

The Auditor-General  
Audit Report No.54 2012–13  
Performance Audit

# **Administration of Government Advertising Arrangements: August 2011 to March 2013**

Australian National Audit Office

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ISSN 1036-7632

ISBN 0 642 81380 9 (Print)

ISBN 0 642 81381 7 (On-line)

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Canberra ACT  
26 June 2013

Dear Mr President  
Dear Madam 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 to the Parliament. The report is titled *Administration of Government Advertising Arrangements: August 2011 to March 2013*.

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 and title.

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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# Acronyms

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2010 Guidelines /the Guidelines	<i>Guidelines on Information and Advertising Campaigns by Australian Government Departments and Agencies (March 2010)</i>
ANAO	Australian National Audit Office
CAB	Department of Finance and Deregulation, Communications Advice Branch
CALD	Culturally and Linguistically Diverse
CAS	Central Advertising System
CEF	Clean Energy Future
CMUL	Communications Multi-Use List
COAG	Council of Australian Governments
CPGs	<i>Commonwealth Procurement Guidelines 2008</i> (Financial Management Guidance 1)
DBCDE	Department of Broadband, Communications and the Digital Economy
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>



HAP	Household Assistance Package
ICC	Independent Communications Committee
MBA	Media Booking Authority
MMA	Master Media Agency
NBN	National Broadband Network
PM&C	Department of the Prime Minister and Cabinet
PRG	Peer Review Group
Treasury	The Treasury

# Glossary

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Campaign advertising	Campaign advertising involves paid media placement and is designed to inform, educate, motivate or change behaviour.
Communications strategy	A communications strategy provides the conceptual framework for a campaign, including the rationale for the approach, the audience segmentation, and the reasoning for the media mix. It stipulates how all the various components of the campaign will be coordinated, integrated and managed in order to efficiently and effectively achieve the communications objectives. <sup>1</sup>
Creative material	An advertisement or set of advertisements for a campaign.
Promotional material	Also described as 'below-the-line' or 'collateral' materials, promotional materials include physical items which are generally developed as part of public relations activities to support an advertising campaign.
Total campaign spend	Those elements which collectively make up the value of a campaign, as identified in paragraph 11 of the <i>Guidelines on Information and Advertising Campaigns by Australian Government Departments and Agencies (March 2010)</i> . 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.

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<sup>1</sup> Department of Finance and Deregulation, *Campaign Planning Guide for Australian Government Departments and Agencies*, September 2012, p. 51.

# **Summary and Recommendations**

# Summary

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## Introduction

1. Advertising is an important and legitimate element of government communication and information strategies. Governments use advertising to inform the public about government policies, programs and services which affect their entitlements, rights and obligations. In 2011–12, total campaign advertising<sup>2</sup> expenditure by *Financial Management and Accountability Act 1997* (FMA Act) agencies was some \$224 million.<sup>3</sup>

2. While campaign 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, rather than to meet the genuine information needs of citizens.<sup>4</sup>

## The campaign advertising framework

3. The Australian Government significantly enhanced the arrangements applying to government advertising in 2008.<sup>5</sup> The new arrangements 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.<sup>6</sup> 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. At that time,

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<sup>2</sup> Campaign advertising is defined as involving: 'paid media placement and is designed to inform, educate, motivate or change behaviour'. Non-campaign advertising is defined as: 'simple, informative advertising that generally appears only once or twice, contains factual statements and typically has a low creative content'. Source: Department of Finance and Deregulation, *Guidelines on Information and Advertising Campaigns by Australian Government Departments and Agencies*, March 2010, paragraphs 9 and 10.

<sup>3</sup> The total campaign advertising expenditure includes media placement costs, 'consultants, services and other costs' and GST. See paragraph 6.7 for further discussion. In 2011–12, media placement costs were reported by the Department of Finance and Deregulation to be \$139.7 million, 'consultants, services and other costs' were \$63.6 million, and GST costs were \$20.3 million. Media placement costs for the 2012 calendar year were reported to be \$111.9 million.

<sup>4</sup> Senate Finance and Public Administration References Committee, *Government advertising and accountability*, 2005, p. xiii.

<sup>5</sup> The arrangements were informed by recommendations of the Joint Committee of Public Accounts and Audit and a Senate Inquiry. See ANAO Audit Report No.24, 2011–12, *Administration of Government Advertising Arrangements: March 2010 to August 2011*, paragraph 3.

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

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.<sup>7</sup> 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 on compliance to agency chief executives, who would in turn provide a certification to the relevant Minister.<sup>8</sup> The Auditor-General was requested to undertake performance audits of the administration of government advertising, and has agreed to do so.

4. As part of the revised arrangements in 2010, the Government updated the *Guidelines on Information and Advertising Campaigns by Australian Government Departments and Agencies* (the 2010 Guidelines/the Guidelines) to reflect its revised policy position, replacing the guidelines introduced in 2008. The Guidelines, combined with certain advertising-specific procurement arrangements and the Australian Government's financial management requirements, make up the campaign advertising framework applying since March 2010 to all departments and agencies subject to the FMA Act.

5. The 2010 Guidelines outline the following three underlying principles governing the use of public funds for all government information and advertising campaigns:

- (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.

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<sup>7</sup> 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.

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

6. The Guidelines also include five 'Information and Advertising Campaign Principles' (the Principles) as a basis for regulating the probity and cost-effectiveness of campaign advertising. The principles are:

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; and

Principle 5: Campaigns must comply with legal requirements and procurement policies and procedures.<sup>9</sup>

7. The ICC established under the revised Guidelines considers campaigns worth \$250 000 or more<sup>10</sup> and provides a report to the relevant agency chief executive on compliance with Principles 1 to 4. Principle 5 is considered to relate to a chief executive's normal responsibilities and is not subject to ICC advice. Following the receipt of ICC advice, agency 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. Specific publication and reporting requirements are also set out in the 2010 Guidelines, with the aim of promoting transparency and accountability.

8. The Special Minister of State is responsible for the administration of the campaign advertising framework, including the Guidelines. The Special Minister of State is supported by the Department of Finance and Deregulation (Finance), which provides secretariat support to the ICC and is available to provide advice to agencies on the framework.

9. Since the introduction of the 2010 Guidelines, there have been changes in the campaign advertising framework. In August 2011, the Peer Review Group (PRG) was introduced to provide advice on the development of

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<sup>9</sup> The five principles are expanded in 18 sub-paragraphs which, as observed in a previous ANAO audit, contain a mix of mandatory and sound practice requirements. See ANAO Audit Report No.24, 2011–12, *Administration of Government Advertising Arrangements: March 2010 to August 2011*, Chapter 2.

<sup>10</sup> For campaigns of less than \$250 000, chief executives can request ICC advice. Further, the 2010 Guidelines make provision for the Special Minister of State to exempt campaigns from their operation on the basis of a national emergency, extreme urgency or other compelling reason. Finance has advised that a total of three exemptions have been agreed—two in 2009 and one in 2010.

campaigns worth \$250 000 or more. Agencies are required to submit a campaign communications strategy to the PRG for review, and may return to the PRG at later stages of campaign development. At the time of the introduction of the PRG, Finance's role was amended—agencies were no longer required to seek campaign development advice from Finance, or involve Finance in campaign advertising tender processes.

## **ANAO audits of government advertising**

10. As previously indicated, the Auditor-General was requested to consider undertaking periodic performance audits of the administration of government advertising following the introduction of the revised arrangements in 2010. The first report on the revised arrangements concluded that where the revised certification process for agencies subject to the FMA Act had applied, it had been generally effective in promoting compliance with the 2010 Guidelines.<sup>11</sup> However, the report also identified areas for improvement in agencies' administration of advertising campaigns, including: 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. The report made five recommendations and a range of suggestions aimed at strengthening the integrity and transparency of the campaign advertising framework. This audit continues the ANAO's examination of government advertising arrangements.

11. The ANAO had also undertaken a series of audits on the administration of government advertising in prior years, including:

- Audit Report No.38, 2009–10, *Campaign Advertising Review July 2009–March 2010*;
- Audit Report No.2, 2009–10, *Campaign Advertising Review 2008–09*;
- Audit Report No.24, 2008–09, *The Administration of Contracting Arrangements in relation to Government Advertising to November 2007*;
- Audit Report No.12, 1998–99, *Taxation Reform Community and Education Programme*; and

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<sup>11</sup> ANAO Audit Report No.24, 2011–12, *Administration of Government Advertising Arrangements: March 2010 to August 2011*. Further, the ANAO reviewed the *Swap It, Don't Stop It* advertising campaign in the context of Audit Report No.12, 2012–13, *Administration of Commonwealth Responsibilities under the National Partnership Agreement on Preventive Health*.

- Audit Report No.30, 1994–95, *Commonwealth Government Information and Advertising—an audit of Commonwealth Government advertising*.

## Audit objectives, criteria and scope

12. The audit objectives were to:

- assess the effectiveness of selected agencies' administration in developing advertising campaigns and implementing key processes against the requirements of the campaign advertising framework, and other key legal and administrative requirements; and
- assess the effectiveness of the ongoing administration of the Australian Government's campaign advertising framework.

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

- compliance of four campaigns against the requirements of the campaign advertising framework, including the five information and advertising campaign principles of the Guidelines;
- procurement practices adopted to give effect to the four advertising campaigns, including related legal and process requirements;
- progress made towards addressing the recommendations and suggestions made in ANAO Audit Report No.24, 2011–12, *Administration of Government Advertising Arrangements: March 2010 to August 2011*; and
- effectiveness of the revised campaign advertising framework, including the new PRG; the revised role for Finance; and the ongoing review of advertising campaigns by the ICC.

14. Three campaigns were initially selected for review on the basis of their financial materiality, and the importance and visibility of the policy initiatives. The campaigns selected were the:

- Household Assistance Package (HAP) advertising campaign—administered by the Department of Families, Housing, Community Services and Indigenous Affairs (FaHCSIA);
- Regional National Broadband Network advertising campaign—administered by the Department of Broadband, Communications and the Digital Economy (DBCDE); and



- Metropolitan National Broadband Network advertising campaign—also administered by DBCDE.

15. The audit was extended in March 2013, following correspondence from two members of the Australian Parliament, to include the Commonwealth funding of Victorian hospitals advertising campaign administered by the Department of Health and Ageing (DoHA). In the same month, the audit scope was also extended to include an examination of campaign-related promotional materials, following correspondence from a member of the Australian Parliament.

16. The audit involved the following six agencies: FaHCSIA; DBCDE; DoHA; Finance; PM&C; and the former Department of Climate Change and Energy Efficiency (DCCEE).<sup>12</sup> The audit examined the administration of the campaign advertising framework from the end of the period examined by the previous ANAO performance audit (August 2011) until March 2013.

## Overall conclusion

17. This audit continues the ANAO's periodic review of government advertising arrangements, an area of public administration that has been sensitive because of concerns, at times, that political considerations have been given undue weight in decisions on whether to run an advertising campaign and the nature of the campaign. While the Guidelines are based on now well-established principles, judgements are necessarily required about whether the principles have been reasonably applied in the development of campaigns.

18. This audit involved an examination of four advertising campaigns:

- the HAP campaign administered by FaHCSIA;
- DBCDE's regional and metropolitan NBN campaigns; and
- DoHA's Commonwealth funding of Victorian hospitals campaign.

The first three of these campaigns were valued over \$250 000 and were therefore reviewed by the ICC, while DoHA's lower-valued campaign was not. The audit also examined the ongoing administration of the campaign

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<sup>12</sup> DCCEE planned an advertising campaign for the second phase of the Clean Energy Future plan, of which communications about the HAP was to be a component. The Government decided not to proceed with the campaign, and instead approved a campaign specifically relating to the HAP. This audit considered the approval of the HAP campaign and DCCEE's progress in response to a recommendation of the ANAO's previous report. In machinery of government changes announced on 26 March 2013, the functions of DCCEE were allocated to other departments.

advertising framework, including progress against the recommendations of the ANAO's 2011–12 performance audit report on government advertising.

19. In 2008 the Government introduced an enhanced framework for the administration of advertising campaigns in response to issues highlighted by Parliamentary inquiries and ANAO reports. While a subsequent review of the framework led to some softening of the arrangements<sup>13</sup>, the revised framework and Guidelines introduced in 2010 maintained the core elements of the earlier arrangements, namely: the certification of major campaigns by agency chief executives against written guidelines; third party review of campaigns against those guidelines; and the need for campaigns to be justified and undertaken in an efficient, effective and relevant manner.<sup>14</sup>

20. The first three campaigns mentioned above, administered by FaHCSIA and DBCDE, generally had regard to the requirements of the campaign advertising framework. The ICC's campaign review process generated significant discussion between the committee and the relevant agency, and together with the certification of campaigns by chief executives, led to the strengthening of the campaigns' compliance with the Guidelines.

21. Overall, FaHCSIA generally implemented the \$40 million HAP advertising campaign in compliance with the Guidelines, within a particularly short timeframe. Importantly, the department provided the ICC with sufficient and relevant evidence to verify all factual statements used in the campaign. While the HAP was intended to help low and middle income households adjust to the cost impacts of the carbon price, the campaign advertisements focused on the financial assistance available under the package and did not mention that this assistance was in response to the introduction of carbon pricing.<sup>15</sup> In support of this approach, FaHCSIA cited research which suggested that including content about the carbon price would impair the effectiveness of the campaign. Overall, the campaign performed well in

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<sup>13</sup> A 2009–10 ANAO audit report noted that: 'It is apparent that while the March 2010 Guidelines provide a greater level of specificity in some areas, other areas are less specific than before. This is particularly so in the case of Principle 1, which provides a broader scope in determining the suitable uses of government advertising campaigns, Principle 3, which provides less guidance in interpreting whether campaign materials promote party political interests, and Principle 4, which no longer requires a cost-benefit analysis to support the proposed campaign. As previously indicated to the Government, these changes represent a general softening in the application of requirements on agencies. Nevertheless, these are matters that rest with Government for decision'. Source: ANAO, Audit Report No.38, 2009–10, *Campaign Advertising Review July 2009 – March 2010*, p. 15.

<sup>14</sup> The campaign advertising Guidelines operate in the context of the Australian Government's wider financial management framework.

<sup>15</sup> The advertisements directed viewers to the campaign website which linked the HAP to the carbon price, and provided a link to a related website.

increasing awareness and understanding of the payments, tax cuts and entitlements. However, the department's decision not to mention the link between the HAP and the introduction of a carbon price was noteworthy, and meant that the advertisements did not fully inform the public about the reason for the government assistance. While information on the reasons for the assistance could have been expected given the underlying government advertising principle that 'members of the public have equal rights to access comprehensive information about government policies, programs and services which affect their entitlements, rights and obligations'<sup>16</sup>, such information was available from the website referenced in the advertisements. On this issue, FaHCSIA informed the ANAO that it did not receive any instructions or take soundings from the Government regarding the proposed focus of the campaign.

**22.** DBCDE's administration of the regional and metropolitan NBN advertising campaigns, with a combined cost of \$49 million, in the main met the requirements of the campaign advertising framework. There were some technical inaccuracies in a small number of statements made in the regional NBN campaign as part of unscripted case studies. While recognising that there will generally be less precision in unscripted material, there would have been benefit in DBCDE taking additional steps to verify the unscripted statements, which featured prominently in the campaign. Other areas for improvement were DBCDE's approach to assessing the cost-effectiveness of the media buy for the regional NBN campaign, and its procurement practices for both campaigns. The need for agencies to exercise care in these routine aspects of campaign development has been observed in previous ANAO audits.

**23.** While the NBN campaigns generally complied with the Guidelines, they were also noteworthy as the first time a Department of State has conducted advertising campaigns in an area in which a Government Business Enterprise has charter responsibilities—in this case NBN Co Limited (NBN Co).<sup>17</sup> NBN Co communications policy is guided by its charter responsibilities and is designed to ensure Australians are aware of the NBN construction schedule, to promote the potential benefits of NBN services and to inform people about how to connect to the network when it is available in

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<sup>16</sup> Finance, *Guidelines on Information and Advertising Campaigns by Australian Government Departments and Agencies*, March 2010, paragraph 8(a).

<sup>17</sup> In response to ANAO inquiries, Finance advised that it was not aware of a similar case since the introduction of the current campaign advertising framework in 2008.

their area.<sup>18</sup> The responsible portfolio department, DBCDE, sought to differentiate its communications activities from NBN Co by focusing on matters of government policy.<sup>19</sup> Nonetheless, the department was advertising in a market in which a Government Business Enterprise and retail service providers have commercial incentives to promote the benefits of the NBN to drive uptake by consumers when it becomes available in different areas. While it was open to the Government and DBCDE to conduct campaigns under the Guidelines, the closely related communications objectives<sup>20</sup> and activities of a Department of State and a Government Business Enterprise with a commercial charter raises questions about the overall efficiency of publicly funded advertising on the NBN, particularly given the focus, scale and timing of the departmental advertising effort. There would have been benefit in DBCDE assessing the cost-effectiveness of its proposed NBN campaigns, as part of its original advice to Ministers, to inform government decisions on the campaigns' targeting, scale and timing.<sup>21</sup> The scope for tension between advertising of a Department of State and Government Business Enterprise is also a matter that would benefit from consideration by Finance as it further develops the campaign advertising framework.

**24.** The fourth campaign examined by the ANAO was the Commonwealth funding of Victorian hospitals advertising campaign, which cost less than \$250 000 and was not subject to ICC review.<sup>22</sup> The compliance of this sensitive campaign with the requirements of the framework was mixed. There was no documented approval of the advertisement by the Health Minister, the DoHA

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<sup>18</sup> NBN Co, *2012 Annual Report*, pp. 25 and 26.

<sup>19</sup> DBCDE advised the ICC that: 'A failure to communicate more accurate information to the Australian public on the NBN would result in a continuation of ... misunderstandings and misconceptions which will ultimately leave Australians exposed with little understanding and less likely to opt in or experience the personal, commercial and community benefits of the NBN in coming years. Overwhelmingly, the research found that re-engaging the public with the NBN initiative and tangible benefits would decrease misconceptions and ensure consumers were more accurately informed about this policy initiative and able to take appropriate action when it rolls out in their area.' DBCDE, *Statement of Compliance against the Information and Advertising Principles*, signed 23 April 2012, p. 10.

<sup>20</sup> For example: the objectives of DBCDE's metropolitan NBN advertising campaign included to 'build and maintain visibility by showing the personal, business, community and national benefits of connecting to the NBN', and to 'direct people to where they can get more information about how and when they can get connected (call to action)'; and NBN Co's communications seek to promote the potential benefits of NBN services and to inform people about how to connect to the network when it is available in their area.

