials <i>must</i> not try to foster a positive impression of a particular political party or promote party political interests.	Mandatory	✓	✓
ANAO analysis/comment: No overt promotion or specific political parties identified.			
Paragraph 28 Campaign materials <i>must</i> not:			
(a) mention the party in Government by name;	Mandatory	✓	✓
(b) directly attack or scorn the views, policies or actions of others such as the policies and opinions of opposition parties or groups;	Mandatory	✓	✓
(c) include party political slogans or images;	Mandatory	✓	✓
(d) be designed to influence public support for a political party, a candidate for election, a Minister or a Member of Parliament; or	Mandatory	✓	✓
(e) refer or link to the web sites of politicians or political parties.	Mandatory	✓	✓
ANAO analysis/comment: No issues identified.			

Source: ANAO analysis.

Table A 24

DCCEE's compliance with Principle 4

Principle/paragraph	Mandatory or Sound Practice	Agency compliance assessment	CEO certification
Paragraph 29 Campaigns <i>should</i> only be instigated where a need is demonstrated, target recipients are clearly identified and the campaign is informed by appropriate research or evidence.	Sound practice	✓	✓
ANAO analysis/comment: DCCEE identified a need for the campaign on the basis of 2009 and 2010 research. 2010 research identified five population segments.			
Paragraph 30 Campaign information <i>should</i> clearly and directly affect the interests of recipients	Sound practice	✓	✓
ANAO analysis/comment: Primary and secondary target audiences, segmented on the basis of attitude, were identified through research and included in DCCEE's communication strategy.			
Paragraph 31 The medium and volume of the advertising activities <i>should</i> be cost effective and justifiable within the budget allocated to the campaign.	Sound practice in part, noting paragraph 31 requirements overlap with value for money requirements.	✓	✓
ANAO analysis/comment: DCCEE relied on the advice of the Master Media Agency and did not document that it had made an explicit assessment of the overall cost-effectiveness of the recommended approach.			
Paragraph 32 Distribution of unsolicited material <i>should</i> be carefully controlled.	Sound practice	✓	✓
ANAO analysis/comment: Unsolicited material (household mail-out) was distributed to approximately 9.8 million Australian households/locations. The distribution to all Australian households was a ministerial decision. DCCEE explored options to reduce delivery costs.			
Paragraph 33 Campaigns <i>should</i> be evaluated to determine effectiveness.	Sound practice	✓	✓
ANAO analysis/comment: Post campaign evaluation report completed November 2011.			

Source: ANAO analysis.

Table A 25

DCCEE's compliance with Principle 5

Principle/paragraph	Mandatory or Sound Practice	Agency compliance assessment	CEO certification
Paragraph 34 The manner of presentation and the delivery of campaigns <i>must</i> comply with all relevant laws including:	Mandatory	✓	✓
(a) laws with respect to broadcasting and media;	Mandatory	✓	✓
(b) privacy laws;	Mandatory	✓	✓
(c) intellectual property laws;	Mandatory	✓	✓
(d) electoral laws;	Mandatory	✓	✓
(e) trade practices and consumer protection laws; and	Mandatory	✓	✓
(f) workplace relations laws.	Mandatory	✓	✓
ANAO analysis/comment: Legal advice was sought on 30 June 2011 and received from AGS on 13 July 2011. DCCEE's legal branch provided advice limited to contracting with communications consultants and placement of media bookings.			
Paragraph 35 Procurement policies and procedures for the tendering and commissioning of services and the employment of consultants <i>should</i> be followed and there <i>should</i> be a clear audit trail regarding decision making.	Sound practice in part, noting obligation to comply with FMA and CPG requirements.	✓	✓
ANAO analysis/comment: DCCEE's financial approval processes did not in all cases demonstrate consistent adherence to internal guidance, the FMA Act and Regulations. Breaches of financial management regulations were identified. Certain procurement practices limited the potential of a tender process to maximise value for money.			

Source: ANAO analysis.

Additional Appendices

Appendix 6: Guidelines on Information and Advertising Campaigns by Australian Government Departments and Agencies—March 2010

Introduction

1. This document in its entirety forms the *Guidelines on Information and Advertising Campaigns by Australian Government Departments and Agencies* (Guidelines).
2. These Guidelines set out the principles applying to information and advertising campaigns undertaken in Australia.
3. Agencies subject to the *Financial Management and Accountability Act 1997* (FMA Act) must comply with these Guidelines.
4. Agencies conducting information and advertising campaigns must comply with all relevant policies and processes issued and amended from time to time by the Special Minister of State or the Minister for Finance and Deregulation or the agency responsible for such policies, currently the Department of Finance and Deregulation (Finance).
5. The Special Minister of State can exempt a campaign from compliance with these Guidelines on the basis of a national emergency, extreme urgency or other compelling reason. Where an exemption is approved, the Independent Communications Committee will be informed of the exemption, and the decision will be formally recorded and reported to the Parliament.
6. The Independent Communications Committee considers campaigns and provides advice to Chief Executives on all advertising campaigns valued at more than \$250,000 or where requested to do so by the Chief Executive.

Underlying Principles

7. In general terms, a campaign is a planned series of communication activities that share common objectives, target the same audience and have specific timelines and a dedicated budget. An advertising campaign includes paid media placement and an information campaign does not.
8. The underlying principles governing the use of public funds for all government information and advertising campaigns are that:
 - (a) 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 to explain government policies, programs or services, to inform members of the public of their obligations, rights and entitlements, to encourage informed consideration of issues or to change behaviour; and
- (c) government campaigns must not be conducted for party political purposes.