<sup>21</sup> A March 2012 update of the Cabinet Handbook included a requirement that proposals for information campaigns include justification of the cost-effectiveness of the campaign. The proposal for the metropolitan NBN campaign was considered by Ministers following this update. For further discussion on cost-effectiveness and advertising campaigns, see ANAO Audit Report No.24, 2011–12, *Administration of Government Advertising Arrangements: March 2010 to August 2011*, pp. 69–77.

<sup>22</sup> DoHA's Commonwealth funding of Victorian hospitals advertising campaign was not subject to the certification process as it was valued at less than \$250 000, and the department did not exercise its discretion, under paragraph 6 of the Guidelines, to request ICC advice.

Secretary or a responsible departmental delegate.<sup>23</sup> Further, DoHA did not document its assessment of the campaign's compliance with the Guidelines during its (three day) development phase or subsequently.<sup>24</sup> Staff in the offices of the Health Minister and Prime Minister were significantly involved in the campaign's development, contributing actively to the drafting and editing of the advertisement. This process led to the removal of contextual information from the advertisement, and clouded responsibility for the campaign's development, which nonetheless remained formally with the department.

25. The Victorian hospitals advertisement appeared in the context of an active and public debate between the Australian and Victorian governments over a downward revision in October 2012 of \$107 million in Commonwealth healthcare funding to Victoria. In February 2013, the Australian Government decided to pay an equal amount of funding directly to Victorian Local Hospital Networks, and subsequently advertised the funding in Victorian newspapers.<sup>25</sup> Within this context, one of the four statements in the advertisement: *'This [Injecting \$107 million into Victorian hospitals] will reverse cuts made by the Victorian Government'*, was not presented in an objective manner. The statement attributed full responsibility for the consequences of the \$107 million downward funding revision to the Victorian Government, when: the exact amount of funding to be provided directly to Victorian Local Hospital Networks was equal to the original Commonwealth funding revision; and the original revision was a consequence of the application of a funding formula agreed to by both the Australian and Victorian governments. Further, there are likely to be a range of views about the campaign's compliance with the requirement that government advertisements not directly attack or scorn the policies or actions of 'others'—in this case, aspects of the Victorian Government approach.<sup>26</sup>

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<sup>23</sup> DoHA had corresponded with the Health Minister's office and the Prime Minister's office, and relevant office staff had indicated their agreement to the advertisement. DoHA advised the ANAO that it was the department's 'clear understanding that the Minister's office was providing the Minister's approval to us'. DoHA advice to ANAO, 2 May 2013.

<sup>24</sup> While DoHA advised that it was not practicable to document compliance in the limited time available for development—a total of three days—there was scope to do so subsequently but this had not occurred at the time of preparation of this report.

<sup>25</sup> A local hospital network is an organisation that provides public hospital services in accordance with the National Health Reform Agreement. A local hospital network can contain one or more hospitals, and is usually defined as a business group, geographical area or community. Every Australian public hospital is part of a local hospital network.

<sup>26</sup> Paragraph 28(b) of Principle 3 provides that: 'campaign materials must not directly attack or scorn the views, policies or actions of others such as the policies and opinions of opposition parties or groups'.

26. In relation to the ongoing administration of the campaign advertising framework, Finance has responded in a timely manner to the majority of recommendations and suggestions in the 2011–12 ANAO audit report on government advertising. One recommendation, however, remains yet to be acted upon—that Finance provide guidance to agencies to clarify which parts of the Guidelines are mandatory and which are sound practice.<sup>27</sup> In addition, Finance has not yet addressed the suggestion in the previous audit report that it report consolidated information on total Australian Government campaign advertising expenditure. As a consequence, this audit recommends that Finance publish consolidated information in its biannual reports on campaign advertising expenditure by FMA Act agencies, to further strengthen the transparency of its reporting on government advertising expenditure. Another aspect of government advertising for which transparency could be improved is the use and effectiveness of campaign-related promotional materials. In this respect, FaHCSIA produced 20 000 families kits using funding from the public relations component of the budgets of three of its advertising campaigns: the HAP campaign; the Dad and Partner Pay campaign; and the Schoolkids Bonus campaign. However, there was not as strong a link between the ‘families kits’ and the HAP, as was the case for Dad and Partner Pay and the Schoolkids Bonus.<sup>28</sup> Future ANAO audits on government advertising will maintain a focus on the use of campaign-related promotional materials.<sup>29</sup>

27. A review of the Australian Government’s campaign advertising framework has been delayed beyond September 2013, with a final decision regarding the need for a review to take into account the findings of this audit. While a series of ANAO audits has found that the certification process and third party review applying since 2008 have promoted compliance with the framework, there remains scope to further refine and strengthen elements of the framework. The ANAO has made two recommendations in this audit directed towards Finance: clarifying the application of an aspect of the Guidelines; and further strengthening the transparency of reporting on government advertising expenditure.

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<sup>27</sup> Finance indicated that this recommendation would be considered as part of the planned March 2012 review of the framework, however, a decision about the conduct of this review has been delayed until at least September 2013.

<sup>28</sup> The audit also examined promotional materials for the regional NBN advertising campaign.

<sup>29</sup> While the families kits contained brochures on Dad and Partner Pay and the Schoolkids Bonus, they did not contain similar specific information on the HAP.

28. While the audit observed a range of compliance issues which agencies should continue to have close regard to in applying the framework, a feature of the campaigns examined was a tendency to push the boundaries of the Guidelines in some areas, with insufficient weight being given to the underlying principles governing the use of public funds for government advertising campaigns.<sup>30</sup> While recognising that the primary purpose of the HAP campaign was to raise awareness of the financial assistance available under the HAP, FaHCSIA's decision not to directly refer to the introduction of carbon pricing meant that the major advertisements did not fully inform the public about the particular reason for the assistance—to assist with the cost impacts resulting from a carbon price. In the case of the two NBN campaigns, a new situation arose in which a Department of State undertook advertising which was closely related to communications undertaken by the responsible Government Business Enterprise, NBN Co, raising questions about the overall efficiency of publicly funded advertising on the NBN and the value for money of such an approach. Further, in the context of an active and public debate between the Australian and Victorian governments, one of the four statements in the Commonwealth funding of Victorian hospitals advertisement was not presented in an objective manner.

29. The audit draws attention to an emerging risk of campaign advertising not clearly meeting the enhanced expectations and arrangements established by the Government from 2008, with the specific purpose of ensuring that Government advertising and information campaigns 'provide objective, factual and explanatory information, free from partisan promotion of government policy and political argument'.<sup>31</sup> The Government deserves credit for lifting the bar on the standards expected when it introduced the new arrangements. However, the arrangements need to be supported by Ministers so that Australian Government advertising campaigns are directed to meeting the genuine information needs of citizens. Agencies also have a direct responsibility under the framework to meet the principles of the Guidelines, which were introduced to strengthen confidence in the integrity and value of government communication and information activities. As with any framework, a decline in standards is likely in the absence of ongoing reinforcement of its central features and their continued application.

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<sup>30</sup> Refer to paragraph 5, see underlying principles (a) and (b).

<sup>31</sup> Senator the Hon John Faulkner and the Hon Lindsay Tanner MP, Joint Media Release, *New Advertising Guidelines*, 2 July 2008, p. 1.

## Key findings by chapter

### Chapter 2—Household Assistance Package Advertising Campaign

30. Following the Government's decision in March 2012 not to proceed with a second phase of the Clean Energy Future (CEF) campaign<sup>32</sup>, FaHCSIA developed the first phase of the Household Assistance Package (HAP) campaign within seven weeks. This was a challenging timeframe because the campaign involved the development of television advertisements. The first phase of the campaign ran from mid-May to late June 2012. The second phase ran from late June to July 2012, and was developed in a similar timeframe to the first phase. Overall, FaHCSIA's implementation of the HAP campaign generally complied with the Guidelines, with support for the approach adopted. Importantly, FaHCSIA provided the ICC with sufficient and relevant evidence to verify the factual statements used in the campaign.

31. The HAP was intended to help low and middle income households adjust to the impact of the carbon price. The campaign advertisements focused on the financial assistance available under the package and did not mention that the reason for this assistance was to assist with the cost impacts resulting from the carbon price. In supporting this approach, FaHCSIA cited research which suggested that including content about the carbon price would impair the effectiveness of the campaign. Irrespective of the creative concept testing drawn upon by the department, the decision not to mention the link between the HAP and the introduction of carbon pricing meant that the advertisements did not fully inform the public about the particular reason for this assistance. The advertisements attracted significant media and parliamentary scrutiny for not directly mentioning the carbon price, which would otherwise have been avoided.<sup>33</sup>

32. The evaluation of the HAP campaign showed that it performed well in increasing awareness and understanding of the payments, tax cuts and entitlements. Unprompted awareness of the HAP and recall of key campaign messages rose substantially over the course of the campaign. The evaluation also showed that respondents had variable understanding about the types of 'everyday expenses' that the advertisements referred to.

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<sup>32</sup> The first phase of the campaign was examined in ANAO Audit Report No.24, 2011–12, *Administration of Government Advertising Arrangements: March 2010 to August 2011*, Chapter 8.

<sup>33</sup> See for example: Sydney Morning Herald, *Carbon ads don't tax the viewer*, 14 May 2012, and The Australian, *Shhh ... don't mention the carbon tax: government's compo ads omit mention of the measure*, 14 May 2012.



## Chapter 3—Regional National Broadband Network Advertising Campaign

33. DBCDE was tasked with delivering an advertising campaign focused on regional and remote areas of Australia, to improve public understanding, address misconceptions, and provide updated information about the NBN. The regional NBN campaign was developed within 11 weeks, a challenging timeframe as the campaign involved the development of television advertisements. The campaign ran from late April 2012 to late June 2012.

34. In the main, DBCDE's administration of the regional NBN advertising campaign met the requirements of the campaign advertising framework. However, on several occasions DBCDE provided campaign materials and supporting documentation to the ICC late, which did not effectively support the third party review of the campaign. There were some technical inaccuracies in a small number of statements made in the regional NBN campaign as part of unscripted case studies. In approving the campaign media buy, DBCDE relied on the Master Media Agency's advice.<sup>34</sup> DBCDE did not make its own assessment of the cost-effectiveness of the media buy, in accordance with the requirements of the financial framework and the Guidelines.<sup>35</sup>

35. It has long been recognised that it is legitimate for government to 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. DBCDE identified a need for communications activities to address 'misunderstandings and misconceptions' about the NBN. While acknowledging that the decision to conduct the two NBN campaigns was a matter for the Government and DBCDE, this was the first time a Department of State has conducted advertising campaigns in an area in which a Government Business Enterprise has charter responsibilities. NBN Co is responsible for designing, building and

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<sup>34</sup> The Master Media Agency is part of the Australian Government's Central Advertising System (CAS), which consolidates government advertising expenditure to secure optimal media discounts on Commonwealth-wide media rates. Under the CAS, the responsible Master Media Agency assists in media planning, placement and rates negotiations with media outlets.

<sup>35</sup> In this regard, Finance's September 2012 *Campaign Planning Guide* states that: 'Financial delegates should treat the approval of [a Media Booking Authority] in the same way as they would treat any other spending proposal. That is, the delegate must be satisfied that the spending proposal would be a proper use of Commonwealth resources. To demonstrate this, you need to clearly document the process undertaken to select the recommended media channels and the volume/cost of advertising', p. 60.

As discussed in Chapter 4, the department improved this aspect of its administration for the metropolitan NBN campaign.

operating the NBN, and conducts its own communications activities to ensure Australians are aware of the NBN construction schedule, to promote the potential benefits of NBN services and to inform people about how to connect to the network when it is available in their area. While DBCDE sought to differentiate its activities from NBN Co by focusing on matters of government policy, the closely related communications objectives and activities of a Department of State and a Government Business Enterprise with a commercial charter raises questions around the focus, scale and timing of the departmental advertising effort. Of particular note, with the NBN rollout ongoing until 2021<sup>36</sup>, for a substantial number of households and businesses DBCDE's large scale NBN advertising took place years before the NBN is due to become available in their area. There would have been benefit in DBCDE assessing the cost-effectiveness of its proposed NBN campaigns to inform government decisions on the campaigns' targeting, scale and timing.

36. The evaluation report for the regional NBN advertising campaign was finalised in July 2012. The evaluation noted improvements in understanding and attitudes against the majority of the campaign's objectives. For example; understanding that the 'NBN rollout is now underway prioritising regional Australia' rose from 37 to 52 per cent as a result of the campaign; understanding that the 'NBN will deliver high speed reliable broadband to all of Australia' rose from 42 to 51 per cent; and the proportion of respondents who believed that 'the NBN would bring a lot of benefits to my community' rose from 47 to 49 per cent.

## **Chapter 4—Metropolitan National Broadband Network Advertising Campaign**

37. DBCDE was tasked with delivering an NBN advertising campaign focused on the metropolitan areas of Australia, where access to the network is to be provided through optical fibre. The objectives of the campaign were to: increase understanding about the NBN; engage, inform and educate by explaining facts, dispelling myths and showcasing the benefits of the NBN; and direct people to further information about the NBN. DBCDE developed the first phase of the campaign within 11 weeks, drawing on its experience in

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<sup>36</sup> Refer to the NBN Co website for details of the NBN rollout schedule, available at: <http://www.nbnco.com.au/when-do-i-get-it/index.html>], [accessed 9 June 2013].

developing the regional NBN campaign. The campaign ran from November 2012 to mid-January 2013.

38. DBCDE's administration of the metropolitan NBN advertising campaign generally met the requirements of the campaign advertising framework. For this campaign, DBCDE improved its administration by: providing the ICC with sufficient and relevant evidence to verify factual statements used in the campaign; and assessing and refining the cost-effectiveness of the proposed media buy.

39. As part of its review of the campaign, the ICC identified the need for additional testing of print materials, as the materials had generally tested poorly. Additional testing indicated relative improvement in the advertisements, but did not make it clear that the advertisements were engaging or expected to perform well against the objectives of the campaign (which is encouraged under the Guidelines). Following the initial use of the materials, DBCDE decided to discontinue their use, as they were underperforming relative to other media. In this respect, DBCDE's monitoring of the effectiveness of the campaign materials enabled it to redirect some expenditure on print materials to a better performing media channel. The department's experience demonstrates the value of creative concept testing as a means of indicating whether creative materials are engaging and performing well against campaign objectives.

40. The evaluation report for the first phase of the metropolitan campaign was completed in January 2013. After being provided with tailored descriptions of metropolitan NBN campaign advertisements for different media, 33 per cent of the respondents recalled having seen campaign advertisements on television, 17 per cent recalled hearing campaign advertisements on the radio, and nine per cent recalled seeing a campaign advertisement in the print media. The evaluation also measured changes in respondents' attitudes towards key campaign messages, which had sought to clarify misperceptions about the NBN. For example, respondents' agreement to the statement 'the NBN is delivering fibre optic all the way to the home' rose from 39 per cent before the campaign, to 47 per cent in the final week of the evaluation. In relation to the campaign objective to direct people to further information about the NBN, both the campaign and NBN Co websites saw a significant increase in site visits during the campaign.

## Chapter 5—Commonwealth Funding of Victorian Hospitals Advertising Campaign

41. In October 2012, the Treasurer made two announcements which involved a downward revision in Commonwealth funding of health services. In Victoria, the revision amounted to \$107 million for 2011–12 and 2012–13. The funding revision was the result of the application of a funding formula which had been agreed to by both the Australian and Victorian governments. The revision and its consequences for healthcare services were the focus of active debate between the Commonwealth and State Health Ministers, and generated extensive media coverage. In February 2013, the Australian Government announced it would provide \$107 million in funding directly to Victorian Local Hospital Networks. DoHA was tasked with developing a print advertising campaign to follow the announcement of the funding. The campaign was developed in approximately three days, and ran in Victorian newspapers over two weekends.

42. Ministers are responsible for authorising campaign development in their portfolios and for authorising the launch of a campaign; and agencies remain responsible for campaigns, including compliance with the Guidelines. However, there was no documented approval of the advertisement by the Health Minister, the DoHA Secretary or a responsible departmental delegate.<sup>37</sup> In addition, DoHA made no direct representations to the Minister about the campaign's compliance with the Guidelines in relevant briefings.<sup>38</sup> Staff in the offices of the Health Minister and Prime Minister were significantly involved in the campaign's development, including actively contributing to drafting and editing the advertisement. This process led to the removal of contextual information from the advertisement, and clouded responsibility for the campaign's development, even though this responsibility remained with the department.

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<sup>37</sup> DoHA had corresponded with the Health Minister's office and the Prime Minister's office, and relevant office staff had indicated their agreement to the advertisement. DoHA advised the ANAO that it was the department's 'clear understanding that the Minister's office was providing the Minister's approval to us'. DoHA advice to ANAO, 2 May 2013.

<sup>38</sup> DoHA referred to the Guidelines in a covering email to a member of the Minister's office in which a copy of the brief seeking financial approval to conduct the campaign was included. DoHA specifically noted: 'It is important that the advertising content remains consistent with the principle of the Australian Government Advertising Campaign Guidelines (ie. strictly factual, etc)'. The relevant DoHA officer advised the ANAO that: 'In addition to face to face discussions with staff from the Minister's office, where I discussed the requirements of the Advertising Guidelines, I also discussed the Guidelines over the phone, and clearly in the email providing the Minute seeking expenditure approval'.

43. The advertisement appeared in the context of an active and public debate between the Australian and Victorian governments over the October 2012 healthcare funding revision. Within this context, one of the four statements in the advertisement was not presented in an objective manner: ‘*This [Injecting \$107 million into Victorian hospitals] will reverse cuts made by the Victorian Government*’. The statement attributed full responsibility for the consequences of the \$107 million downward funding revision to the Victorian Government, when: the exact amount of funding to be provided to Victorian Local Hospital Networks was equal to the original Commonwealth funding revision; and the original revision was a consequence of the application of the funding formula agreed to by both the Australian and Victorian governments. The advertisement highlighted only one perspective—that the Victorian Government was responsible for the reduction in public hospital funding because it decided to pass on the revision in Commonwealth funding to Local Hospital Networks, rather than maintain the previous level of funding by replacing the \$107 million through the use of own-source funds.

44. The advertisement contained no overt promotion of party political interests, and was therefore compliant with the main thrust of Principle 3 of the Guidelines. Nevertheless, there are likely to be a range of views about the campaign’s compliance with the spirit of the Principle, as the advertisement may be interpreted as directly attacking or scorning the policies or actions of ‘others’—in this case, aspects of the Victorian Government approach. The Guidelines have been framed in an Australian Government context and do not explicitly address campaign statements which refer to other governments. This is an area of the Guidelines that would benefit from further review in light of this campaign.

## **Chapter 6—Administration of the Campaign Advertising Framework**

45. Finance has responded in a timely manner to the majority of recommendations and suggestions in the 2011–12 ANAO audit report on government advertising.<sup>39</sup> In particular, Finance’s publication of the Campaign

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<sup>39</sup> In addition, the 2011–12 ANAO audit report (paragraphs 2.32–2.34) noted that the 2010 review of the campaign advertising framework recommended that information regarding the cost-effectiveness of proposed campaigns be mandatory at the initial approval stage (with the Cabinet Handbook revised accordingly). At the time of that audit, PM&C advised that an updated draft of the Cabinet Handbook reflecting the recommendation was before the Government for consideration. The March 2012 edition of the Cabinet Handbook includes the requirement that proposals for information campaigns include justification of the cost-effectiveness of the campaign.

Planning Guide<sup>40</sup> in September 2012 has assisted in clarifying administrative responsibilities under the Guidelines, and Finance has reviewed its chief executive certification template for alignment with the Guidelines. Finance has also actively participated in and supported the new Peer Review Group (PRG) process, contributing its experience in campaign advertising. In a similar fashion, Finance has provided sound advice to the ICC to support its review of the compliance of campaigns with Principles 1 through 4 of the Guidelines.

46. Overall, in its initial 15 months, the PRG has assisted agencies in developing their communication activities, and has provided a useful forum for sharing communications experience and building the capability of agencies and their staff. The ICC's review of the HAP and NBN campaigns resulted in a range of improvements by the relevant departments to creative materials and supporting campaign documentation, thereby strengthening campaign compliance with the Guidelines. While there will always be scope for debate about the appropriate level of external involvement in agency campaigns, and the potential 'compliance burden' this may represent, the ANAO continued to observe, as in the previous audit, that there is benefit in third party scrutiny and advice for campaigns which are viewed as being more sensitive. From an agency perspective, the Commonwealth funding of Victorian hospitals advertising campaign highlighted the potential benefit in agencies seeking independent advice for more sensitive campaigns valued at less than \$250 000 to inform their application of the Guidelines. For example, this may involve seeking advice from Finance or the ICC.<sup>41</sup>

## Summary of agency responses

47. Extracts of the proposed report were provided to FaHCSIA, DBCDE, DoHA, Finance, the ICC, PM&C and NBN Co. FaHCSIA, DBCDE, DoHA, Finance, and NBN Co provided a formal response. Summary responses of the agencies subject to audit are provided below. The full responses of these agencies and NBN Co are provided at Appendix 1.

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<sup>40</sup> Department of Finance and Deregulation, *Campaign Planning Guide for Australian Government Departments and Agencies*, September 2012, p. 51.

<sup>41</sup> As previously noted, agency chief executives have the discretion to seek consideration of these campaigns by the ICC.

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

48. The Auditor-General's report acknowledges that the HAP campaign was developed within challenging timeframes, and provided the Independent Communications Committee (ICC) with sufficient and relevant evidence to verify the factual statements used in the campaign. Accordingly the ICC's review found the campaign to be fully compliant with Principles 1-4 of the *Guidelines on Information and Advertising Campaigns by Australian Government Departments and Agencies*.

49. However, FaHCSIA has concerns about some of the issues raised and provides the following formal response.

- The report states there is not a strong link between the families kits and HAP. We strongly disagree with this statement. An overarching plan for communicating with families was developed because most of the target audience (families receiving Family Tax Benefit Part A) would be receiving a range of targeted payments in 2013. These included the Schoolkids Bonus, HAP, Dad and Partner Pay (DaPP) and Family Tax Benefit supplements. Some of the payments would be new, such as the Schoolkids Bonus, and the timing of some payments would overlap. For example, the second instalment of the Schoolkids Bonus coincides with the payment to eligible families of the Clean Energy Supplement as an ongoing entitlement forming part of the Clean Energy Future Household Assistance Package. With a range of payments being delivered to families, the Department identified a risk that they may become confused about the purpose of some payments or fear they have been overpaid. Developmental research highlighted the need for mass media communications to mitigate risk of confusion, as well as fulfil the information needs of the target audience.
- Development of the families kit was designed to provide information on each of the payments and to direct people to the families.gov.au website for further information. One of the inclusions in the kit, the 2013 calendar, contains four specific references to HAP payments. No specific materials were developed for the HAP campaign. However, the families webpage provides information about HAP and links to the HAP webpage. At the time of the ANAO audit (February 2013), the campaign was not active and did not feature prominently on the families.gov.au website as other campaigns were active at that time

(DaPP, Schoolkids Bonus). Phase three of the HAP campaign launched in March 2013 and has featured prominently on the website since.

- Second, the report states several times that, as the link between HAP and carbon pricing was not mentioned in advertising, the public was not fully informed about the reason for government assistance. On this basis, ANAO finds that FaHCSIA 'generally implemented' the campaign in compliance with the Guidelines. Based on significant research, FaHCSIA took the decision to use channels (such as public relations and the website) other than advertising to contextualise HAP as part of the carbon pricing mechanism. This research indicated that simple messages about the detail of HAP, independent of references to and explanation about the carbon pricing mechanism, was the most effective way of increasing mass understanding and awareness (ie. the advertising treatment). However, this research also indicated that it was necessary to contextualise HAP in terms of the Clean Energy Future plan through activities other than advertising. Following review of the campaign on several occasions, the ICC found that the campaign conformed with Principles 1 to 4 of the Guidelines. In response to ANAO's assessment, FaHCSIA believes the campaign was fully implemented in compliance with the Guidelines.

## **Department of Broadband, Communications and the Digital Economy**

50. The report does identify that the NBN campaigns were in market during a period of time where NBN Co. and retail service providers were advertising. The Department would reiterate that the extent of cross over in advertising was extremely limited and occurred through different communication channels. Government NBN advertising focused on overarching policy messaging and dispelling myths and misconceptions identified in developmental research conducted by Open Mind (2012). NBN Co. and RSPs, on the other hand, focused primarily on roll-out, migration and commercial imperatives. As noted in the report, DBCDE coordinated its activities with NBN Co. as required by the Government and supported by the ICC to ensure carefully targeted, complementary messaging.

## **Department of Health and Ageing**

51. The '*Commonwealth Funding of Victorian Hospitals Advertising Campaign*' was developed to address an issue of significant concern, specifically to inform



residents of Victoria about the availability of public hospital services through changed Commonwealth funding arrangements.

## Department of Finance and Deregulation

52. The Department of Finance and Deregulation (Finance) welcomes the ANAO's assessment that since the tabling of ANAO Audit Report No.24, 2011–12, *Administration of Government Advertising Arrangements: March 2010 to August 2011*, it has further strengthened its strategies and processes for supporting agencies in developing campaigns which meet the requirements of the Government's campaign advertising guidelines. Finance also welcomes the acknowledgement that its expertise in campaign advertising has been of benefit to the review processes of both the Independent Communications Committee (ICC) and to the Peer Review Group (which it co-chairs).

53. However, Finance does not concur with the ANAO's remarks in the Overall Conclusion section of report, specifically the suggestion that there is '*... an emerging risk of campaign advertising not clearly meeting the enhanced expectations and arrangements established by the Government from 2008.*' While Finance notes the ANAO's view that the four campaigns included within the scope of the audit tended to push the boundaries of the Guidelines, it does not accept that there is strong evidence of emerging risks to the campaign framework as a whole.

54. Indeed, a key finding of the audit is that the ICC's reviews of campaigns '*... resulted in a range of improvements by the responsible departments to campaign materials and supporting documentation, which led to the strengthening of each campaign's compliance with the 2010 Guidelines.*' Accordingly, the audit report tends to suggest that the independent review arrangements for advertising campaigns are operating as intended, including as a means to ensure that the responsible agencies are considering and adopting strategies to better demonstrate compliance with the Government's campaign advertising guidelines.

### ANAO comment

55. The ANAO recognised in its overall conclusion to this report that where it applied, the ICC's campaign review process together with the certification of campaigns by chief executives, led to the strengthening of the campaigns' compliance with the Guidelines (refer to paragraph 20). However, one of the four campaigns reviewed by the ANAO was not subject to ICC review and chief executive certification. More broadly, across the campaigns

reviewed there was a tendency to push the boundaries of the Guidelines in some areas, which draws attention to an emerging risk of campaign advertising not clearly meeting the enhanced expectations and arrangements established by the Government from 2008 (refer to paragraphs 28 and 29).

## Recommendations

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*The ANAO has made two recommendations directed towards Finance: clarifying the application of an aspect of the Guidelines; and further strengthening the transparency of reporting on government advertising expenditure.*

*In addition, one recommendation of the 2011–12 ANAO audit report on government advertising remains relevant—that Finance provide guidance to agencies to clarify which parts of the Guidelines are mandatory and which are sound practice. Finance advised the ANAO that the clarity and interpretation of the Guidelines would be examined when the Government’s campaign advertising framework is next subject to review.*

### Recommendation No. 1

#### Paragraph 6.10

To improve the transparency of Australian Government expenditure on campaign advertising, the ANAO recommends that the Department of Finance and Deregulation report the total campaign advertising expenditure, including expenditure related to ‘consultants, services and other costs’, and GST, in its reports on *Campaign Advertising by Australian Government Departments and Agencies*.

**Finance response:** *Not agreed*

### Recommendation No. 2

#### Paragraph 6.35

To support the application of the specific requirements and intent 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 clarify the appropriate application of paragraph 28(b) of the Guidelines.

**Finance response:** *Agreed*



# **Audit Findings**

# 1. Introduction

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*This chapter provides an overview of the Australian Government campaign advertising framework. It also outlines the audit approach.*

## 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 government policies, programs and services which affect their entitlements, rights and obligations. In 2011–12, total campaign advertising<sup>42</sup> expenditure by *Financial Management and Accountability Act 1997* (FMA Act) agencies was some \$224 million.<sup>43</sup>

**1.2** While campaign 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, rather than to meet the genuine information needs of citizens.<sup>44</sup>

## The campaign advertising framework

**1.3** The Australian Government significantly enhanced the arrangements applying to government advertising in 2008.<sup>45</sup> The new arrangements 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

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<sup>42</sup> Campaign advertising is defined as involving: 'paid media placement and is designed to inform, educate, motivate or change behaviour'. Non-campaign advertising is defined as: 'simple, informative advertising that generally appears only once or twice, contains factual statements and typically has a low creative content'. Source: Finance, *Guidelines on Information and Advertising Campaigns by Australian Government Departments and Agencies*, March 2010, paragraphs 9 and 10.

<sup>43</sup> The total campaign advertising expenditure includes media placement costs, 'consultants, services and other costs' and GST. See paragraph 6.7 for further discussion. In 2011–12, media placement costs were reported by the Department of Finance and Deregulation to be \$139.7 million, 'consultants, services and other costs' were \$63.6 million, and GST costs were \$20.3 million. Media placement costs for the 2012 calendar year were reported to be \$111.9 million.

<sup>44</sup> Senate Finance and Public Administration References Committee, *Government advertising and accountability*, 2005, p. xiii. 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.

<sup>45</sup> The arrangements were informed by recommendations of the Joint Committee of Public Accounts and Audit and a Senate Inquiry. See ANAO Audit Report No.24, 2011–12, *Administration of Government Advertising Arrangements: March 2010 to August 2011*, paragraph 3.

Ministers and their offices on the one hand and agencies on the other.<sup>46</sup> 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. At that time, 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.<sup>47</sup> 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 on compliance to agency chief executives, who would in turn provide a certification to the relevant Minister.<sup>48</sup> The Auditor-General was requested to undertake performance audits of the administration of government advertising, and has agreed to do so.

**1.4** As part of the revised arrangements in 2010, the Government updated the *Guidelines on Information and Advertising Campaigns by Australian Government Departments and Agencies* (the 2010 Guidelines/the Guidelines) to reflect its revised policy position, replacing the guidelines introduced in 2008. The Guidelines, combined with certain advertising-specific procurement arrangements<sup>49</sup> and the Australian Government's financial management

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<sup>46</sup> ANAO Report No.2, 2009–10, *Campaign Advertising Review 2008–09*, p. 9.

<sup>47</sup> 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.

<sup>48</sup> ANAO Report No.38, 2009–10, *Campaign Advertising Review July 2009–March 2010*, provides further background on the changes.

<sup>49</sup> 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 the Department of Finance and Deregulation to manage media planning, placement and rates negotiations with media outlets.

requirements<sup>50</sup>, make up the campaign advertising framework applying since March 2010 to all departments and agencies subject to the FMA Act.<sup>51</sup>

**1.5** The 2010 Guidelines outline the following three underlying principles governing 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.

**1.6** The Guidelines also include five detailed 'Information and Advertising Campaign Principles' (the Principles) as a basis for regulating the probity and cost-effectiveness of campaign advertising. The principles are:

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; and

Principle 5: Campaigns must comply with legal requirements and procurement policies and procedures.<sup>52</sup>

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<sup>50</sup> Financial framework requirements, established by the FMA Act and the *FMA Regulations 1997*, operate independently of the 2010 Guidelines. The financial framework promotes the proper use of Commonwealth resources.

<sup>51</sup> In relation to the 2010 revisions to the Guidelines, a 2009–10 ANAO audit report noted that: 'It is apparent that while the March 2010 Guidelines provide a greater level of specificity in some areas, other areas are less specific than before. This is particularly so in the case of Principle 1, which provides a broader scope in determining the suitable uses of government advertising campaigns, Principle 3, which provides less guidance in interpreting whether campaign materials promote party political interests, and Principle 4, which no longer requires a cost-benefit analysis to support the proposed campaign. As previously indicated to the Government, these changes represent a general softening in the application of requirements on agencies. Nevertheless, these are matters that rest with Government for decision'. Source: ANAO, Audit Report No.38, 2009–10, *Campaign Advertising Review July 2009 – March 2010*, p. 15.

<sup>52</sup> The five principles contain additional requirements set out in 18 sub-paragraphs. The sub-paragraphs, as observed in a previous ANAO audit, contain a mix of mandatory and sound practice requirements. See ANAO Audit Report No.24, 2011–12, *Administration of Government Advertising Arrangements: March 2010 to August 2011*, Chapter 2.



**1.7** The Independent Communications Committee (ICC) was established in 2010 under the revised Guidelines, to consider campaigns worth \$250 000 or more<sup>53</sup> and provide a report to the relevant agency chief executive on compliance with Principles 1 to 4. Principle 5 is considered to relate to a chief executive's normal responsibilities and is not subject to ICC advice. Following the receipt of ICC advice, agency 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. Specific publication and reporting requirements are also set out in the 2010 Guidelines, with the aim of promoting transparency and accountability.<sup>54</sup>

**1.8** The Special Minister of State is responsible for the administration of the campaign advertising framework, including the Guidelines. The Special Minister of State is supported by the Department of Finance and Deregulation (Finance), which provides secretariat support to the ICC and is available to provide advice to agencies on the framework.

**1.9** Since the introduction of the 2010 Guidelines, there have been changes in the campaign advertising framework. In August 2011, the Peer Review Group (PRG) was introduced to provide advice on the development of campaigns worth \$250 000 or more. Agencies are required to submit a campaign communications strategy to the PRG for review, and may return to the PRG at later stages of campaign development. At the time of the introduction of the PRG, Finance's role was amended—agencies were no longer required to seek campaign development advice from Finance, or involve Finance in campaign advertising tender processes.

## **ANAO audits of government advertising**

**1.10** In March 2010, the Special Minister of State requested that the Auditor-General consider undertaking periodic performance audits of the administration of government advertising. Subsequently, the Auditor-General

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<sup>53</sup> For campaigns of less than \$250 000, chief executives can request ICC advice. Further, the 2010 Guidelines make provision for the Special Minister of State to exempt campaigns from their operation on the basis of a national emergency, extreme urgency or other compelling reason. Finance has advised that a total of three exemptions have been agreed—two in 2009 and one in 2010.

<sup>54</sup> Publication and reporting requirements include the: posting of chief executive certifications on the relevant department's website, when the campaign is launched; posting of ICC advice on Finance's website, after the campaign is launched; reports to the Parliament that detail expenditure on all advertising campaigns with expenditure in excess of \$250 000 commissioned by FMA Act agencies; publishing of research reports for advertising campaigns with expenditure of \$250 000 or more on the relevant agency's website, following the launch of a campaign, where it is appropriate to do so; and detailing of advertising campaigns undertaken, in agency annual reports. See paragraphs 14 and 17 of the Guidelines.

tabled a performance audit of the *Administration of Government Advertising Arrangements: March 2010 to August 2011*.<sup>55</sup> The report concluded that where the revised certification process for FMA agencies had applied, it had been generally effective in promoting compliance with the 2010 Guidelines. However, the report also identified areas for improvement in agencies' administration of advertising campaigns, including the verification and accuracy of factual campaign statements, the assessment of the cost-effectiveness of campaigns, and campaign approvals and recordkeeping. The report made five recommendations and a range of suggestions aimed at strengthening the integrity and transparency of the campaign advertising framework.

**1.11** The ANAO had also undertaken a series of audits on the administration of government advertising in prior years, including:

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

**1.12** Further, the ANAO reviewed the *Swap It, Don't Stop It* advertising campaign in the context of its audit on the *Administration of Commonwealth Responsibilities under the National Partnership Agreement on Preventive Health*.<sup>56</sup>

## Audit approach

### Audit objectives

**1.13** The audit objectives were to:

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<sup>55</sup> ANAO Audit Report No.24, 2011–12, *Administration of Government Advertising Arrangements: March 2010 to August 2011*.

<sup>56</sup> ANAO Audit Report No.12, 2012–13, *Administration of Commonwealth Responsibilities under the National Partnership Agreement on Preventive Health*, Chapter 4.

- assess the effectiveness of selected agencies' administration in developing advertising campaigns and implementing key processes against the requirements of the campaign advertising framework, and other key legal and administrative requirements; and
- assess the effectiveness of the ongoing administration of the Australian Government's campaign advertising framework.

## Audit criteria and scope

**1.14** To form a conclusion against the audit objectives, the audit considered the:

- compliance of four campaigns against the requirements of the campaign advertising framework, including the five information and advertising campaign principles of the Guidelines;
- procurement practices adopted to give effect to the four advertising campaigns, including related legal and process requirements;
- progress made towards addressing the recommendations and suggestions made in ANAO Audit Report No.24, 2011–12, *Administration of Government Advertising Arrangements: March 2010 to August 2011*; and
- effectiveness of the revised campaign advertising framework, including the new PRG; the revised role for Finance; and the ongoing review of advertising campaigns by the ICC.

**1.15** Three campaigns were initially selected for review on the basis of their financial materiality<sup>57</sup>, and the importance and visibility of the policy initiatives. The campaigns selected were the:

- Household Assistance Package (HAP) advertising campaign—administered by the Department of Families, Housing, Community Services and Indigenous Affairs (FaHCSIA);
- Regional National Broadband Network (NBN) advertising campaign—administered by the Department of Broadband, Communications and the Digital Economy (DBCDE); and

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<sup>57</sup> Between 2008–09 and 2011–12, over 90 per cent of campaigns expended less than \$20 million in any one financial year. Source: Finance, *Campaign Advertising by Australian Government Departments and Agencies*, full year reports 2008–09 to 2011–12.