Definition of Advertising Campaigns

- 9. For the purposes of these Guidelines, an advertising campaign involves paid media placement and is designed to inform, educate, motivate or change behaviour. Large-scale recruitment advertising not related to specific job vacancies and with a degree of creative content may be considered an advertising campaign. Agencies should seek advice from Finance if they are unsure whether an activity is an advertising campaign.
- 10. Simple, informative advertising that generally appears only once or twice, contains factual statements and typically has a low creative content is not an advertising campaign. This category of advertising is non-campaign advertising and includes, but is not limited to:
 - recruitment for specific job vacancies;
 - auction and tender notices;
 - invitations to make submissions or apply for grants;
 - notification of date and/or location specific information (for example, notification of a public meeting at a particular time and place); and
 - other public notices.

Campaign Review and Certification

- 11. The requirements for review and certification of campaigns are determined by the value of the campaign and whether advertising will be undertaken. The value of a campaign is the budget for all campaign elements across all financial years and includes:
 - market or social research consultants, public relations consultants, advertising agencies and/or other specialist consultants commissioned in the development of advertising material;
 - production and placement of advertising in print, radio, digital, cinema, television or out-of-home media; and
 - production and dissemination of other campaign materials.

12. The value of a campaign does not include departmental staff and associated costs.
13. For campaigns below \$250,000, the Chief Executive has the discretion to seek consideration of campaigns by the Independent Communications Committee.
14. For advertising campaigns of \$250,000 or more:
 - The Independent Communications Committee will consider the proposed campaign and provide a report to the Chief Executive on compliance with Principles 1, 2, 3 and 4 of the Guidelines. Agencies will be responsible for providing a report to their Chief Executive on campaign compliance with Principle 5 of the Guidelines.
 - Following consideration of the reports on campaign compliance, the Chief Executive will certify that the campaign complies with the Guidelines and relevant government policies.
 - The Chief Executive will give the certification to the relevant Minister who may launch the campaign or approve its launch.
 - The Chief Executive's certification will be published on the relevant department's web site when the campaign is launched.
 - The conclusions of the Independent Communications Committee will be published on Finance's web site after the campaign is launched.
15. Information campaigns of \$250,000 or more are not subject to review by the Independent Communications Committee or certification by the Chief Executive but must comply with these Guidelines and other relevant policies and processes as outlined in clause 4.
16. The Government will provide reports to the Parliament that detail expenditure on all advertising campaigns with expenditure in excess of \$250,000 commissioned by FMA Act agencies.
17. Chief Executives will ensure that:
 - research reports for advertising campaigns with expenditure of \$250,000 or more are published on their agency's web site following the launch of a campaign where it is appropriate to do so; and
 - details of advertising campaigns undertaken will be published in agency annual reports.

Information and Advertising Campaign Principles

The following five principles set out the context in which Australian Government campaigns should be conducted. They relate to when campaigns can be conducted, how campaign materials should be presented, and the legal and procurement responsibilities that need to be considered.

Principle 1: Campaigns should be relevant to government responsibilities

18. The subject matter of campaigns should be directly related to the Government's responsibilities. As such, only policies or programs underpinned by:

- legislative authority; or
- appropriation of the Parliament; or
- a Cabinet Decision which is intended to be implemented during the current Parliament should be the subject of a campaign.

19. Examples of suitable uses for government campaigns include to:

- inform the public of new, existing or proposed government policies, or policy revisions;
- provide information on government programs or services or revisions to programs or services to which the public are entitled;
- inform consideration of issues;
- disseminate scientific, medical or health and safety information; or
- provide information on the performance of government to facilitate accountability to the public.

Principle 2: Campaign materials should be presented in an objective, fair and accessible manner and be designed to meet the objectives of the campaign

20. Campaign materials should enable the recipients of the information to distinguish between facts, comment, opinion and analysis.

21. Where information is presented as a fact, it should be accurate and verifiable. 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.

22. Pre-existing policies, products, services and activities should not be presented as new.

23. Special attention should be paid to communicating with any disadvantaged individuals or groups identified as being within the target audience. Particular attention should be paid 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.
24. Imagery used in campaign materials should reflect the diverse range of Australians. There should be recognition of the full participation of women, Indigenous and culturally and linguistically diverse communities by realistically portraying their interests, lifestyles and contributions to Australian society.
25. Campaign materials should be tested with target audiences to indicate they are engaging and perform well against the objectives of the campaign.

Principle 3: Campaign materials should be objective and not directed at promoting party political interests

26. Campaign materials must be presented in objective language and be free of political argument.
27. Campaign materials must not try to foster a positive impression of a particular political party or promote party political interests.
28. Campaign materials must 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 web sites of politicians or political parties.

Principle 4: Campaigns should be justified and undertaken in an efficient, effective and relevant manner

29. Campaigns should only be instigated where a need is demonstrated, target recipients are clearly identified and the campaign is informed by appropriate research or evidence.
30. Campaign information should clearly and directly affect the interests of recipients.

31. The medium and volume of the advertising activities should be cost effective and justifiable within the budget allocated to the campaign.
32. Distribution of unsolicited material should be carefully controlled.
33. Campaigns should be evaluated to determine effectiveness.