- Metropolitan NBN advertising campaign—also administered by DBCDE.

**1.16** The audit was extended in March 2013, following correspondence from two members of the Australian Parliament, to include the Commonwealth funding of Victorian hospitals advertising campaign administered by the Department of Health and Ageing (DoHA). In the same month, the audit scope was also extended to include an examination of campaign-related promotional materials, following correspondence from a member of the Australian Parliament.<sup>58</sup>

**1.17** The audit involved the following six agencies: FaHCSIA; DBCDE; DoHA; Finance; PM&C; and the former Department of Climate Change and Energy Efficiency (DCCEE).<sup>59</sup> The audit examined the evolution and administration of the Australian Government campaign advertising framework from the end of the period examined by the previous ANAO performance audit (August 2011) until March 2013.

## **Audit methodology**

**1.18** The audit methodology involved:

- interviews of relevant staff and documentation reviews in all six agencies;
- examination of relevant agencies' actions in response to the recommendations and suggestions from ANAO Audit Report No.24, 2011–12;
- interviews with the chair, co-chair and panel members of the PRG and examination of all PRG feedback reports; and
- an interview with NBN Co staff about NBN communications activities and coordination with DBCDE.

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<sup>58</sup> During the course of the audit (February 2013), the Auditor-General received correspondence from a Member of the Australian Parliament regarding promotional 'families kits' which were developed by FaHCSIA, and which were partly funded under the HAP advertising campaign. Refer to Appendix 2.

<sup>59</sup> DCCEE planned an advertising campaign for the second phase of the Clean Energy Future plan, of which communications about the HAP was to be a component. The Government decided not to proceed with the campaign, and instead approved a campaign specifically relating to the HAP. This audit considered the approval of the HAP campaign and DCCEE's progress in response to a recommendation of the ANAO's previous report. In machinery of government changes announced on 26 March 2013, the functions of DCCEE were allocated to other departments.

**1.19** The audit was undertaken in accordance with the ANAO's Auditing Standards at a cost to the ANAO of approximately \$346 000.

## Report structure

**1.20** The remainder of the report consists of:

Chapter title	Description
<i>2. Household Assistance Package Advertising Campaign</i>	Examines the HAP advertising campaign administered by FaHCSIA, including the development of the campaign, the campaign's compliance with the requirements of the 2010 Guidelines and the results of the campaign's evaluation
<i>3. Regional National Broadband Network Advertising Campaign</i>	Examines the regional NBN advertising campaign administered by DBCDE, including the development of the campaign, the campaign's compliance with the requirements of the 2010 Guidelines and the results of the campaign's evaluation
<i>4. Metropolitan National Broadband Network Advertising Campaign</i>	Examines the metropolitan NBN advertising campaign administered by DBCDE, including the development of the campaign, the campaign's compliance with the requirements of the 2010 Guidelines and the results of the campaign's evaluation
<i>5. Commonwealth Funding of Victorian Hospitals Advertising Campaign</i>	Examines the advertising campaign relating to Commonwealth funding of Victorian hospitals administered by the Department of Health and Ageing, including the development of the campaign, and the campaign's compliance with the Guidelines.
<i>6. Administration of the Campaign Advertising Framework</i>	Examines the administration of the campaign advertising framework, including the progress made against previous ANAO recommendations and suggestions, the contribution of the Peer Review Group, Finance's advice and administrative support, and the ICC's review of advertising campaigns.

## 2. Household Assistance Package Advertising Campaign

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*This chapter examines the HAP advertising campaign administered by FaHCSIA, including the development of the campaign, the campaign's compliance with the requirements of the 2010 Guidelines and the results of the campaign's evaluation.*

### Campaign overview

**2.1** The Australian Government allocated \$39.7 million over two years (2011–12 and 2012–13, including GST) for an advertising campaign relating to the Household Assistance Package (HAP).<sup>60</sup> The Australian Government's HAP, which is part of the Clean Energy Future (CEF) plan<sup>61</sup>, was introduced to assist with the cost impacts resulting from a carbon price. At the time the campaign was developed, the HAP was expected to provide financial assistance totalling \$14.3 billion over four years from 2011–12, and included:

- an initial payment for families and parents, seniors and individuals receiving government payments, paid from May 2012;
- the tripling of the tax free threshold to \$18 200, which involved tax cuts for all taxpayers earning less than \$80 000, from 1 July 2012; and
- permanent increases to regular government payments for families, seniors and individuals to commence from March 2013 to January 2014, depending on the type of payment.

**2.2** The advertising campaign aims to raise awareness and understanding across the Australian community of the nature and timing of the payments, tax cuts and entitlements that will be available under the HAP. Information is provided via: television, radio, print and online advertisements; and the CEF, Department of Human Services and FaHCSIA websites.

**2.3** The HAP campaign followed the CEF campaign, which also included information on the HAP. The CEF campaign was administered by the former

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<sup>60</sup> The level of campaign funding was high in comparison to the majority of other advertising campaigns approved in these financial years. See footnote 57.

<sup>61</sup> The Clean Energy Future plan has four 'pillars': a carbon price; renewable energy; energy efficiency; and action on land. The plan also details how the Government aims to support Australian households, businesses and communities to 'transition to a clean energy future'.

Department of Climate Change and Energy Efficiency (DCCEE) and ran from July to September 2011.<sup>62</sup>

**2.4** Table 2.1 summarises the key elements of the HAP advertising campaign, including its objectives, timing, target audiences and budget. Refer to Appendix 3 for an example of a print advertisement from the campaign.

**Table 2.1**

**Summary of the HAP advertising campaign**

Summary		
Objective	The objective of the campaign is to increase awareness and understanding of the payments, tax cuts and entitlements among those who will benefit, while ensuring expectations across all Australians, including those who are not eligible, are managed.	
Timing	<p>Phase one: 13 May to 23 June 2012—coincided with initial lump sum payments to more than six million people.</p> <p>Phase two: 24 June to 28 July 2012—coincided with the tripling of the tax free threshold from 1 July 2012.</p> <p>Phase three: 17 March to 15 June 2013—coincides with permanent increases in payments to eligible recipients (more than six million people).</p>	
Target audiences	<p>Primary target audience—those Australians either eligible for assistance or who had to take action to receive assistance under the various HAP measures; these people are primarily low-middle income families, seniors, people with disability and carers.</p> <p>Secondary target audience—the remaining Australians not eligible for assistance under the HAP. From an issues management and service delivery perspective, it was important to ensure this audience had an understanding of eligibility to avoid confusion and manage expectations.</p>	
Total campaign expenditure (inc. GST)	Budget \$39.7 million <sup>63</sup>	Actual \$28.3 million as at 31 January 2013
Media expenditure (inc. GST)	<p>Phase one: \$10.1 million      \$11.9 million</p> <p>Phase two: \$12.1 million      \$12.1 million</p> <p>The Minister approved phase three of the campaign to launch on 17 March 2013; FaHCSIA advised that the planned media expenditure for phase three was \$9.5 million.</p>	

Source: FaHCSIA documentation and Australian Government Budget papers.

<sup>62</sup> The campaign was examined in ANAO Audit Report No.24, 2011–12, *Administration of Government Advertising Arrangements: March 2010 to August 2011*, see Chapter 8.

<sup>63</sup> The campaign budget includes all three phases. Australian Government, *Budget 2012–13, Budget Paper No.2—Expense Measures*.

**2.5** As shown in Table 2.1, the HAP campaign has three phases, each corresponding with an assistance measure. This chapter examines the first and second phases of the HAP campaign. To assess the effectiveness of FaHCSIA's administration of the HAP advertising campaign against the requirements of the campaign advertising framework, the ANAO examined:

- the campaign's development, including the approval of the campaign and the timeframe in which it was implemented;
- the campaign's compliance with the requirements of the 2010 Guidelines; and
- the evaluation of the campaign.

**2.6** During the course of the audit (February 2013), the Auditor-General received correspondence from a Member of the Australian Parliament regarding promotional 'families kits' which were developed by FaHCSIA. The families kits were funded from the public relations component of the budgets of three of FaHCSIA's advertising campaigns: the HAP campaign; the Dad and Partner Pay campaign; and the Schoolkids Bonus campaign. However, there was not as strong a link between the 'families kits' and the HAP, as was the case for Dad and Partner Pay and the Schoolkids Bonus. While the families kits contained brochures on Dad and Partner Pay and the Schoolkids Bonus, they did not contain similar specific information on the HAP.<sup>64</sup> Refer to Appendix 2 for further discussion.

## Campaign development

### Approval of the HAP campaign

**2.7** Communications relating to the HAP were originally intended to be a component of a second phase of the former DCCEE's CEF advertising campaign. The first phase of the CEF campaign finished on 13 September 2011. After the completion of the first phase, approximately \$9 million in approved funding remained available in 2011–12 for the second phase.

**2.8** In November 2011, DCCEE commenced development of the second phase of the CEF campaign.<sup>65</sup> The Minister for Climate Change and Energy

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<sup>64</sup> The 2013 calendar included in the kits contained four specific references to HAP payments, in addition to references to other payments.

<sup>65</sup> The draft communications strategy for the campaign was submitted to the PRG on 23 November 2011.



Efficiency sought the Government's approval of the campaign in March 2012. However, on 21 March 2012, the Government decided not to proceed with phase two of the CEF campaign.<sup>66</sup> The Government also decided that the Treasurer and the Minister for Families, Community Services and Indigenous Affairs would develop proposals to undertake communications activities in relation to the CEF plan. The proposals were to be agreed through correspondence with the Prime Minister and the Minister for Finance and Deregulation. FaHCSIA advised that it was informed of this decision on 23 March 2012, and immediately commenced developing a proposal.

**2.9** The Minister for Families, Community Services and Indigenous Affairs wrote to the Prime Minister on 3 April 2012 outlining a proposal for a campaign focused on the HAP. The Minister proposed a three-phased approach to the campaign, coinciding with the initial payments, the tax cuts and the increase in entitlements.

**2.10** In outlining the proposal, the Minister noted a number of campaign risks, and that the tight timeframe would raise costs:

Phase One needs to be on air by 13 May 2012. As a result, there will be approximately eight weeks to develop and implement a major communication campaign that would usually take 16 to 24 weeks. Because of this, some costs will be greater than they would otherwise be.

**2.11** The Prime Minister responded on 5 April 2012, supporting the proposal and funding of \$14 million (exclusive of GST) for 2011–12. Further funding was to be considered after the first phase of the campaign was evaluated.<sup>67</sup>

**2.12** A cross-agency HAP communication working group, chaired by PM&C<sup>68</sup>, met approximately three times per month from March 2012. The working group provided an information sharing forum for logistical,

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<sup>66</sup> Nearly \$500 000 was spent by DCCEE developing the second phase of the CEF campaign: the development of creative materials cost \$364 000, and market research and testing of those materials cost \$129 000. DCCEE provided the creative materials and research to FaHCSIA to inform its development of the HAP campaign.

<sup>67</sup> FaHCSIA was given responsibility for implementing the HAP campaign after the Additional Estimates Appropriation Bills were introduced in Parliament on 9 February 2012. As Parliament was unlikely to introduce another set of Appropriation Bills for the 2011–12 financial year, FaHCSIA applied to the Finance Minister for an advance of funding of \$5.6 million. This would ensure that funding was available to cover initial expenditure for the HAP campaign. The advance was agreed on 10 May 2012. An Advance to the Finance Minister enables the Finance Minister to facilitate urgent and unforeseen expenditure that was not within the contemplation of Parliament when the Appropriation Act was passed.

<sup>68</sup> The chair of the HAP communication working group also co-chaired the PRG.

administrative and systems issues that agencies with an interest in the HAP<sup>69</sup> needed to be aware of. The working group did not steer the creative development of the HAP campaign. PM&C did not issue agendas or keep records of the meetings.

## Timeframe

**2.13** FaHCSIA developed the first phase of the HAP campaign in seven weeks, and the second phase over a similar time period.<sup>70</sup> The timing for the commencement of the campaign's first phase was driven by the legislated date for the first payments under the HAP (May 2012). The timeframe for the first phase of the campaign was more challenging than the second phase because the first phase involved securing funding, strategic planning, and selection of suppliers. The key dates for the campaign's development included:

- 23 March 2012—FaHCSIA commenced work on the campaign;
- 26 March 2012—PRG reviewed the draft communications strategy;
- 28 March 2012—first meeting with the ICC;
- 2 April 2012—second meeting with the ICC for consideration of the communications strategy, and the media strategy and plan;
- 7 May 2012—fifth meeting with the ICC for consideration of phase one final creative materials;
- 13 May to 23 June 2012—phase one advertising;
- 5 June 2012—seventh meeting with the ICC for consideration of phase two pre-production creative materials and media strategy and plan;
- 18 June 2012—eighth meeting with the ICC for consideration of phase two final creative materials; and
- 24 June to 28 July 2012—phase two advertising.

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<sup>69</sup> The agencies were: PM&C, FaHCSIA, the former DCCEE, the Australian Taxation Office, the Department of Human Services (DHS) and Finance. DHS administered a call centre and website through which further information on the HAP was provided to the public, and also sent letters to recipients of financial assistance. FaHCSIA liaised with DHS to ensure that DHS's advice was consistent with the advertising campaign.

<sup>70</sup> Finance's indicative timeline for television campaigns states that 'Campaigns with a television component have longer timelines because of the need for the development, testing and refinement of concepts and the production process itself'. The timeline indicates that it may take 20–27 weeks to develop a campaign with a television component; although it notes that campaigns can be developed in shorter timeframes.

## Peer Review Group feedback

**2.14** On 26 March 2012, FaHCSIA provided the PRG with a draft of the campaign communication strategy.<sup>71</sup> The PRG provided its feedback the following day. The chair of the PRG commented that ‘it was one of the clearest and most coherent strategies I’ve read since the inception of the PRG’. Other notable comments from the PRG included that:

- information must be factual in order to meet the Guidelines;
- clarity was required around individuals who would not receive payments, to manage expectations;
- there was a need for a consistent tone across the media channels; and
- some of the conclusions from the CEF evaluation report should be addressed by the communications strategy.<sup>72</sup>

**2.15** The PRG usefully raised a range of issues and technical communication matters for FaHCSIA to consider as it progressed its development of the HAP campaign. FaHCSIA incorporated the PRG’s feedback into its communications strategy before submitting it to the ICC for review.

## Compliance with the 2010 Guidelines

### Compliance with certification, publication and reporting requirements

**2.16** Paragraphs 14 and 17 of the 2010 Guidelines include a number of certification, publication and reporting requirements for advertising campaigns. The ANAO’s assessment of whether FaHCSIA complied with these requirements is shown in Table 2.2.

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<sup>71</sup> The PRG did not physically meet for the HAP campaign. Instead, the communication strategy was disseminated to a PRG panel whose comments were provided via email.

<sup>72</sup> Conclusions included: the limited success in building acceptance of the key campaign messages, including the household assistance component; the communications being spread too thinly; and the general lack of success in directing people to the website or call centre.

**Table 2.2**

**HAP campaign—compliance with certification, publication and reporting requirements**

<b>Paragraph 14. For advertising campaigns of \$250 000 or more:</b>
The 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. Agencies will be responsible for providing a report to their chief executive on campaign compliance with Principle 5 of the Guidelines.
<p><b>ANAO assessment: Compliant.</b></p> <p>ANAO comment: The ICC met with FaHCSIA ten times to consider the development of campaign materials for the first two phases of the campaign, and provided written advice to FaHCSIA for each of these meetings. The ICC also provided five reports to FaHCSIA's Secretary on compliance with Principles 1 to 4 of the Guidelines for the first two phases of the HAP campaign.</p> <p>FaHCSIA provided reports to its Secretary on the campaign's compliance with Principle 5 of the Guidelines.</p>
Following consideration of the reports on campaign compliance, the chief executive will certify that the campaign complies with the Guidelines and relevant government policies.
<p><b>ANAO assessment: Compliant.</b></p> <p>ANAO comment: FaHCSIA's Secretary signed five appropriate chief executive certification statements; three for phase one, and two for phase two.</p>
The chief executive will give the certification to the relevant Minister who may launch the campaign or approve its launch.
<p><b>ANAO assessment: Compliant.</b></p> <p>ANAO comment: Each chief executive certification statement was noted by the Minister.</p>
The chief executive's certification will be published on the relevant department's website when the campaign is launched.
<p><b>ANAO assessment: Compliant.</b></p> <p>ANAO comment: Each chief executive certification statement was published on the department's website shortly after its completion.</p>
The conclusions of the ICC will be published on Finance's website after the campaign is launched.
<p><b>ANAO assessment: Compliant.</b></p> <p>ANAO comment: Finance published the ICC's campaign review letter after each tranche of campaign materials was launched.</p>
<b>Paragraph 17. Chief executives will ensure that:</b>
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.
<p><b>ANAO assessment: Discretion exercised not to publish research reports.</b></p> <p>ANAO comment: Existing developmental research was used to develop the campaign (refer to paragraph 2.21 for further information). FaHCSIA exercised its discretion not to publish these research reports.</p>

**Paragraph 14. For advertising campaigns of \$250 000 or more:**

Details of advertising campaigns undertaken will be published in agency annual reports.

**ANAO assessment: Compliant.**

ANAO comment: FaHCSIA's 2011–12 Annual Report includes details of the HAP campaign, including expenditure on creative development, evaluative research and media. However, the annual report does not detail expenditure on formative research and public relations.

Source: 2010 Guidelines and ANAO analysis of FaHCSIA and ICC certification, publication and reporting documentation.

**2.17** FaHCSIA complied with all of the certification, publication and reporting requirements of the Guidelines. The department demonstrated an organised approach to meeting these requirements within the short timeframe available to develop the two phases of the campaign.

## **Compliance with five information and advertising campaign principles**

**2.18** Overall, FaHCSIA generally implemented the HAP advertising campaign in compliance with the Guidelines.

### *Principle 1*

**2.19** The ANAO's assessment of whether FaHCSIA complied with the requirements of Principle 1 of the Guidelines is outlined in Table 2.3.

**Table 2.3**

**HAP Campaign—Principle 1**

Principle 1: Campaigns should be relevant to government responsibilities.
<p>The subject matter of campaigns should be directly related to the Government's responsibilities. As such, only policies or programs underpinned by:</p> <ul style="list-style-type: none"> <li>• legislative authority; or</li> <li>• appropriation of the Parliament; or</li> <li>• a Cabinet decision which is intended to be implemented during the current Parliament should be the subject of a campaign.</li> </ul>
<p><b>ANAO assessment: Compliant.</b></p> <p>ANAO comment: Legislation for the HAP was passed on 8 November 2011 through the <i>Clean Energy (Household Assistance Amendments) Bill 2011</i>. The personal tax components of the HAP, of which phase two was the focus, were legislated on 4 December 2011 through the <i>Clean Energy (Income Tax Rates Amendments) Act 2011</i>.</p> <p>While the HAP was intended to help low and middle income households adjust to the cost impacts of the carbon price, the campaign advertisements focused on the financial assistance available under the package and did not mention that this assistance was in response to the introduction of carbon pricing. Such information was available on the campaign website. See paragraph 2.20 for further discussion.</p>

Source: 2010 Guidelines and ANAO analysis of FaHCSIA documentation.

*Issue: the reason for the assistance—to assist with the cost impacts resulting from a carbon price*

**2.20** Following the Government's decision not to proceed with the second phase of the CEF advertising campaign, FaHCSIA proposed a campaign that would focus on the assistance available under the HAP (the initial payments, tax cuts and entitlement increases). Implicit in this proposal was that the reason for the assistance—to help households adjust to the impact of the carbon price—would not be a focus of the campaign.

**2.21** The proposed focus of the campaign was informed by two sets of research:

- creative concept testing for the former DCCEE's proposed second phase of the CEF campaign, which found that sensitivity regarding the impact of the carbon price was increasing. Understanding among respondents of a carbon price remained 'patchy at best', and for many

individuals, the issues had become politicised and exhausted in the public arena<sup>73</sup>; and

- creative concept testing for FaHCSIA's 2008 Economic Security Strategy<sup>74</sup> campaign, which indicated that it was important to present information about assistance and eligibility in simple, clear and factual terms. The inclusion of additional information about the Economic Security Strategy, such as the rationale for the payments, was found to be confusing and irrelevant to focus group participants.

**2.22** In approving FaHCSIA's proposed campaign, the Prime Minister supported the focus of the campaign:

I concur with your assessment of the need for communication activity to ensure there is a good understanding across the Australian community of HAP entitlements and in particular that public expectations are appropriately managed.<sup>75</sup>

**2.23** FaHCSIA advised the ANAO that it did not receive any instructions from the Government regarding the focus of the campaign:

No soundings were taken with the Minister or her office, or other members of the Government or their offices, or the central agencies (PM&C, Treasury or Finance), in relation to the campaign's proposed focus, including not referring to the carbon price in key advertisements. The Minister's office was, as is standard practice, kept informed of progress when developing the campaign.<sup>76</sup>

**2.24** After obtaining the Prime Minister's approval to proceed with the proposed campaign, FaHCSIA developed creative materials which focused on the assistance available under the HAP. As a consequence, creative concept testing for the campaign did not research participants' responses to campaign statements linking the HAP with the carbon price. However, a risk of not referencing the carbon price in the campaign was raised during testing:

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<sup>73</sup> Department of Climate Change and Energy Efficiency, 6 December 2011, *Australia's Clean Energy Future: creative refinement round 7*, p. 4.

<sup>74</sup> In October 2008, the Government announced that it would implement a \$10.4 billion Economic Security Strategy in response to the global financial crisis. FaHCSIA developed and implemented an advertising campaign to raise public awareness of financial assistance available under the strategy.

<sup>75</sup> Correspondence from the Prime Minister to the Minister for Families, Community Services and Indigenous Affairs, 5 April 2012.

<sup>76</sup> Further, in response to a Question on Notice from Senator Fifield at the Senate Budget Estimates Hearing on 28 May 2012, FaHCSIA had advised the Parliament that it was not provided with written or verbal communication from the Government that the word 'carbon' not be used in television advertising for the HAP.

[The] absence of an explicit link to the carbon price leaves unanswered questions about campaign legitimacy. If people spontaneously draw a 'natural' linkage to carbon pricing, the campaign is legitimised ... but there is a risk that negative 'interference' messaging will erode this'.<sup>77</sup>

**2.25** FaHCSIA made a number of adjustments to the campaign materials to seek to address questions about campaign legitimacy. The key message that assistance available under the package was to provide 'additional help with everyday expenses' was included in the advertising materials. Electricity and gas bills were also given greater visual prominence in the creative materials, as an implicit link to the carbon tax. Further, advertising materials directed viewers to the campaign website<sup>78</sup> which linked the HAP to the CEF plan and the carbon price, and provided a link to the CEF website.

**2.26** As part of its review of the campaign, in mid-April 2012 the ICC also noted that the campaign did not clearly link the HAP and the introduction of a carbon price. The ICC suggested that FaHCSIA's Statement of Compliance<sup>79</sup> could be revised to more clearly illustrate how other communications activities would perform that function. Further, the ICC noted:

that FaHCSIA had, based on market research advice, taken the decision not to include information about the introduction of a carbon price as the reason for the HAP payments, on the basis that this could diminish the campaign's effectiveness in conveying eligibility and timing information.

**2.27** Despite this, the ICC reiterated its concern that there were potential risks with the decision not to include the broader context for the HAP assistance within the campaign materials, and asked Finance to raise this matter at senior officer levels within FaHCSIA. Finance advised that the relevant Finance Deputy Secretary discussed the matter with the Secretary of FaHCSIA. FaHCSIA's Secretary confirmed that this conversation took place, and that he discussed the matter with the FaHCSIA Senior Executive Service officer involved in the campaign. FaHCSIA's Secretary was satisfied that the carbon price was appropriately referred to on the website and in supporting materials rather than in the advertisements themselves.

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<sup>77</sup> FaHCSIA, *Household Assistance Package communication campaign research*, April 2012, p. 41.

<sup>78</sup> The television and print advertisements included a reference: 'For more information visit [australia.gov.au/householdassistance](http://australia.gov.au/householdassistance)'.

<sup>79</sup> A Statement of Compliance is a document detailing how the campaign meets each element of Principles 1 to 4 of the Guidelines. It is provided by the agency to the ICC at the first review stage, and is updated at each subsequent review.



**2.28** In response to the ICC's concerns, FaHCSIA revised its Statement of Compliance to list the other activities that addressed the link between the HAP and the carbon price<sup>80</sup>, and also included in the statement the research findings that supported the focus of the campaign. The ICC subsequently provided advice to FaHCSIA that the HAP campaign materials conformed with Principles 1 through 4 of the Guidelines, and FaHCSIA arranged for its Secretary's certification and approval of the advertisements and commenced their use.

**2.29** The department's decision not to mention in the advertisements the link between the HAP and the introduction of carbon pricing meant that the advertisements did not fully inform the public about the particular reason for this assistance—to assist with the cost impacts resulting from a carbon price. As previously noted, advertising materials directed viewers to the campaign website which linked the HAP to the CEF plan and the carbon price. The advertisements attracted significant media and parliamentary scrutiny for not directly mentioning the carbon price, which would otherwise have been avoided.<sup>81</sup>

### *Principle 2*

**2.30** The ANAO's assessment of whether FaHCSIA complied with the requirements of Principle 2 of the Guidelines is outlined in Table 2.4.

**Table 2.4**

### **HAP Campaign—Principle 2**

<b>Principle 2: Campaign materials should be presented in an objective, fair and accessible manner and be designed to meet the objectives of the campaign.</b>
Campaign materials should enable the recipients of the information to distinguish between facts, comment, opinion and analysis.
<p><b>ANAO assessment: Compliant.</b></p> <p>ANAO comment: Campaign materials were tested with target audiences. Visual and verbal clues were adjusted to remove ambiguity, and enable audiences to distinguish between facts, comment, opinion and analysis.</p>

<sup>80</sup> These activities included website information ([australia.gov.au/householdassistance](http://australia.gov.au/householdassistance)), as well as DHS customer communications (such as phone messages, magazine articles, letters, booklets, factsheets and posters).

<sup>81</sup> See for example: *Sydney Morning Herald*, 14 May 2012, *Carbon ads don't tax the viewer*; and *The Australian*, 14 May 2012, *Shhh....don't mention the carbon tax: government's compo ads omit mention of the measure*.

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.

**ANAO assessment: Compliant.**

ANAO comment: FaHCSIA provided the ICC with a matrix of evidence to verify the factual statements in the television, radio and print advertisements. The ANAO found the supporting evidence to be sufficient and relevant. Factual statements were referenced to legislation, policy statements and social security payment data.

Pre-existing policies, products, services and activities should not be presented as new.

**ANAO assessment: Compliant.**

ANAO comment: There was no presentation of pre-existing policies, products, services and activities as new in the campaign.

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.

**ANAO assessment: Compliant.**

ANAO comment: Culturally and linguistically diverse (CALD) and Indigenous communication specialists were consulted and creative materials were tested on groups from CALD and Indigenous backgrounds. A separate strategy for these audiences was not found to be necessary, but a range of tailored materials was developed.

Print advertisements were produced for Asian, Mediterranean, Middle Eastern, and Indigenous audiences. Twelve print translations and thirteen radio translations were produced, as well as one adapted English radio translation for Indigenous audiences.

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.

**ANAO assessment: Compliant.**

ANAO comment: The imagery of the advertisements included a diverse range of Australians.

Campaign materials should be tested with target audiences to indicate they are engaging and perform well against the objectives of the campaign.

**ANAO assessment: Compliant.**

ANAO comment: Concept testing explored three approaches to communicating with target audiences. The most favoured concept from testing, 'the fridge' was then used as the basis for creative development of the advertisements. Particular attention was paid to the visual imagery that conveyed messages about the legitimacy of the payments, eligibility, and the size of the payment. Later, focus group testing found that initial areas of confusion were largely resolved, that the advertisements raised questions but not concerns, and that there was a satisfactory level of recall of the key elements of the broader campaign.

Source: 2010 Guidelines and ANAO analysis of FaHCSIA documentation.

### Principle 3

**2.31** The ANAO's assessment of whether FaHCSIA complied with the requirements of Principle 3 of the Guidelines is outlined in Table 2.5.

**Table 2.5**

#### HAP Campaign—Principle 3

<b>Principle 3: Campaign materials should be objective and not directed at promoting party political interests.</b>
Campaign materials must be presented in objective language and be free of political argument.
Campaign materials must not try to foster a positive impression of a particular political party or promote party political interests.
Campaign materials must not: <ul style="list-style-type: none"> <li>(a) mention the party in Government by name;</li> <li>(b) directly attack or scorn the views, policies or actions of others such as the policies and opinions of opposition parties or groups;</li> <li>(c) include party political slogans or images;</li> <li>(d) be designed to influence public support for a political party, a candidate for election, a Minister or a Member of Parliament; or</li> <li>(e) refer or link to the websites of politicians or political parties.</li> </ul>
<b>ANAO assessment: Compliant.</b>  ANAO comment: 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.

Source: 2010 Guidelines and ANAO analysis of FaHCSIA documentation.

### Principle 4

**2.32** The ANAO's assessment of whether FaHCSIA complied with the requirements of Principle 4 of the Guidelines is outlined in Table 2.6.

**Table 2.6**

**HAP Campaign—Principle 4**

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

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.

**ANAO assessment: Compliant.**

ANAO comment: The primary reason for the campaign was that millions of people would be receiving assistance under the HAP package. Research demonstrated that awareness of the HAP was low and that most people believed they would not receive assistance. The factual information campaign was to inform audiences of the assistance. For example, by informing people that there was no need to contact DHS regarding an unexpected payment or changes to entitlements.

As previously discussed in paragraph 2.21, FaHCSIA's approach to the campaign was informed by the research and evaluation for the Economic Security Strategy campaign, the evaluation of the CEF campaign, and concept testing for the planned second phase of the CEF campaign.

Campaign information should clearly and directly affect the interests of recipients.

**ANAO assessment: Compliant.**

ANAO comment: The HAP campaign focuses on the eligibility and timing of payments and tax cuts available through the HAP. The primary target audience—those who were eligible for assistance, numbered over 6 million people. The objective of the campaign is to increase awareness and understanding of the HAP assistance among those who would benefit, while ensuring expectations across all Australians, including those who are not eligible, are managed.

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

**ANAO assessment: Compliant.**

ANAO comment: FaHCSIA sought the advice of the Master Media Agency, as well as specialist advice regarding CALD and Indigenous audiences to optimise the media spend. In response to market research, FaHCSIA adjusted the initial media buy to improve the frequency of messaging, without compromising the campaign's reach.

The first stage of the HAP campaign was extended by a week (17 to 24 June 2012), at a cost of \$1.8 million, increasing the media spend by 18 per cent. FaHCSIA advised the ICC that the additional week of advertising would maintain the momentum of the message until the second phase of the campaign. This view was supported by the Master Media Agency.

Distribution of unsolicited material should be carefully controlled.

**ANAO assessment: Not applicable.**

ANAO comment: No unsolicited materials were used as part of the campaign.

Campaigns should be evaluated to determine effectiveness.

**ANAO assessment: Compliant.**

ANAO comment: A benchmarking survey was undertaken prior to the campaign. Two waves of tracking research were conducted during phase one, and one wave of tracking research during phase two of the campaign. This provided feedback on the effectiveness of the campaign, which informed the development of subsequent phases of the campaign and is relevant to future similar campaigns. Refer to paragraph 2.34 for details of the findings of the evaluation.

Source: 2010 Guidelines and ANAO analysis of FaHCSIA documentation.

*Principle 5*

**2.33** The ANAO's assessment of whether FaHCSIA complied with the requirements of Principle 5 of the Guidelines is outlined in Table 2.7.

**Table 2.7**

**HAP Campaign—Principle 5**

**Principle 5: Campaigns must comply with legal requirements and procurement policies and procedures.**

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.

**ANAO assessment: Compliant.**

ANAO comment: FaHCSIA sought internal legal advice on the campaign's compliance with legislative requirements, including the *Clean Energy (Household Assistance Amendments) Act 2011*. The advice raised issues regarding the wording of campaign materials and in relation to intellectual property consents. The final materials were adjusted in light of these concerns.

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.

**ANAO assessment: Compliant.**

ANAO comment: FaHCSIA complied with procurement policies and procedures for the tendering and commissioning of services. There was a clear audit trail regarding decision making.

FMA Regulation 9 approval<sup>82</sup> was obtained prior to engaging each of the suppliers for the HAP campaign. Because of the tight timeframe to develop the campaign, FaHCSIA sought only one quote for each of the following services: concept testing, evaluative research, and creative development from a supplier on the Communications Multi-Use List. The reasons for the selection of particular suppliers, including a value for money assessment were documented. FaHCSIA assessed the relative merits of six proposals for public relations services prior to engaging a contractor.

As further services were required for the second and third phases of the campaign, the contracts for the provision of concept testing, evaluative research and creative development services were varied. Despite the significant changes to the scope of the work and the proposed expenditure, FaHCSIA did not revisit its value for money assessment for the proposed contract variations by taking into account the quality of the work performed to date and relevant experience.

Source: 2010 Guidelines and ANAO analysis of FaHCSIA documentation.

## Campaign evaluation

**2.34** FaHCSIA engaged a contractor to evaluate the effectiveness of the HAP advertising campaign. The contractor undertook benchmarking research in April 2012, two rounds of research during phase one, and one round of research during phase two. Reports on the survey results were provided to FaHCSIA after each round of the evaluation.

**2.35** The objective of the HAP campaign was 'to increase awareness and understanding of the payments, tax cuts and entitlements amongst those who will benefit, whilst ensuring expectations across all Australians, including those who are not eligible, are managed'. As shown in Figure 2.1, the evaluation of the campaign found that unprompted awareness of the HAP rose substantially over the course of the first two phases of the campaign<sup>83</sup>; from 14 per cent of respondents before the campaign to 79 per cent of respondents

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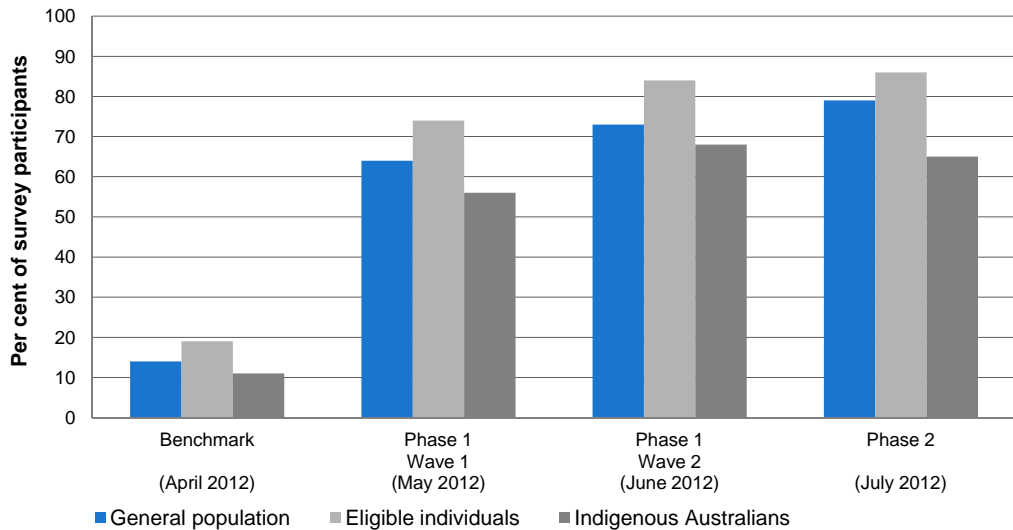
<sup>82</sup> FMA Regulation 9 approval requires approvers with an appropriate delegation to consider spending proposals and to only approve a proposal if satisfied that it represents a proper use of Australian Government resources. The FMA Act defines 'proper use' to mean efficient, effective, economical and ethical use that is not inconsistent with the policies of the Commonwealth.

<sup>83</sup> To test unprompted awareness, respondents were asked 'Have you heard about the new Household Assistance Package the Australian Government will be introducing?' Prompted awareness involves showing the respondent an advertisement and then asking if he/she has seen it.

during phase two. Television advertising was the most commonly identified source of information about the HAP (79 per cent of respondents).

**Figure 2.1**

### Unprompted awareness of the HAP



Source: FaHCSIA, August 2012, *Household Assistance Package Campaign Evaluation*.

**2.36** The evaluation also showed that there was a good level of recall of the key messages of the campaign. For example, a high proportion of people in phase two (80 per cent) identified tax cuts beginning in July 2012 compared to just 13 per cent of respondents surveyed in phase one.