Principle 5: Campaigns must comply with legal requirements and procurement policies and procedures

34. The manner of presentation and the delivery of campaigns must comply with all relevant laws including:
 - (a) laws with respect to broadcasting and media;
 - (b) privacy laws;
 - (c) intellectual property laws;
 - (d) electoral laws;
 - (e) trade practices and consumer protection laws; and
 - (f) workplace relations laws.
35. Procurement policies and procedures for the tendering and commissioning of services and the employment of consultants should be followed and there should be a clear audit trail regarding decision making.

Source: ANAO reproduction of the *Guidelines on Information and Advertising Campaigns by Australian Government Departments and Agencies* —March 2010, Department of Finance and Deregulation. Emphasis added.

Appendix 7: Matters identified in previous audits of Government Advertising

1. ANAO Performance Audit Report No.24 2008–09 *The Administration of Contracting Arrangements in relation to Government Advertising to November 2007* made a number of recommendations and suggestions relating to the management of the Central Advertising System (CAS), including the arrangements within the contract for the Master Media Agency (MMA), and the contracting of other specialist communication consultants to provide specific services to agencies when developing campaigns.
2. The information below is directed at the current arrangements and whether the recommendations made in Audit Report No.24 have been taken up by Finance.

Agency contracting of specialist consultants

3. ANAO Audit Report No.24 identified scope to enhance efficiency and effectiveness, along with accountability and transparency, in centrally managed processes for consultant engagement by ensuring that:
 - access to any panel or register is publicly notified, with assessment of suitability for selection for specialist roles based on documented criteria leading to a defined term of appointment;
 - that the list of appointed agencies is publicly notified, for example on the Finance website;
 - that ongoing membership of any panel is subject to regular review (for example, at the end of fixed terms);
 - that the administrative arrangements provide a continuous record of the times that consultants are considered for selection, the jobs for which they are selected and their performance in those jobs; and
 - that the use of consultants that have not been pre-qualified be subject to the usual procurement provisions governing the engagement of consultants (e.g. Division 2 of the CPGs).³⁸⁰

³⁸⁰ ANAO Audit Report No.24 2008–09, *The Administration of Contracting Arrangements in relation to Government Advertising to November 2007*, pp.143–44.

4. Finance established a Communications Multiuse List (CMUL) in March 2009, which is described as follows on the Finance website:

The Communications Multi-Use List established by the Department of Finance and Deregulation:

- **Must** be used by Australian Government departments and agencies covered by the *Financial Management and Accountability Act 1997* to select communications consultants for campaigns with expenditure over \$250,000;
- **Replaces all** other procurement mechanisms that departments or agencies may have in place (this includes any panels or multi-use lists); and
- **Must not** be used to select communications consultants for campaigns with expenditure under \$250,000 or for other work not related to a campaign.

The Department of Finance and Deregulation (Finance) manages the whole-of-government Communications Multi-Use List (CMUL) of communications consultants interested in working on Australian Government advertising and information campaigns with expenditure in excess of \$250,000.

The CMUL is open to new applicants with experience and expertise in the following five categories:

- Advertising
- Market and social research
- Public relations
- Communicating with Indigenous Australians
- Communicating with people from non-English speaking backgrounds.³⁸¹

5. The CMUL list of registered contractors is available publicly to agencies via AusTender, with a description of what the list is to be used for and how to apply for inclusion. Applicants can apply for inclusion on the list at any time.

³⁸¹ Department of Finance and Deregulation [Internet], available from <<http://www.finance.gov.au/advertising/communications-mul.html>> [accessed 7 July 2011].

6. Finance has established a management plan that covers: the management of the list; the operational rules of the list; and the assessment process for applicants seeking to be part of the list. The management plan identifies:
 - that prospective applications are subject to an initial compliance check, which includes provision of mandatory document requirements, and then an evaluation process which focuses on elements such as professional experience, capacity to contribute at a national level and solvency matters;
 - the requirement for annual review; and
 - that reporting on the successful tenders and number of tenders occurs annually in Finance's full year reports.
7. The initial compliance checks and annual review process can save agencies time in eliminating a potentially duplicated process that may occur in every agency if the CMUL did not establish these criteria.
8. Agencies may choose to select their own possible candidates from the CMUL or may request CAB to provide suitable selections. However, CAB advised the ANAO that it knows which companies are currently being used (and which may be over-stretched) or do not have expertise in a particular area, and will discuss these issues with the agency conducting the campaign to help select the most suitable company to work on campaigns.³⁸² Until recently³⁸³, a member of CAB was included as a member of the selection panel for each tender process. As part of the panel, and in providing assistance to the agency, CAB reviewed the agency consultant brief and worked with the agency to select suitable candidates for tender, tailored to any specific requirements the agency may have had.
9. Finance maintains a record of those CMUL contractors who have been part of a tender panel for agencies, and those successful contracts, for each advertising campaign that is in excess of \$250 000. For the four

³⁸² Ultimately, as long as the companies are on the CMUL for campaigns over \$250 000, agencies have primarily satisfied Finance's requests in terms of using the CMUL to select advertising-related service providers.

³⁸³ Changes occurred to the role of CAB from August 2011.

audited agencies, a total of 18 specialist consultants were contracted, with 17 being drawn from the CMUL.