**2.37** In relation to the types of ‘everyday expenses’ that the package was to assist with, just over half of respondents indicated an awareness that the HAP was to assist with the costs of utilities such as electricity, gas, water and telephone. A third of respondents indicated that the HAP was to provide assistance with the cost of food and groceries, and ten per cent of respondents identified the cost impacts of the carbon price.<sup>84</sup>

**2.38** The evaluation also showed that respondents’ perceived eligibility for HAP assistance increased, with those identifying themselves as being eligible growing from 25 per cent before the campaign, to 39 per cent during phase

<sup>84</sup> Survey respondents were asked: *The advertising mentions that the Household Assistance Package is designed to help you with your everyday expenses. What types of everyday expenses do you think the package is for?*

one, and 53 per cent during phase two. The increase in perceived eligibility during phase two was linked to improved understanding of the tax cuts.<sup>85</sup>

**2.39** Nearly a quarter of respondents who had seen the phase two advertisements sought further information. Around half of those seeking further information went directly to the 'australia.gov.au' website and 28 per cent used an Internet search engine. Of those seeking further information, 54 per cent of respondents thought they were eligible and wanted more detail and 31 per cent did not understand if they were eligible.

## Conclusion

**2.40** Following the Government's decision in March 2012 not to proceed with a second phase of the Clean Energy Future (CEF) campaign, FaHCSIA developed the first phase of the Household Assistance Package (HAP) campaign within seven weeks. This was a challenging timeframe because the campaign involved the development of television advertisements. The first phase of the campaign ran from mid-May to June 2012. The second phase ran from late June to July 2012, and was developed in a similar timeframe to the first phase. Overall, FaHCSIA's implementation of the HAP campaign generally complied with the Guidelines, with support for the approach adopted. Importantly, FaHCSIA provided the ICC with sufficient and relevant evidence to verify the factual statements used in the campaign.

**2.41** The HAP was intended to help low and middle income households adjust to the impact of the carbon price. The campaign advertisements focused on the financial assistance available under the package and did not mention that the reason for this assistance was to assist with the cost impacts resulting from the carbon price. In supporting this approach, FaHCSIA cited research which suggested that including content about the carbon price would impair the effectiveness of the campaign. Irrespective of the creative concept testing drawn upon by the department, the decision not to mention the link between the HAP and the introduction of carbon pricing meant that the advertisements did not fully inform the public about the reason for the assistance. The advertisements attracted significant media and parliamentary scrutiny for not directly mentioning the carbon price, which would otherwise have been avoided.

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<sup>85</sup> Around 60 per cent of taxpayers received a tax cut from 1 July 2012.



**2.42** The evaluation of the HAP campaign showed that it performed well in increasing awareness and understanding of the payments, tax cuts and entitlements. Unprompted awareness of the HAP and recall of key campaign messages rose substantially over the course of the campaign. The evaluation also showed that respondents had variable understanding about the types of 'everyday expenses' that the advertisements referred to.

### 3. Regional National Broadband Network Advertising Campaign

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*This chapter examines the regional NBN advertising campaign administered by DBCDE, including the development of the campaign, the campaign's compliance with the requirements of the 2010 Guidelines and the results of the campaign's evaluation.*

#### Campaign overview

**3.1** The National Broadband Network (NBN) is a high speed broadband<sup>86</sup> network that is planned to reach 100 percent of Australian premises with a combination of optical fibre<sup>87</sup>, fixed wireless and satellite technologies. The network is estimated to cost \$37.4 billion to construct by 30 June 2021, including an Australian Government investment of \$30.4 billion. NBN Co Limited (NBN Co), an Australian Government owned corporation<sup>88</sup>, was established to design, build and operate the NBN. On 7 September 2010, the Prime Minister announced that regional Australia was to be given priority in the rollout of the network.

**3.2** In the 2012–13 Commonwealth Budget, the Australian Government allocated \$22 million<sup>89</sup> for an advertising campaign, focused on regional and remote areas of Australia, to improve public understanding, address misconceptions and provide updated information about the NBN. The level of campaign funding was high in comparison to the majority of other Australian Government advertising campaigns.<sup>90</sup> The campaign was administered by the Department of Broadband, Communications and the Digital Economy (DBCDE), and was subject to the campaign advertising framework, including the 2010 Guidelines.

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<sup>86</sup> The term broadband is derived from 'broad bandwidth' and highlights the distinction from narrow bandwidth-style Internet connection, such as dial-up Internet connection. Broadband provides greater data carrying capacity than narrow bandwidth Internet connections, with access speed equal to or greater than 256 kilobits per second.

<sup>87</sup> Optical fibre delivers broadband Internet services by transmitting information as light pulses and can carry information at greater data rates than copper wire, the main alternative form of fixed-line broadband.

<sup>88</sup> NBN Co is also a Government Business Enterprise (GBE) under section 5 of the *Commonwealth Authorities and Companies Act 1997*.

<sup>89</sup> Including GST, to be spent in the remainder of the 2011–12 financial year.

<sup>90</sup> See footnote 57.

**3.3** Table 3.1 summarises the key elements of the regional NBN advertising campaign, including its objectives, timing, target audiences and budget. Refer to Appendix 3 for an example of a print advertisement from the campaign.

**Table 3.1**

**Summary of the regional NBN advertising campaign**

Campaign summary	
Objectives	<p>The objectives of the campaign were to:</p> <ul style="list-style-type: none"> <li>• increase levels of awareness and understanding of factual information and counter misunderstandings of the NBN;</li> <li>• increase awareness levels and understanding of the priority to roll out the NBN in regional Australia; and</li> <li>• increase awareness levels and understanding of the key campaign calls to action in regard to how people can get more information about the NBN.</li> </ul>
Timing	29 April 2012 to 30 June 2012 (approximately 2 months).
Target audiences	The primary target audiences for the campaign were: adults living in regional Australia; families; schools and education facilities; businesses, large and small including farmers; local opinion leaders; and community organisations.
Total campaign expenditure (inc. GST)	<p>2011–12 budget: \$22.0 million.</p> <p>2011–12 actual: \$20.7 million.</p>
Media expenditure (inc. GST)	<p>Budget: \$15.2 million.</p> <p>Actual: \$14.4 million.</p>

Source: DBCDE documentation.

**3.4** To assess the effectiveness of DBCDE's administration of the regional NBN advertising campaign against the requirements of the campaign advertising framework, the ANAO examined the:

- campaign's development, including the approval of the campaign and the timeframe in which it was implemented;
- campaign's compliance with the requirements of the 2010 Guidelines; and
- evaluation of the campaign.

**3.5** Refer also to Appendix 2 for discussion about campaign-related promotional materials.

## Campaign development

### Approval and timeframe

**3.6** A notable characteristic of the regional NBN advertising campaign was the challenging timeframe within which DBCDE developed the campaign: approximately 11 weeks between February and April 2012. In approving the campaign on 6 February 2012, the Government agreed that the campaign was to be completed by the end of the financial year.

**3.7** The key dates for the campaign's development include:

- 21 February 2012—meeting with the PRG to obtain feedback on the draft campaign communications strategy;
- 7 March 2012—first meeting with the ICC for its consideration of the communication strategy and pre-production creative materials;
- 15 March 2012—provision of a progress update on the campaign to Cabinet;
- 26 April 2012—second meeting with the ICC for consideration of selected final creative materials;
- 29 April 2012—advertising commencement, with selected materials;
- 7 June 2012—seventh and final ICC meeting to consider creative materials; and
- 30 June 2012—campaign advertising completion.

**3.8** Over 11 weeks, DBCDE developed a communication strategy, developed and tested creative materials, booked media, and facilitated the ICC's review of the campaign, prior to advertising commencing. This was a particularly challenging timeframe because the campaign involved the development of television advertisements<sup>91</sup> and aimed to counter a range of different 'myths and misconceptions' about the NBN, necessitating diverse creative materials.

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<sup>91</sup> Finance's indicative timeline for television campaigns states that 'Campaigns with a television component have longer timelines because of the need for the development, testing and refinement of concepts and the production process itself'. The timeline indicates that it may take 20–27 weeks to develop a campaign with a television component; although it notes that campaigns can be developed in shorter timeframes.

**3.9** In its previous report on government advertising arrangements, the ANAO highlighted that it is prudent for agencies to alert ministers, where necessary, to the potential risks of significantly truncated campaign development timeframes and provide options.<sup>92</sup> While DBCDE did not provide specific advice to the Minister in relation to the campaign development timeframe, the department did assess the risks associated with the timeframe. DBCDE communicated these risks to the Minister's office, and maintained regular contact with the Minister's office throughout the development of the campaign. Further, DBCDE made it clear that urgent funding approval was required from the Minister, so that the department could move quickly to engage a creative agency.

### **Peer Review Group feedback**

**3.10** As mentioned in paragraph 3.7, DBCDE met with the PRG on 21 February 2012 to discuss the draft campaign communications strategy for the regional NBN campaign. In its feedback the PRG commented that:

- the creative approach was considered a sound basis for proceeding to creative development;
- there was a need to closely coordinate campaign activities with NBN Co and that DBCDE should seek to draw upon NBN uptake and usage data held by NBN Co;
- DBCDE should carefully consider the implications for the campaign of the NBN not being rolled out in some regional areas for several years;
- the timeframe for delivering the campaign was extremely tight;
- overpromising on pricing, coverage, rollout timing and performance was a key risk for the campaign; and
- different agencies should be engaged to conduct the evaluation research and the concept testing of creative materials, to avoid a potential conflict of interest.

**3.11** The PRG usefully raised a range of issues and technical communication matters for DBCDE to consider as it progressed its development of the regional

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<sup>92</sup> ANAO Audit Report No.24, 2011–12, *Administration of Government Advertising Arrangements: March 2010 to August 2011*, pp. 127–128.

NBN advertising campaign. DBCDE's subsequent administration of the campaign addressed some of the matters raised by the PRG.

## Compliance with the 2010 Guidelines

### Compliance with certification, publication and reporting requirements

**3.12** Paragraphs 14 and 17 of the 2010 Guidelines include a number of certification, publication and reporting requirements for advertising campaigns. The ANAO's assessment of whether DCDBE complied with these requirements is shown in Table 3.2.

**Table 3.2**

#### Regional NBN advertising campaign—compliance with certification, publication and reporting requirements

Paragraph 14. For advertising campaigns of \$250 000 or more:
The 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 Agencies will be responsible for providing a report to their chief executive on campaign compliance with Principle 5 of the Guidelines.
<p><b>ANAO assessment: Compliant.</b></p> <p>ANAO comment: The ICC provided DBCDE with six review reports for the campaign. Campaign reports were provided to DBCDE's Secretary on six occasions, each corresponding with an ICC review report.</p> <p>While the requirement to provide a report to the chief executive was complied with, Principle 5 states that campaigns 'must comply with legal requirements and procurement policies and procedures'. In this respect, DBCDE's compliance reports to its Secretary provided assurance that relevant legal requirements had been met, but no such assurance was offered to the Secretary in relation to whether or not relevant procurement policies and procedures had been met. There would have been merit in doing so explicitly.</p>
Following consideration of the reports on campaign compliance, the chief executive will certify that the campaign complies with the Guidelines and relevant government policies.
<p><b>ANAO assessment: Compliant.</b></p> <p>ANAO comment: The DBCDE Secretary signed six chief executive certification statements for the campaign. The statements were in the format suggested by Finance.</p>
The chief executive will give the certification to the relevant Minister who may launch the campaign or approve its launch.
<p><b>ANAO assessment: Compliant.</b></p> <p>ANAO comment: The chief executive certification was provided to the Minister prior to his approval of the main (first) tranche of campaign materials. The Minister was also formally briefed on the finalisation of the second tranche of materials, which he noted. In relation to the four subsequent batches of campaign materials, DBCDE advised the ANAO that the Minister was kept informed of campaign developments, including the release of all new materials.</p>

The chief executive's certification will be published on the relevant department's website when the campaign is launched.

**ANAO assessment: Compliant.**

ANAO comment: The main (first) chief executive certification was published on DBCDE's website when the campaign was launched.

Four of the remaining five certifications were published on DBCDE's website when the associated campaign materials were launched. The other certification statement for 31 May 2012 was placed on the department's website in December 2012, during the course of the audit.

The conclusions of the ICC will be published on Finance's website after the campaign is launched.

**ANAO assessment: Compliant.**

ANAO comment: Finance published the ICC's campaign review letter after the campaign was launched.

**Paragraph 17. 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.

**ANAO assessment: Discretion exercised to make available a summary of the research.**

ANAO comment: In December 2012, DBCDE placed a summary of its developmental research for the regional NBN advertising campaign on its website.

Details of advertising campaigns undertaken will be published in agency annual reports.

**ANAO assessment: Compliant.**

ANAO comment: DBCDE's 2011–12 Annual Report makes a number of references to the regional NBN advertising campaign, including in an Appendix detailing the department's advertising and market research expenditure.

Source: 2010 Guidelines and ANAO analysis of DBCDE and ICC certification, publication and reporting documentation.

*Issue: provision of campaign materials to the ICC in a timely manner*

**3.13** As noted in Table 3.2, paragraph 14 of the Guidelines states that the 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 the ICC ultimately provided six such reports for the regional NBN campaign, the timeliness of DBCDE's provision of materials to the ICC was a recurring issue. At each of its meetings with the ICC, DBCDE provided some or all of the required materials to the ICC three days, or less, before it was due to meet to consider the materials. The ICC's usual deadline for the submission of materials is six days before each meeting.<sup>93</sup> The following statement, made by

<sup>93</sup> On two occasions, the ICC agreed to allow DBCDE to provide materials closer to the date of the meeting—including two days prior to the meeting.

the chair of the ICC in a letter to DBCDE on Tuesday 24 April 2012, exemplifies the late provision of materials:

Following receipt of materials associated with the [regional] NBN campaign and the very short time frame for finalisation if you are to meet your suggested launch date of 29 April, the Committee [the ICC] had a preliminary discussion among members today, with a view to providing early feedback in the lead-up to its meeting with your officers on 26 April. The materials that the Committee discussed this morning included 10 print, 10 radio and 9 television advertisements (provided late Friday, 20 April), together with an 87 page Verification Matrix document and a 12 page draft Statement of Compliance (provided on Monday, 23 April).

**3.14** For the 26 April 2012 meeting<sup>94</sup>, DBCDE also provided the ICC with a media plan which showed that a significant amount of media (including television, radio and print) had been booked to commence from 29 April 2012—just three days after the ICC meeting. In combination, the late provision of materials to the ICC and the fact that media had been booked to commence three days after the ICC meeting, placed additional pressure on the external review process, as there was a risk that the ICC may not form the view that the materials complied with Principles 1 to 4 of the Guidelines. This also risked leaving the department with no, or less than desirable, creative materials to run on the media it had already booked. Further, rescheduling of booked media may have attracted additional expense for the department.

**3.15** Ultimately, the ICC formed the view that a selection of the regional campaign materials discussed on 26 April 2012 complied with Principles 1 to 4, and DBCDE was able to launch the campaign with those creative materials.<sup>95</sup> However, a further five meetings were required for the ICC to be satisfied that all the campaign materials complied with the requirements of Principles 1 to 4 of the Guidelines. The final ICC meeting was held on 7 June 2012, approximately six weeks into the nine week campaign.

**3.16** As discussed in paragraph 3.8, the campaign was developed by DBCDE within a short timeframe, and the messages delivered via the campaign were

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<sup>94</sup> The ICC meeting held on 26 April 2012 was the ICC's second meeting to consider the regional NBN advertising campaign, approximately seven weeks after the ICC had first reviewed the communications strategy and pre-production materials. Typically, the ICC will consider campaign materials on three occasions before finalising its review. Source: Finance, 2012, *Campaign Planning Guide*, p. 36.

<sup>95</sup> Including four television commercials, five radio spots and three print advertisements.



numerous and relatively complex.<sup>96</sup> These challenges contributed to DBCDE's continued late provision of materials to the ICC, the number of ICC meetings required and the late completion of the ICC's review. However, DBCDE's reluctance to significantly adapt some materials in response to external review was also a contributing factor. For example, the ICC noted concerns with how NBN pricing statements might be expressed in the campaign at its first meeting.<sup>97</sup> Concerns with the expression of pricing statements were subsequently raised by the ICC at four of the remaining six meetings; and the finalisation of pricing-related materials was the primary focus of the last two meetings.<sup>98</sup>

**3.17** While there will always be scope for debate about the appropriate level of external involvement in agency campaigns, and the potential 'compliance burden' this may represent, the ANAO continued to observe, as in the previous audit, that there is benefit in third party scrutiny and advice for campaigns which are viewed as being more sensitive. External review is a key element of the Australian Government's campaign advertising framework and it is essential that agencies are well organised to meet the ICC's timeframes.

## **Compliance with the five information and advertising campaign principles**

### *Principle 1*

**3.18** The ANAO's assessment of whether DCDBE complied with the requirements of Principle 1 of the Guidelines is outlined in Table 3.3.

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<sup>96</sup> DBCDE advised that: the dynamic nature of the case study creative development process (unscripted testimonials) results in the fast tracking of the concept testing/refinement stage. Given the nature of the case studies, the traditional development process is reversed, and changes are usually made at the end, rather than in the middle stages. This necessitated going frequently to the ICC to ensure that the Committee was provided with the most up-to-date information. The department was testing and taking on board changes suggested by the ICC on a weekly basis, which made it impossible to meet the six day deadline'.

<sup>97</sup> As noted in paragraph 3.10, the PRG also warned DBCDE about 'overpromising on pricing'.

<sup>98</sup> DBCDE advised that: 'the comments of the ICC were taken into consideration, alongside the research results, and the constraints around working with statements made by the case study participants (unscripted). The ICC process is by nature interactive but this is not the same as there 'being a reluctance to adapt some materials. The NBN pricing message is complex (for example 'wholesale price') and needs to be presented in a digestible form. This was achieved through the ICC process and to the satisfaction of the ICC. The fact that it took some time goes to the rigorous approach taken by the ICC'.

**Table 3.3**

**Regional NBN advertising campaign—Principle 1**

<b>Principle 1: Campaigns should be relevant to government responsibilities.</b>
<p>The subject matter of campaigns should be directly related to the Government's responsibilities. As such, only policies or programs underpinned by:</p> <ul style="list-style-type: none"><li>• legislative authority; or</li><li>• appropriation of the Parliament; or</li><li>• a Cabinet Decision which is intended to be implemented during the current Parliament should be the subject of a campaign.</li></ul>
<p><b>ANAO assessment: Compliant.</b></p> <p>ANAO comment: The NBN is a Government policy initiative, announced in April 2009.<sup>99</sup> The regulatory framework for the NBN is established through the <i>National Broadband Network Companies Act 2011</i> and the <i>Telecommunications Legislation Amendment (National Broadband Network Measures—Access Arrangements) Act 2011</i>.</p> <p>The campaign sought to inform the public of NBN policies and services, and inform consideration of issues surrounding the NBN.</p>

Source: 2010 Guidelines and ANAO analysis of DBCDE campaign documentation.

*Principle 2*

**3.19** The ANAO's assessment of whether DCDBE complied with the requirements of Principle 2 of the Guidelines is outlined in Table 3.4.

**Table 3.4**

**Regional NBN advertising campaign—Principle 2**

<b>Principle 2: Campaign materials should be presented in an objective, fair and accessible manner and be designed to meet the objectives of the campaign.</b>
<p>Campaign materials should enable the recipients of the information to distinguish between facts, comment, opinion and analysis.</p>
<p><b>ANAO assessment: Compliant.</b></p> <p>ANAO comment: There were two key types of creative materials for the regional NBN advertising campaign. The main type of creative material was case studies, in which Australians discussed their actual use of the NBN, to demonstrate that the NBN is offering certain benefits (such as improved access to education or health services). The case studies were supported by another type of creative material, which presented 'facts and benefits' about the NBN. In some materials, case studies and factual claims were combined.</p>

<sup>99</sup> The Hon Kevin Rudd MP, the Hon Wayne Swan MP, the Hon Lindsay Tanner MP and Senator the Hon Stephen Conroy, *Joint Media Release. New National Broadband Network*, 7 April 2009.

As the case studies involved a person discussing his or her experiences with the NBN, they presented a mix of personal comments, opinions and factual statements. Nevertheless, the informal nature of the case studies indicated to audiences the weight that should be given to the different information presented. The supporting materials presenting 'facts and benefits' about the NBN (such as 'The NBN rollout is underway, prioritising regional Australia') were clearly identified, or identifiable, as factual statements.<sup>100</sup>

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.

**ANAO assessment: Generally compliant.**

ANAO comment: The ANAO identified technical inaccuracies for a small number of campaign statements. The ANAO considered that in light of the broader intended messages of the relevant advertisements, the inaccuracies were technical in nature, rather than misleading. Refer to paragraph 3.20 for further discussion.

Pre-existing policies, products, services and activities should not be presented as new.

**ANAO assessment: Compliant.**

ANAO comment: The campaign did not present pre-existing policies, products, services and activities as new.

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.

**ANAO assessment: Compliant.**

ANAO comment: DCDBE prepared a radio advertisement, translated into 18 different languages, which captured key messages from the campaign. The department also contracted a public relations agency to develop Indigenous-specific materials.

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.

**ANAO assessment: Compliant.**

ANAO comment: The creative materials included women, young people, the elderly and Indigenous Australians.

<sup>100</sup> In its Statement of Compliance to the ICC, DBCDE advised that the department's Legal Services Branch had reviewed the final creative materials, to ensure that they were accurate and verifiable, enabling recipients to distinguish between facts, comment, opinion and analysis. However, DBCDE was not able to provide evidence of its Legal Services Branch reviewing creative materials for their accuracy or that recipients could distinguish between facts and comment or opinion. Instead, Legal Services Branch had assessed whether the materials complied with all relevant laws (such as Intellectual Property or privacy laws), which is one element of compliance with Principle 5 (discussed in

Table 3.8).

Campaign materials should be tested with target audiences to indicate they are engaging and perform well against the objectives of the campaign.

**ANAO assessment: Compliant.**

ANAO comment: The various creative materials underwent 11 rounds of creative concept testing. Prior to their release, all materials were considered to be likely to achieve aspects of the objectives of the campaign.

Source: 2010 Guidelines and ANAO analysis of DBCDE campaign documentation.

*Issue: accuracy and verification of campaign statements presented as factual*

**3.20** Principle 2 of the Guidelines provides that where information is presented as fact in campaign advertising, it should be accurate and verifiable. DBCDE prepared verification matrices for the ICC, in which evidence and references were provided for all factual campaign statements.<sup>101</sup> In response to various requests from the ICC for further information to verify certain statements, DBCDE supplemented its verification documentation with a range of additional information. The ANAO assessed the sufficiency and relevance of the verification information provided by DBCDE to the ICC, for all campaign statements presented as fact.

**3.21** After DBCDE had responded to the ICC's requests for additional information, the large majority of factual campaign statements were supported by sufficient, relevant evidence. For example, the majority of the statements made in creative materials which sought to express NBN 'facts and benefits' were restatements of government policy, and were sufficiently evidenced by DBCDE. However, insufficient evidence was provided to the ICC to support one element of the campaign statement: 'Our broadband infrastructure lags behind technology leaders like Japan, South Korea, Singapore and Sweden'. The evidence DBCDE provided to the ICC for the statement as a whole did not include specific information relating to Singapore. At the time, DBCDE itself held evidence to support this part of the statement, but it was not provided to the ICC. DBCDE was also subsequently able to demonstrate the accuracy of the Singapore reference to the ANAO.

**3.22** The ANAO's analysis also identified some technical inaccuracies for a small number of campaign statements. Two examples were:

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<sup>101</sup> The ANAO has observed in previous audits that the preparation of such a matrix is consistent with better practice. See ANAO Audit Report No.24, 2011–12, *Administration of Government Advertising Arrangements: March 2010 to August 2011*, paragraph 30. See also ANAO Audit Report No.12, 2012–13, *Administration of Commonwealth Responsibilities under the National Partnership Agreement on Preventive Health*, p. 88.

- ‘over 30 NBN retail providers can deliver world class broadband wherever you live’—while DBCDE advised that the intent of the advertisement was to convey the message that there are more than 30 providers of NBN services nationally (offering fibre, wireless and/or satellite), Australians in areas which will access satellite technology (particularly relevant to the regional NBN campaign) could only access services from 12 providers (as at December 2012)<sup>102</sup>; and
- ‘we’ve got a system that is cheaper, and if I said ten times quicker, I’m probably, you know, not even getting close to it’—DBCDE provided evidence that the NBN speeds at the relevant school were 10 times or just over 10 times faster. However, the statement ‘I’m probably, you know, not even getting close to it’ would likely be understood by most viewers to suggest speed well in excess of 10 times.

**3.23** DBCDE’s processes for verifying case studies relied largely on the people used in the case studies signing statements attesting to their truth.<sup>103</sup> As previously discussed, in response to various ICC enquiries, DBCDE supplemented its verification documentation with a range of additional information. While recognising that there will generally be less precision in unscripted material, there would have been benefit in DBCDE taking additional steps to verify the unscripted statements, which featured prominently in the campaign. This would have helped to mitigate the risk that media or public concerns about the accuracy of certain campaign statements could undermine confidence in statements presented as fact, and in consequence the campaign’s effectiveness. This would have also more efficiently facilitated the ICC’s factual review of campaign statements.

### *Principle 3*

**3.24** The ANAO’s assessment of whether DCDBE complied with the requirements of Principle 3 of the Guidelines is outlined in Table 3.5.

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<sup>102</sup> NBN Co, *Satellite service providers*, accessible via: <<http://www.nbnco.com.au/getting-connected /certified-service-providers/satellite-service-providers.html>> [accessed 20 December 2012].

<sup>103</sup> DBCDE also performed background checks to verify identities and check for criminal records.

**Table 3.5**

**Regional NBN advertising campaign—Principle 3**

<b>Principle 3: Campaign materials should be objective and not directed at promoting party political interests.</b>
Campaign materials must be presented in objective language and be free of political argument.
Campaign materials must not try to foster a positive impression of a particular political party or promote party political interests.
Campaign materials must not: <ul style="list-style-type: none"><li>(a) mention the party in Government by name;</li><li>(b) directly attack or scorn the views, policies or actions of others such as the policies and opinions of opposition parties or groups;</li><li>(c) include party political slogans or images;</li><li>(d) be designed to influence public support for a political party, a candidate for election, a Minister or a Member of Parliament; or</li><li>(e) refer or link to the websites of politicians or political parties.</li></ul>
<b>ANAO assessment: Compliant.</b> ANAO comment: 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.

Source: 2010 Guidelines and ANAO analysis of DBCDE campaign documentation.

*Principle 4*

**3.25** The ANAO's assessment of whether DCDBE complied with the requirements of Principle 4 of the Guidelines is outlined in Table 3.6.

**Table 3.6**

**Regional NBN advertising campaign—Principle 4**

<b>Principle 4: Campaigns should be justified and undertaken in an efficient, effective and relevant manner.</b>
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.
<b>ANAO assessment: Compliant.</b> ANAO comment: To demonstrate the need for the campaign, DBCDE advised the ICC that throughout 2010 and 2011, it had observed growing 'misunderstandings and misconceptions' surrounding the NBN, which did not reflect the Government's policy or the project parameters. DBCDE advised the ICC that the existence of misperceptions about the NBN indicated a need for an information campaign to provide clarification and/or to encourage households and businesses to take-up an NBN service.

While the decision to conduct departmental campaigns was a matter for the Government and DBCDE, this was the first time a Department of State has conducted advertising campaigns in an area in which a Government Business Enterprise has charter responsibilities. Refer to paragraph 3.26 for further discussion.
Research informed the targeting of the campaign and target recipients were identified.
Campaign information should clearly and directly affect the interests of recipients.
<b>ANAO assessment: Compliant.</b> ANAO comment: The Government's policy is that all Australians will have access to the NBN. The campaign sought to increase regional Australians' understanding of the NBN.
The medium and volume of the advertising activities should be cost-effective and justifiable within the budget allocated to the campaign.
<b>ANAO assessment: Partially compliant.</b> ANAO comment: DBCDE sought the advice of the Master Media Agency on the media plan and buy for the campaign. However, DBCDE did not make its own assessment of the cost-effectiveness of the media buy, in accordance with the requirements of the financial framework and the Guidelines. Refer to paragraph 3.35 for further discussion.
Distribution of unsolicited material should be carefully controlled.
<b>ANAO assessment: Not applicable.</b> ANAO comment: No unsolicited materials were used as part of the campaign.
Campaigns should be evaluated to determine effectiveness.
<b>ANAO assessment: Compliant.</b> ANAO comment: DBCDE evaluated the effectiveness of the regional NBN campaign. Refer to paragraph 3.48 for discussion of the findings of the evaluation.

Source: 2010 Guidelines and ANAO analysis of DBCDE campaign documentation.

*Issue: campaigns should be justified and undertaken in an efficient, effective and relevant manner*

**3.26** Principle 4 of the Guidelines provides that campaigns should be justified and undertaken in an efficient, effective and relevant manner. Under Principle 4, paragraph 29 of the Guidelines provides that campaigns should only be instigated where a need is demonstrated.

**3.27** To demonstrate the need for the campaign, DBCDE advised the ICC that throughout 2010 and 2011, it had observed growing 'misunderstandings

and misconceptions' surrounding the NBN<sup>104</sup>, which did not reflect the Government's policy or the project parameters. DBCDE's research<sup>105</sup> showed that there was a high awareness of the NBN initiative and its association with high-speed broadband. However, a number of 'myths and misconceptions' were held by Australians living in regional areas about the NBN. These included that the NBN was no longer happening; that it would be rolled out in major cities first; and that NBN services would be expensive.<sup>106</sup>

### 3.28 DBCDE advised the ICC that:

A failure to communicate more accurate information to the Australian public on the NBN would result in a continuation of these misunderstandings and misconceptions which will ultimately leave Australians exposed with little understanding and less likely to opt in or experience the personal, commercial and community benefits of the NBN in coming years. Overwhelmingly, the research found that re-engaging the public with the NBN initiative and tangible benefits would decrease misconceptions and ensure consumers were more accurately informed about this policy initiative and able to take appropriate action when it rolls out in their area.<sup>107</sup>

3.29 The regional NBN campaign was noteworthy as the first time a Department of State had conducted a campaign in an area of Government Business Enterprise charter responsibilities—in this case NBN Co, the wholly-owned Commonwealth company responsible for designing, building and operating the NBN.<sup>108</sup>

3.30 NBN Co conducts its own communications activities to ensure Australians are aware of the NBN construction schedule, to promote the potential benefits of NBN services and to inform people about how to connect to the network when it is available in their area.<sup>109</sup> These communications

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<sup>104</sup> These misunderstandings and misconceptions were observed through Ministerial correspondence, media enquiries, and broader reviews and inquiries (such as the House Inquiry into the Role and Benefits of the National Broadband Network). There was intense media and public debate around a range of NBN matters in 2010 and 2011, which continued into 2012.

<sup>105</sup> Hall & Partners Open Mind, February 2012, *NBN Regional Advertising Campaign – Developmental Communications Research*.

<sup>106</sup> It is worth noting that the developmental research did not seek to test whether awareness and understandings were more or less strongly held in regional areas than in metropolitan areas. When DBCDE did examine awareness and understandings in metropolitan areas, it found that Australians in metropolitan areas held even more 'myths and misperceptions', in part because of a higher awareness of the NBN itself.

<sup>107</sup> DBCDE, *Statement of Compliance against the Information and Advertising Principles*, signed 23 April 2012, p. 10.

<sup>108</sup> In response to an ANAO inquiry, Finance advised that it had not previously encountered a situation in which a Department of State had advertised in an area of a Government Business Enterprise's responsibilities.

<sup>109</sup> From March 2012, NBN Co also commenced its first 'large-scale community information activity' to coincide with the release of the three-year rollout plan. Source: NBN Co, *Annual Report 2011–12*, pp. 25 and 26.



activities reflect the commercial and operational incentives for NBN Co to transition people to the NBN in a timely and efficient manner. NBN Co advised the ANAO that the cost of its communications activities was in the order of \$8 million per year.

**3.31** In respect to the differences between NBN Co's communications activities and its own, DBCDE advised the ICC that:

The department's campaign differs from, and is complementary to, NBN Co's communications by focusing on the government's policy settings, in particular the services that regional Australia can expect and it will address the associated misconceptions. Importantly, this campaign will address the government's priority in rolling out the NBN in regional Australia. NBN Co's three year rollout campaign will involve telling Australians how the NBN is progressing and where it is being rolled out. Additionally, later in 2012 there is a key role for NBN Co communications activity around migration, to educate and inform people on the transition from the copper network to the new NBN fibre network.

There are two clear roles for the department and NBN Co in communicating about the NBN:

- DBCDE—to promote the overarching NBN rationale, key facts about the project and provide context to all Australians; and
- NBN Co—to educate and inform people of the implementation and rollout timetable, and what they'll need to do to drive migration.<sup>110</sup>

**3.32** There was some evidence that DBCDE and NBN Co coordinated their communication activities in 2012 for both the regional and metropolitan NBN campaigns. In practice, several of the messages used in DBCDE's NBN campaigns were similar to communications made by NBN Co and retail service providers in areas where the NBN was rolling out.<sup>111</sup> As shown in Table 3.7, the communication activities of both entities, and one major retail service provider, sought to explain the reason for building the NBN, promote its benefits, and inform households that competitive prices would be available. DBCDE noted that these messages were complementary, and enabled the

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<sup>110</sup> DBCDE, *Statement of Compliance against the Information and Advertising Principles*, signed 23 April 2012, p. 3. DBCDE discussed the delineation of the roles of itself and NBN Co with the ICC on four occasions. DBCDE undertook to focus its campaign on the broader policy agenda and to minimise potential overlap through continued monitoring.

<sup>111</sup> In this respect, NBN Co advised that the extent of its own communications activities would be affected by the effectiveness of DBCDE's campaigns. NBN Co expected that it would need to conduct less communications activities if the DBCDE campaigns significantly shifted attitudes and built intentions to connect to the NBN.

presentation of an otherwise diverse range of messages in each party's communications.

**Table 3.7**

**Messages of different NBN communications activities**

Topic	DBCDE	NBN Co	Retail service provider
Reason for building the NBN	Our copper network was originally designed for phones, not today's Internet.	The existing copper telecommunications network wasn't originally built with the Internet in mind.	The current infrastructure is too old school. It's like we're sticking to riding bikes even though cars have been invented.
Benefits of NBN	The NBN will provide access to speeds greater than what many people experience on ADSL today.  The NBN optic fibre network will be capable of providing broadband speeds up to 40 times faster than ADSL broadband.	With incredible wholesale speeds of up to 100Mbps for downloads and 40Mbps for uploads, the NBN offers super-fast Internet even if you live a long way from the exchange or have multiple devices connected.	You'll be able to enjoy download speeds of up to 100 megabits per second—around four times quicker than the fastest ADSL2+ broadband currently available.
Pricing	It's also good to know that over 30 NBN retail providers can deliver world class broadband wherever you live, at a price that doesn't discriminate between city and country.  NBN packages are already proving to be competitive with existing broadband, such as ADSL. And you still get your choice of ISP and plan ... your choice of data speeds, data volume and the price you pay.	The benefits of the NBN could be enjoyed for a price less than you'd think, and there's a great range of competitive packages available from a number of service providers. To find a package that suits you, simply talk to your preferred service provider.	Every one of our NBN plans is geared to giving you more without you paying more. What's more, you get the flexibility of being able to mix and match your quota and speed to suit you.

Source: ANAO, from DBCDE's regional and metropolitan NBN advertising campaigns, NBN Co communications materials and an NBN brochure of one major retail service provider.

**3.33** With the NBN rollout ongoing until 2021<sup>112</sup>, for a substantial number of households and businesses DBCDE's large scale NBN advertising took place years before the NBN is due to become available in their area. In some other

<sup>112</sup> Refer to the NBN Co website for details of the NBN rollout schedule, available at: <http://www.nbnco.com.au/when-do-i-get-it/index.html>, [accessed 9 June 2013].

areas where the NBN rollout is already advanced, a number of NBN-related communication activities ran within a relatively short timeframe of each other. For example, with the NBN rolling out in a suburb in Canberra, the advertising campaigns and activities of NBN Co and various retail service providers closely followed the first phase of the Australian Government's metropolitan NBN advertising campaign.<sup>113</sup>

**3.34** While it was open to the Government and DBCDE to conduct campaigns under the Guidelines, the closely related communications objectives and activities of two government entities raises questions around the focus, scale and timing of the departmental advertising effort. There would have been benefit in DBCDE assessing the cost-effectiveness of its proposed NBN campaigns<sup>114</sup>, as part of its original advice to Ministers, to inform government decisions on the campaigns' targeting, scale and timing.<sup>115</sup>

*Issue: economy and cost-effectiveness of the media buy*

**3.35** Section 44 (1) of the FMA Act requires agencies to promote the proper use of Commonwealth resources. Proper use is defined as efficient, effective, economical and ethical use that is not inconsistent with Commonwealth policies. While the term economy is not defined in the Act, Finance has advised agencies that economy relates to minimising cost.<sup>116</sup>

**3.36** In seeking the Minister's approval for the regional NBN campaign budget, DBCDE recommended that any 'excess funds' from associated campaign costs such as research and creative development would be reallocated to the media buy.<sup>117</sup> While a spending proposal approval may provide some flexibility in the allocation of expenditure, in this case it would have been prudent for the department to propose that any reallocation of 'excess funds' to additional media should be contingent on the expenditure

<sup>113</sup> The first phase of the metropolitan NBN campaign was finalised in January 2013. NBN Co and retail service providers commenced communications activities in the relevant Canberra area in early February 2013.

<sup>114</sup> The related metropolitan NBN campaign is discussed in Chapter 4.