The Master Media Agency (campaign) fees and charges

10. ANAO Audit Report No.24 recommended that, in developing contract arrangements for the operation of the Central Advertising System, Finance should:
 - include a performance management framework that addresses the risks associated with contract administration, and
 - simplify the financial arrangements associated with the contracts, including improving the transparency of intra-governmental charging.³⁸⁴
11. The contract arrangements with UM, signed on 1 July 2009, provided the opportunity for these elements to be addressed.

Commission rebate

12. The media buying sheet, and media buying authority form, which must be signed by the agency prior to the placement of media by UM, includes a 10 per cent commission rebate amount. This rebate has the effect of reducing the gross media spend prior to the addition of any other fee or amount. The term commission rebate is not defined in the deed, and the use and purpose of the rebate is not clearly specified in the contract. The term as it appears in the media buying sheet '10 per cent commission rebate', is not referred to by name in the deed. Finance have advised that the item relates to the following clause:

The client will pay the contractor the amount charged by media suppliers in relation to the media placement provided that...for avoidance of doubt, the amount is determined taking in account any discount or other reduction available to the Contractor because media placement is being made by the Contractor.

13. Further, Finance advises that it refers to 'a long-standing industry practice that was introduced as an incentive from media suppliers to encourage timely payment of invoices. The percentage of commission

³⁸⁴ ANAO Audit Report No.24 2008–09, *The Administration of Contracting Arrangements in relation to Government Advertising to November 2007*, paragraph 3.100.

may vary between media suppliers but generally it is around 10 per cent, however small media suppliers may not offer any commission.’ So, for example, a media supplier (radio station or newspaper) may offer UM a rebate on the media placement cost for prompt payment of invoices, or for other incentives. In order to recoup this cost, if it arises, Finance has established a standard 10 per cent reduction rate to the overall gross media buy. However, there is nothing stated in the deed to make that explanation apparent. In contrast, other fees and charges are stipulated, defined where required, and can be traced through the contract.

Performance management and associated payments

14. The deed identifies a number of payments to be made to UM as bonuses, subject to certain conditions. The payments relate to:
 - a volume bonus, if media placement spends in a financial year reach a certain limit;
 - customer satisfaction; and
 - rate negotiations.

Value add

15. Prior to the current deed with UM, a bonus payment could be made on the achievement of an overall media saving and/or value added of 15 per cent or more across all campaigns for an annual period. ANAO Audit Report No.24 identified issues associated with the payment of bonuses, specifically in regard to the payment of a bonus each year for the additional value or media savings UM had identified they achieved. Report No.24 identified that bonus payments for media saving/added value had not been made at the time the audit was finalised as it was subject to an independent audit.³⁸⁵
16. Following the transfer of responsibility for government advertising to Finance, an independent audit firm was contracted by Finance to determine whether UM had achieved an overall media saving and/or value add of at least 15 per cent for all campaigns for 2006, 2007 and

³⁸⁵ ANAO Audit Report No.24 2008–09, *The Administration of Contracting Arrangements in relation to Government Advertising to November 2007*, p.120.

2008. The audit identified that, due to lack of consistent methodology, lack of audit evidence, and mathematical and manual data entry errors, they could not form an opinion as to whether UM had achieved an overall media saving and/or value add of at least 15 per cent, as claimed. Finance advises that bonus payments relating to media savings/value add for 2006, 2007 and 2008 have not been made. The payments of bonuses on the basis of media saving/value add was not included in the 2009 deed.

Volume bonus

17. The deed specifies that if the total media placement spend in a financial year for all media placements³⁸⁶ under the UM deed reaches \$190 million, UM and Finance can reach an agreement to increase the monthly service charge for the remaining months of the financial year. This is a significant increase in the threshold amount as compared to that included in the previous deed. Under the previous deed, UM was paid a fixed annual fee, payable monthly:

The Annual Fee is based on an annual total expenditure by Clients on advertising placed under this Agreement of approximately \$85 000 000. The amount of the Annual Fee (and accordingly the monthly fee) will be reviewed by the parties if that annual expenditure varies by 20 per cent or more.³⁸⁷

18. ANAO Audit Report No.24 identified that for the 2005, 2006 and 2007 calendar years the variation was above the specified amount, and that a bonus was paid to UM in respect of those years. The current deed provides for a higher threshold amount above which additional payments will be made, and also:

- specifies a maximum amount by which the monthly service charge will be increased, while still providing for flexibility in how the increase will be paid (either monthly or in a lump sum);

³⁸⁶ All media placement includes media placed by FMA Act agencies and other government organisations, including those subject to the *Commonwealth Authorities and Companies Act 1997*, Northern Territory and ACT governments and any organisations provided with Australian Government funding for advertising or communications purposes.

³⁸⁷ ANAO Audit Report No.24 2008–09, *The Administration of Contracting Arrangements in relation to Government Advertising to November 2007*, paragraph 3.75.

- requires UM to demonstrate the need for the increase by providing evidence of additional costs incurred, and to specify the number of months the increase will be required for; and
- specifies that the increase will not take effect until Finance and UM agree in writing to the above.

Customer satisfaction

19. The deed allows for a further annual bonus payment—the customer satisfaction incentive—to be paid at the end of a financial year on the basis of a survey with agencies to determine the level of satisfaction with UM, which is used to help determine the level of the bonus payment. The level of achievement and corresponding amounts are:
 - customer satisfaction of less than 70 per cent, nil payment made;
 - customer satisfaction 70 to less than 75 per cent, \$73 000;
 - customer satisfaction 75 to less than 80 per cent, \$109 500;
 - customer satisfaction of over 80 per cent, \$146 000; and
 - on the basis of Finance’s overall satisfaction, an amount of \$54 750 in addition to any amount listed above.
20. The results of customer satisfaction—for both the agencies and Finance’s overall satisfaction—are arrived at using a contracted research company to undertake and analyse survey results for a financial year. For 2009–10, the survey results provided to Finance in December 2010 indicated a customer satisfaction level of 76 per cent, which would result in a bonus payment of \$109 500, and Finance’s overall satisfaction level was assessed as being satisfactory within the terms of the deed, and consequently would result in a bonus payment of \$54 750. Finance advised that it paid both the Management Services Incentive of \$54 750 (GST exclusive) and the Advertising Services Incentive of \$109 500 (GST exclusive) for achieving an overall customer satisfaction rating between 75 and 80 per cent.

Rate negotiations

21. Negotiating annual rates with media outlets is a core element of Finance’s management of the Central Advertising System (CAS). Ahead of the 2010 and 2011 media rates negotiations, three targets (Base, Excellent, Outstanding) were negotiated between Finance and

UM, with an 'incentive' payment payable to UM, depending on the overall rates position achieved.

22. Finance contracted PriceWaterhouseCoopers (PwC) to conduct an audit to assure itself that the 'Excellent' media rate outcome claimed by UM for the year commencing 10 February 2010 was accurate. The PwC audit identified some errors related to incorrect formulas and referencing, inconsistent rounding, and manual transposition errors. Based on PwC's analysis, these matters did not affect the achievement of the 'Excellent' media rate target claimed by UM, resulting in an incentive payment of \$100 375 being made by Finance to UM.

Summary

23. Overall, Finance's deed with UM has addressed a number of issues raised in ANAO Audit Report No.24, and provides a clearer basis for the requirements and payments associated with the media placement agency. The deed has done so by:
- more clearly specifying the full amount of fees on the media plan;
 - removing the bonus payment for media saving/value added performance and not making the bonus payment where it could not be clearly evidenced;
 - more clearly establishing the boundaries and methods of calculating the volume bonus;
 - introducing a more flexible range to provide customer satisfaction incentives; and
 - introducing an assurance process, through the use of contracted audit firms and research companies.

Appendix 8: Chief Executive's Certification Template

Finance Template: Chief Executive Certification for Government Advertising Campaigns

Instructions for completion:

This Chief Executive Certification template relates to advertising campaigns above the value of \$250,000 conducted by agencies subject to the *Financial Management and Accountability Act 1997*.

The Certification is to be completed by the agency Chief Executive Officer only after final materials relating to a proposed campaign have been considered by the Independent Communications Committee (ICC). Following this consideration, the ICC provides a report to agency Chief Executives on compliance with principles 1 to 4 of the Guidelines on *Information and Advertising Campaigns by Australian Government Departments and Agencies* (Guidelines).

The Certification Statement may be expanded to address any additional matters or sources of advice that the Chief Executive relied upon in taking the decision to certify compliance with the Guidelines.

The completed and signed Chief Executive Certification document (not including these instructions) is to be placed on the website of the agency/department responsible for the campaign as soon as practicable after it begins appearing in the media.

Questions on completion of this template should be addressed to the Department of Finance and Deregulation on (02) 6215 XXXX.

Chief Executive Certification for Government Advertising Campaigns

Certification Statement – [Name of Campaign]

I certify that the [name of campaign] complies with the *Guidelines on Information and Advertising Campaigns by Australian Government Departments and Agencies* (Guidelines).

This certification takes into consideration the Report of the Independent Communications Committee, which indicates the [name of campaign], in their view, [complies/does not comply] with principles 1 to 4 of the Guidelines, dated [insert date of letter].*

My certification has also been informed by advice and evidence of compliance with the Guidelines provided by officers within [Department/Agency] with responsibility for the design, development and implementation of the [name of campaign].

I certify compliance with relevant legal and procurement matters relating to the presentation and delivery of the campaign (principle 5 of the Guidelines).

** If the ICC report does not indicate compliance, CEOs should outline the basic reasons for their decision to certify the campaign.*

Agency letterhead

Name

[Agency Chief Executive]

[Name of Department/Agency]

[Date]

Chief Executive to check boxes below as appropriate.

Principle 1: Campaigns should be relevant to government responsibilities.

The campaign relates to policies or programs underpinned by:

- ☐ legislative authority, or
- ☐ appropriation of the parliament, or
- ☐ a Cabinet decision which is intended to be implemented during the current parliament.

Suitable uses for government campaigns include to:

- ☐ inform the public of new, existing or proposed government policies, or policy revisions
- ☐ provide information on government programs or services or revisions to programs or services to which the public are entitled
- ☐ inform consideration of issues
- ☐ disseminate scientific, medical or health and safety information, or
- ☐ provide information on the performance of government to facilitate accountability to the public.

Principle 2: Campaign materials should be presented in an objective, fair and accessible manner and be designed to meet the objectives of the campaign.

- ☐ Campaign materials enable the recipients of the information to distinguish between facts, comment, opinion and analysis.
- ☐ Where campaign materials have presented materials as fact, those facts are accurate and verifiable.
- ☐ Campaign materials do not attempt to mislead the recipient about the situation with which any comparisons are made, and the basis for the comparison is stated explicitly.
- ☐ Pre-existing policies, products, services and activities are not presented as new.
- ☐ Special attention has been paid to communicating with any disadvantaged individuals identified as being within the target audience. Particular attention has been paid to people living in rural and remote areas, Indigenous audiences and people from multicultural backgrounds.
- ☐ Imagery used in campaign materials reflects the diverse range of Australians. The interests, lifestyles and contributions of women, Indigenous and culturally and linguistically diverse communities are realistically portrayed and their participation and contribution to Australian society is recognised.
- ☐ Campaign materials have been tested with target audiences to indicate they are engaging and perform well against the objectives of the campaign.

Principle 3: Campaign materials should be objective and not directed at promoting party political interests.

- ☐ Campaign materials are presented in objective language and are free of political argument.
- ☐ Campaign materials do not try to foster a positive impression of a particular political party or promote party political interests.
- ☐ Campaign materials:
 - do not mention the party in government by name
 - do not directly attack or scorn the views, policies or actions of others such as the policies and opinions of opposition parties or groups
 - do not include party-political slogans or images
 - have not been designed to influence public support for a political party, a candidate for election, a Minister or a Member of Parliament, and
 - do not refer or link to the websites of politicians or political parties.

Principle 4: Campaigns should be justified and undertaken in an efficient, effective and relevant manner.

- ☐ The campaign was instigated on the basis of a demonstrated need, target recipients are clearly identified and the campaign has been informed by appropriate research and/or evidence.
- ☐ Campaign information clearly and directly affects the interests of recipients.
- ☐ The medium and volume of the advertising activities is cost effective and justifiable within the budget allocated to the campaign.
- ☐ Distribution of unsolicited materials will be carefully controlled.
- ☐ The campaign will be evaluated to determine effectiveness.

Principle 5: Campaigns must comply with legal requirements and procurement policies and procedures.

- ☐ The manner of presentation and the delivery of the campaign complies 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.
- ☐ Procurement policies and procedures for the tendering and commissioning of services and the employment of consultants were followed and there is a clear audit trail regarding decision making.

Source: Finance—Chief Executive Certification template.

Appendix 9: Examples of campaign creative material

1. FaHCSIA creative material—print advertisement.

Australian Government

**If you're a working parent
expecting a child after
January 1st, there's something
else you can expect**

Paid Parental Leave

www.australia.gov.au/paidparentalleave
Parents 13 61 50 Employers 13 11 58

Paid Parental Leave
A new entitlement for working parents

Authorised by the Australian Government, Capital Hill, Canberra. Printed by CanPrint Communications Pty Ltd, 16 Nyrang Street, Fishwick ACT 2609.

2. DoHA creative material—print advertisement (overarching phase).

Advertisement

How will Health Reform give us better healthcare and better hospitals?

The new health reform is the most significant improvement to our health system since the introduction of Medicare. It will deliver better health outcomes. How?

- For the first time the Australian Government will take dominant funding responsibility for our health system – providing a secure funding base into the future.
- We'll streamline many systems into a unified network, helping patients receive more seamless care.
- Run locally, the new network will give local senior doctors and health experts a greater say.
- Strong national standards and targets to reduce hospital waiting times, will deliver higher quality care across the country.
- And it prepares us better for our ageing population.

For more information about the improvements, as they happen, go to australia.gov.au/yourhealth


Health Reform

For better healthcare and better hospitals.

Australian Government

Authorised by the Australian Government, Capital Hill, Canberra.

3. Treasury creative material—print advertisement



**Our tax system needs to change.
The first step is to make it
simpler and fairer for everyone.**

We all know that we live in a time of rapid change. We see it happening all around us. Our population is ageing. New challenges arise almost every day. So it's important for us to have a tax system that is able to meet those challenges.

By making our tax system simpler and fairer for individuals and business, the proposed tax reforms are an important first step towards making our economy stronger and preparing us for the years ahead.

Increasing our super

By 2050, one in four Australians will be over 65. We need to plan for that and make sure everyone has enough super for a comfortable retirement. That's why raising the superannuation guarantee and contributing more to super is so important.

Better tax on savings

Under the current system, interest income is taxed higher than many other forms of savings. To make it fairer, there will be a tax cut on bank and other interest income. This will reward Australians who put money away for their future.

Making tax simpler

Tax will be made simpler for individuals by introducing standard deductions, and for business by simplifying depreciation rules.

Cutting tax for small business

Small business is one of our biggest employers. So anything that makes it easier for small business to grow and do business is good for all of us.


Giving small business companies an early tax cut is a good start. And instant write-off of assets up to \$5,000 and simplified depreciation for all small business will improve their cash flow and cut down on paperwork.


A fairer share of our resources wealth

Before the last mining boom, the Australian people received \$1 in every \$3 of mining profits through royalties and resource charges. By the end of that boom, our share had fallen to just \$1 in every \$7. Changing the way we tax mining profits will ensure everyone shares in the benefits of our natural resources.

The proposed reforms will affect all of us, so it's important that you know what's on the table.

To find out more, call 1800 614 133 or go to www.australia.gov.au/futuretax

 **Australian Government**

 **A tax plan for our future**
Simpler. Fairer. Stronger.

Authorised by the Australian Government, Capital Hill, Canberra.

4. AEC creative material—print advertisement

Advertisement

AEC100312_CS



Get moving, or you'll miss out on your vote.
Update your address details by 8pm Thursday.

The federal election has now been announced. So if you've moved, and haven't updated your address details on the electoral roll, don't wait. Fill in a new enrolment form right now, and return it to the Australian Electoral Commission by 8pm Thursday, 22nd July, or you'll miss out on your vote. Remember, all Australian citizens over 18 are required by law to enrol and vote.

For a new enrolment form visit www.aec.gov.au, any AEC office, post office or call 13 23 26.

You must return your completed form to the Australian Electoral Commission by 8pm Thursday, 22nd July, or you'll miss out on your vote.

 **AEC**
Australian Electoral Commission
Your vote is a valuable thing

ELECTION 2010

Authorised by the Electoral Commissioner, West Block, Queen Victoria Terrace, Parkes, ACT.

5. DCCEE creative material—print advertisement

Advertisement



What a carbon price will mean for you.



A retiree on a single age Government pension of \$16,000 will receive assistance of up to \$336 per year.



A single parent with one child under 5 and an income of \$50,000 will receive assistance of around \$460 per year.



A family with two children and combined income of \$110,000 (evenly split) will be eligible for assistance of around \$670 per year.

Find out what you can expect.
Go online to use our household assistance estimator.
australia.gov.au/cleanenergyfuture

The Australian economy has developed without considering the costs of carbon pollution. A carbon price changes this. It adds a price to every tonne of carbon pollution created.

This makes high pollution choices more expensive and gives businesses an incentive to create better, cleaner ways of operating.

Over time, it also means clean energy from gas, solar, wind and other renewables will become more widespread.

A carbon price isn't a tax paid directly by householders or small businesses – it's a charge paid by only around 500 companies.

But we recognise they may pass some of these costs on, and that's why more than half of the money raised from big polluters will be used to assist households.

With the rest we'll be supporting jobs in the most affected industries and creating our clean energy future.

A carbon price is the cheapest and most effective way to cut carbon pollution and generate investment in new, clean energy technologies.

More than half the money raised will assist households. 9 in 10 will receive tax cuts, increased payments or both. With the rest, we'll be supporting jobs and investing in our clean energy future.


 Australian Government

working together for a

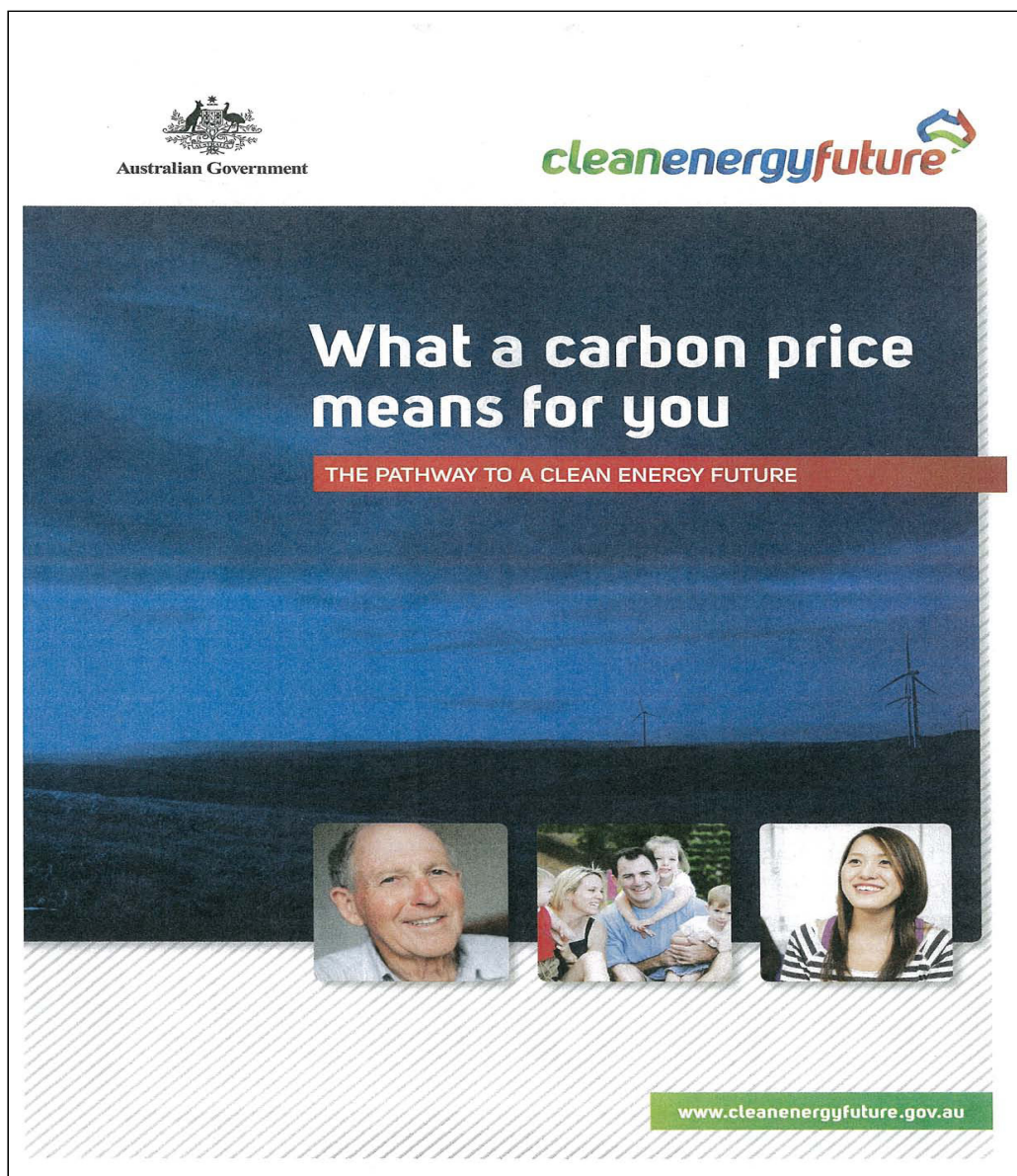
cleanenergyfuture



Authorised by the Australian Government, Capital Hill, Canberra.

Appendix 10: Clean Energy Future household mail-out

1. Mail-out booklet–cover page



2. Mail-out booklet–inside cover page




What the carbon price package means for Australian households...

9 IN 10 HOUSEHOLDS will receive some combination of tax cuts and increased payments to help them with the cost of living impact of the carbon price.

OVER 1 MILLION extra Australians will no longer need to lodge a tax return.

ALMOST 6 MILLION households will be assisted to meet their average price impact.

OVER 4 MILLION households will get assistance that is at least 20 per cent more than their average price impact.


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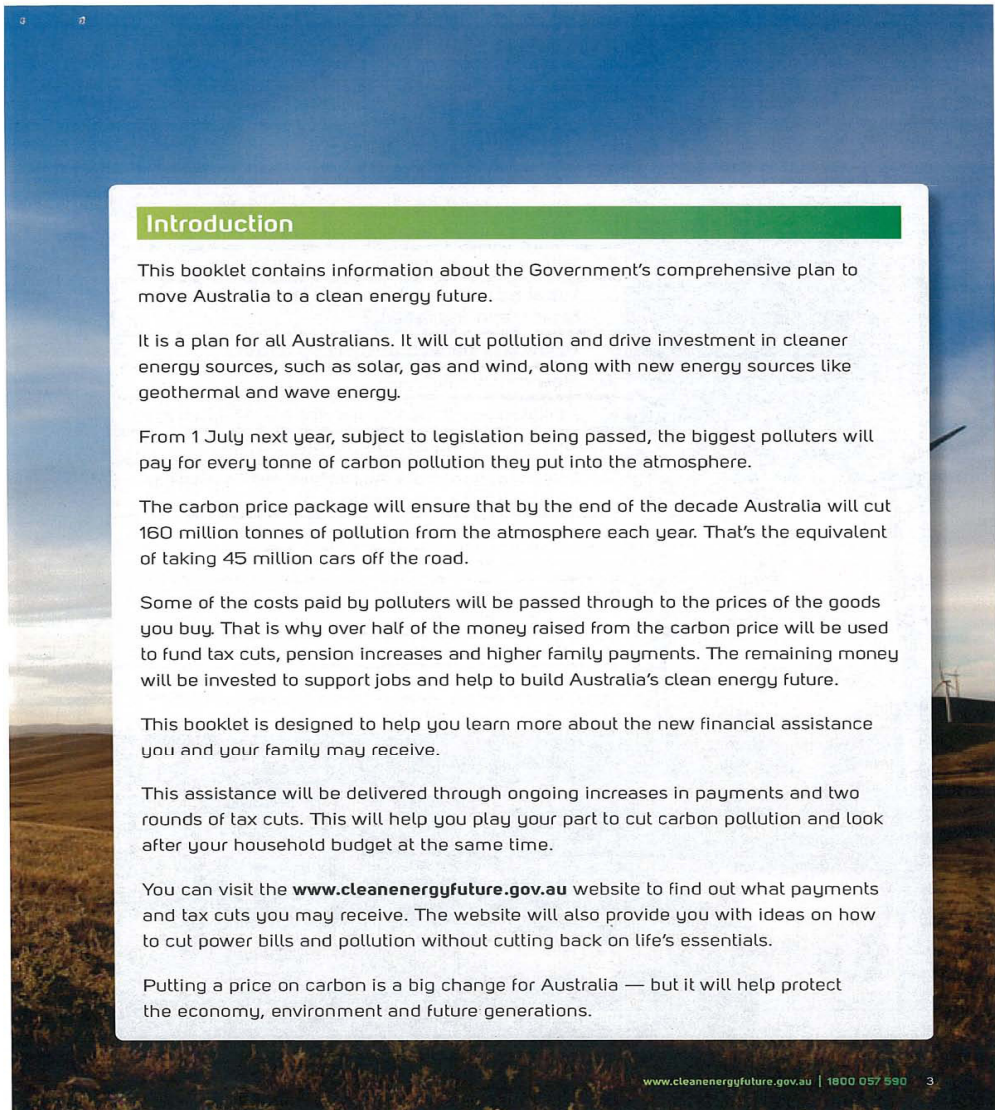
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Carbon price Renewable energy Energy efficiency Land use

3. Mail-out booklet—Introduction



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