<sup>115</sup> A March 2012 update of the Cabinet Handbook included a requirement that proposals for information campaigns include justification of the cost-effectiveness of the campaign. The proposal for the metropolitan NBN campaign was considered by Ministers following this update. For further discussion on cost-effectiveness and advertising campaigns, see ANAO Audit Report No.24, 2011–12, *Administration of Government Advertising Arrangements: March 2010 to August 2011*, pp. 69–77.

<sup>116</sup> Finance further advised that while the concepts of efficiency and effectiveness already encompassed the concept of economy, the addition of the term economy (in March 2011) 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. See Finance Circular 2011/01, *Commitments to spend public money (FMA Regulations 7–12)*, p. 12.

<sup>117</sup> DBCDE also made the same recommendation for the metropolitan NBN campaign.

continuing to represent a proper use of Commonwealth resources. In this regard, Finance's *Campaign Planning Guide* advises that agencies:

... be mindful that while a campaign budget may have been agreed by government, it does not mean that the full budget has to be spent if it would not be a proper use of Commonwealth resources to do so.<sup>118</sup>

**3.37** DBCDE advised that while it sought the option to reallocate funds to the media buy, the option was not exercised. DBCDE also advised that if the option had eventuated, it would have applied a rigorous process to the transfer of funds.

**3.38** Paragraph 31 of the Guidelines states that the 'medium and volume of the advertising activities should be cost effective and justifiable within the budget allocated to the campaign'.<sup>119</sup> A specific requirement of the campaign advertising framework is that agencies plan and place their campaign advertising through the Master Media Agency (MMA).<sup>120</sup> As required, DBCDE sought the advice of the MMA on the media plan and buy for the regional NBN advertising campaign. In subsequently seeking the Secretary's approval for the Media Booking Authority for the campaign, DBCDE advised that:

For all *Financial Management and Accountability Act 1997* agencies, Universal McCann is the sole provider to the Commonwealth for campaign advertising. Value for money has been assessed by the Finance Department during their evaluation process of the coordinated procurement.

**3.39** The ANAO has previously observed in respect to campaign advertising that financial delegates must be personally satisfied that spending proposals would be a proper use of Commonwealth resources:

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

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<sup>118</sup> Finance, *Campaign Planning Guide*, September 2012, p. 60.

<sup>119</sup> This issue has arisen in past ANAO audits of government advertising, with the most recent report observing that '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', p. 27.

<sup>120</sup> The MMA is part of the Australian Government's Central Advertising System (CAS), which consolidates government advertising expenditure to secure optimal media discounts on Commonwealth-wide media rates. Under the CAS, two master media agencies have been selected to assist in media planning, placement and rates negotiations with media outlets.

In this regard, Finance's September 2012 *Campaign Planning Guide* states that: 'Financial delegates should treat the approval of [a Media Booking Authority] in the same way as they would treat any other spending proposal. That is, the delegate must be satisfied that the spending proposal would be a proper use of Commonwealth resources. To demonstrate this, you need to clearly document the process undertaken to select the recommended media channels and the volume/cost of advertising', p. 60.

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.<sup>121</sup>

**3.40** In relation to monitoring the media buy, DBCDE advised the ICC that a 'matrix model' would be used by the MMA to determine the use of different creative materials and types of media. For example, the model was to gauge the relative effectiveness of the different television advertisements, to assist in determining how often each should be used. The department advised the ANAO that in the event, the matrix model was not used, and therefore it did not assist in optimising the cost-effectiveness of media activities.<sup>122</sup> This also meant that DBCDE did not adhere to its advice to the ICC, on which its review of the campaign against paragraph 31 of the Guidelines was in part based.

#### *Principle 5*

**3.41** The ANAO's assessment of whether DCDBE complied with the requirements of Principle 5 of the Guidelines is outlined in Table 3.8.

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<sup>121</sup> ANAO Audit report No.24, February 2012, *Administration of Government Advertising Arrangements: March 2010 to August 2011*, p. 27. The matter was considered further at pp. 74–75.

<sup>122</sup> Due to the late finalisation of a number of materials, the range of materials that DBCDE would have been able to monitor and select from would have been limited. For example, the last television and radio advertisements were finalised six weeks after the campaign's commencement.

**Table 3.8**

**Regional NBN advertising campaign—Principle 5**

Principle 5: Campaigns must comply with legal requirements and procurement policies and procedures.
<p>The manner of presentation and the delivery of campaigns must comply with all relevant laws including:</p> <ul style="list-style-type: none"> <li>(a) laws with respect to broadcasting and media;</li> <li>(b) privacy laws;</li> <li>(c) intellectual property laws;</li> <li>(d) electoral laws;</li> <li>(e) trade practices and consumer protection laws; and</li> <li>(f) workplace relations laws.</li> </ul>
<p><b>ANAO assessment: Compliant.</b></p> <p>ANAO comment: DBCDE obtained internal legal advice which indicated that the campaign complied with all relevant laws, including the laws listed above.</p>
<p>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.</p>
<p><b>ANAO assessment: Partially compliant.</b></p> <p>ANAO comment: While there was a reasonably clear audit trail regarding DBCDE's procurement decision making, there were areas in which DBCDE could improve its compliance with procurement policies and procedures, and advising on financial approvals. Refer to discussion in paragraphs 3.42 to 3.47.</p>

Source: 2010 Guidelines and ANAO analysis of DBCDE campaign documentation.

*Issue: adherence to procurement policies and procedures*

**3.42** A range of services are typically procured for advertising campaigns.<sup>123</sup> These include: developmental research to understand the need for a campaign; creative development of campaign materials; testing of

<sup>123</sup> Procurement of advertising services for Australian Government campaigns was to comply with division 1 of the Commonwealth Procurement Guidelines (CPGs) prior to 1 July 2012. Since that time, campaign procurement is to comply with the Commonwealth Procurement Rules (CPRs). The core principle of the Australian Government's procurement policy framework is value for money. Value for money is enhanced by using competitive procurement processes, and conducting a process that is commensurate with the scale and scope of the procurement. The procurement of advertising services is exempt from the additional rules that apply to high value procurements. Communications suppliers for campaigns valued at \$250 000 or more must be selected from the Communications Multi-Use List. As previously discussed, media placement must be procured through the MMA. Source: Finance, *Commonwealth Procurement Rules*, p. 14, and Division 2 of the CPRs (and the former CPGs) specifies additional rules for procurements at or above the relevant procurement threshold.

creative materials with potential audiences; evaluative research to test their effectiveness; and media placement.

#### FMA Regulation 9 approvals

**3.43** Funding approval, pursuant to FMA Regulation 9, for the regional NBN campaign budget was made by the Minister prior to DBCDE engaging contractors for the campaign. The approval specified a total cost, and costs for various elements of the campaign, such as for the creative agency, creative concept testing and evaluation research, public relations activities, and the media buy. The approval also provided for DBCDE to reallocate costs of up to five percent between those elements, with 'any excess funds to be allocated to the media buy' (refer also to paragraph 3.36). In this respect, the Minister's Regulation 9 approval was conditional.<sup>124</sup> Further, while the total campaign expenditure remained within the approved budget, expenditure on the research element (approximately \$1.7 million) considerably exceeded the approved amount (\$990 000), even allowing for a variation of five per cent.<sup>125</sup> In the circumstances, the department should have requested a new FMA Regulation 9 approval from the Minister, because of the conditions he had placed on his original approval.<sup>126</sup>

**3.44** A number of other FMA Regulation 9 approvals were sought from the Minister for campaign related expenditure, including for the engagement of contractors to work as part of the DBCDE team developing the campaign. DBCDE sought and obtained the approval from the Minister for the use of administered funding from an NBN/Digital community engagement<sup>127</sup> budget to pay for these contractors. However, the department did not advise the Minister that administered funding, which is to be used for specific outcomes, cannot be transferred to departmental funding. Departmental funding is to be used for the ordinary operating costs of government agencies.<sup>128</sup>

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<sup>124</sup> Note 3 to FMA Regulation 9 advises that approvals may be given subject to conditions.

<sup>125</sup> DBCDE advised that it 'spent more than originally budgeted on the research element as continual rounds of refinement testing were required given the nature of the campaign.'

<sup>126</sup> Finance Circular 2011/01 advises that any conditions relating to an approval under FMA Regulation 9 must be complied with (refer to page 22 of the circular).

<sup>127</sup> The department advised the Minister that the administered funding was for communication work associated with broadband champions, promotion of the Digital Hubs and Digital Enterprise programs, revising the architecture and maintenance of *nbn.gov.au*, and the continuation of local business forums in NBN early release sites.

<sup>128</sup> Finance, *Annual Appropriation Rules* – Summarised, accessible via: <<http://www.finance.gov.au/budget/budget-process/annual-appropriation-rules.html>> [accessed 30 January 2013]. DBCDE advised that while the Minister referred to funding for 'Contractors for NBN regional advertising campaign', the funding was used for non-campaign related 'below-the-line work'.

## Supplier selection and engagement

**3.45** Three companies from the Australian Government Communications Multi-Use List were invited to submit proposals for developmental research for the regional NBN campaign. Proposals were also to indicate the companies' skills and capacity to undertake other phases of research, such as evaluation research. The companies were requested to submit a budget for developmental research, with separate quotes to be sought for any further phases of research. The preferred supplier was engaged to conduct the developmental research, and was subsequently also engaged to conduct creative concept testing.

**3.46** Following feedback from the PRG and the ICC, DBCDE recognised the need for a separate provider of campaign evaluation research, to avoid a conflict of interest.<sup>129</sup> DBCDE then engaged the firm ranked second in the developmental research tender to conduct the campaign evaluation research, even though the criteria used for that tender were not directly relevant to the company's ability to undertake evaluation research. DBCDE's budget for the proposed developmental research was approximately \$275 000, including GST. In total, \$1.7 million of services<sup>130</sup> were provided by the two companies for developmental research, creative concept testing, and evaluative research.<sup>131</sup>

**3.47** DBCDE's processes for procuring research services for the regional NBN campaign were not commensurate with the scale and scope of the services that were provided. Given the value of creative concept testing and evaluation services, separate requests for proposals were warranted to form a sound basis for supplier selections.<sup>132</sup>

## Campaign evaluation

**3.48** As previously discussed in Table 3.6, DBCDE engaged a contractor to evaluate the effectiveness of the regional NBN advertising campaign. Following benchmarking in early April 2012, and two rounds of research

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<sup>129</sup> To avoid a conflict of interest, formative and evaluative research should be conducted by different suppliers. Source: Finance, *Campaign Planning Guide*, September 2012, p. 50.

<sup>130</sup> Services provided included eleven rounds of creative concept testing, as well as benchmarking, tracking and evaluation services.

<sup>131</sup> A further \$1.2 million in research services was also ordered on the basis of this procurement process for the metropolitan NBN campaign.

<sup>132</sup> In contrast, a creative agency and a public relations consultant were each engaged after assessing the relative merit of three proposals. DBCDE advised the ANAO that: 'conducting a separate tender [for the evaluation services] given the similarity of the work conducted by the consultancy was not considered to represent a value for money outcome'.



during the campaign, the final evaluation report was provided to DBCDE in late July 2012.

**3.49** The evaluation report found that overall, the campaign had met most of its objectives, including that it had increased understanding of the NBN; improved understanding in relation to ‘myths and misconceptions’ about the NBN; increased awareness of the priority to roll out the NBN in regional Australia; and alerted people to how they could get more information about the NBN. For example, understanding that the ‘NBN rollout is now underway prioritising regional Australia’ rose from 37 to 52 per cent as a result of the campaign, and understanding that the ‘NBN will deliver high speed reliable broadband to all of Australia’ rose from 42 to 51 per cent. Further, the proportion of respondents who believed that ‘the NBN would bring a lot of benefits to my community’ rose from 47 to 49 per cent, and the proportion of respondents who believed that ‘the NBN delivers improved broadband services, reliability and vastly superior capacity’ rose from 50 to 54 per cent.

**3.50** The evaluation report also indicated that one of the objectives of the evaluation<sup>133</sup> had not been achieved: increasing intentions to connect to the NBN:

While the campaign has not yet had a positive impact on the behavioural objective (increasing intentions to connect to the NBN), this is likely to be related to low issue saliency or relevance for most people in regional Australia (excluding NBN ready and NBN underway regions). For most, the issue is still not an immediate one. This gap between the time of the research and actual access to the NBN (‘at their door’) means that shifts in behavioural intention are much more likely to come when each region moves into NBN ready status and the ability to access the NBN becomes a reality.<sup>134</sup>

## Conclusion

**3.51** DBCDE was tasked with delivering an advertising campaign focused on regional and remote areas of Australia, to improve public understanding, address misconceptions, and provide updated information about the NBN. The regional NBN campaign was developed within 11 weeks, a challenging

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<sup>133</sup> The evaluation report examined the campaign’s performance in relation to seven evaluation/communication objectives, which were derived from the campaign’s objectives.

<sup>134</sup> DBCDE, *NBN Regional Public Information and Awareness Campaign Evaluation, Final Campaign Evaluation Report*, July 2012, p. 5.

timeframe as the campaign involved the development of television advertisements. The campaign ran from late April 2012 to late June 2012.

**3.52** In the main, DBCDE's administration of the regional NBN advertising campaign met the requirements of the campaign advertising framework. However, on several occasions DBCDE provided campaign materials and supporting documentation to the ICC late, which did not effectively support the third party review of the campaign. There were some technical inaccuracies in a small number of statements made in the regional NBN campaign as part of unscripted case studies. In approving the campaign media buy, DBCDE relied on the Master Media Agency's advice. DBCDE did not make its own assessment of the cost-effectiveness of the media buy, in accordance with the requirements of the financial framework and the Guidelines.

**3.53** It has long been recognised that it is legitimate for government to 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. DBCDE identified a need for communications activities to address 'misunderstandings and misconceptions' about the NBN. While acknowledging that the decision to conduct the two NBN campaigns was a matter for the Government and DBCDE, this was the first time a Department of State has conducted advertising campaigns in an area in which a Government Business Enterprise has charter responsibilities. NBN Co is responsible for designing, building and operating the NBN, and conducts its own communications activities to ensure Australians are aware of the NBN construction schedule, to promote the potential benefits of NBN services and to inform people about how to connect to the network when it is available in their area. While DBCDE sought to differentiate its activities from NBN Co by focusing on matters of government policy, the closely related communications objectives and activities of a Department of State and a Government Business Enterprise with a commercial charter raises questions around the focus, scale and timing of the departmental advertising effort. Of particular note, with the NBN rollout ongoing until 2021<sup>135</sup>, for a substantial number of households and businesses DBCDE's large scale NBN advertising took place years before the NBN is due to become available in their area. There would have been benefit in DBCDE assessing the

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<sup>135</sup> Refer to the NBN Co website for details of the NBN rollout schedule, available at: <<http://www.nbnco.com.au/when-do-i-get-it/index.html>>, [accessed 9 June 2013].

cost-effectiveness of its proposed NBN campaigns to inform government decisions on the campaigns' targeting, scale and timing.

**3.54** The evaluation report for the regional NBN advertising campaign was finalised in July 2012. The evaluation noted improvements in understanding and attitudes against the majority of the campaign's objectives. For example; understanding that the 'NBN rollout is now underway prioritising regional Australia' rose from 37 to 52 per cent as a result of the campaign; understanding that the 'NBN will deliver high speed reliable broadband to all of Australia' rose from 42 to 51 per cent; and the proportion of respondents who believed that 'the NBN would bring a lot of benefits to my community' rose from 47 to 49 per cent.

## 4. Metropolitan National Broadband Network Advertising Campaign

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*This chapter examines the metropolitan NBN advertising campaign administered by DBCDE, including the development of the campaign, the campaign's compliance with the requirements of the 2010 Guidelines and the results of the campaign's evaluation.*

### Campaign overview

**4.1** In the 2012–13 Mid-Year Economic and Fiscal Outlook statement, the Australian Government allocated \$22 million (including GST) to 'improve public understanding, address misconceptions and provide updated information about the National Broadband Network'.<sup>136</sup> An additional \$5.4 million (including GST) was provided for the advertising campaign in the 2012–13 Portfolio Additional Estimates.<sup>137</sup> The campaign, known as the metropolitan NBN advertising campaign, was to focus on five major metropolitan areas, Adelaide, Brisbane, Melbourne, Perth and Sydney, where access to the NBN is to be provided through optical fibre.<sup>138</sup> The advertising campaign was administered by DBCDE, and was subject to the campaign advertising framework, including the 2010 Guidelines.

**4.2** Table 4.1 summarises the key elements of the campaign, including its objectives, timing, target audiences and budget. The campaign involved two phases, one in late 2012 and one commencing in March 2013. This chapter relates only to DBCDE's administration of the first phase of the campaign. Refer to Appendix 3 for an example of a print advertisement from the first phase of the campaign.

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<sup>136</sup> Commonwealth of Australia, *Mid-Year Economic and Fiscal Outlook statement 2012–13*, accessible via: <<http://www.budget.gov.au/2012-13/content/myefo/html/index.htm>> [accessed 22 January 2013].

As with the HAP and regional NBN advertising campaigns, the level of campaign funding was high in comparison to the majority of other advertising campaigns. See footnote 57.

<sup>137</sup> Commonwealth of Australia, *Portfolio Additional Estimates 2012–13, Broadband, Communications and the Digital Economy Portfolio*, accessible via: <[www.dbcde.gov.au/\\_data/assets/pdf\\_file/0019/161362/PAES-2012-2013.pdf](http://www.dbcde.gov.au/_data/assets/pdf_file/0019/161362/PAES-2012-2013.pdf)> [accessed 13 June 2013].

<sup>138</sup> DBCDE also subsequently included a number of other cities in the campaign's target audience. See Table 4.6 for further discussion.

**Table 4.1****Summary of the metropolitan NBN advertising campaign**

Summary	
Objectives	<p>The objectives of the campaign were to:</p> <ul style="list-style-type: none"> <li>• increase understanding about the NBN by telling a compelling big picture story highlighting the NBN as an investment in Australia's future (create credibility);</li> <li>• engage, inform and educate by explaining the facts, dispelling the myths and showcasing the services and value for money benefits of connecting to the NBN (create excitement and interest);</li> <li>• build and maintain visibility by showing the personal, business, community and national benefits of connecting to the NBN; using multiple channels and leveraging stakeholder and whole-of-government channels (create a positive disposition); and</li> <li>• direct people to where they can get more information about how and when they can get connected (call to action).</li> </ul>
Timing	<p>Phase one: 4 November 2012 to 19 January 2013.</p> <p>Phase two: 17 March 2013 to 26 May 2013.</p>
Target audiences	<p>The primary target audiences for the campaign were:</p> <ol style="list-style-type: none"> <li>1. individuals who are positive-to-neutral in their attitudes to the NBN (the neutral majority, generally under 40 years of age);</li> <li>2. the technologically-savvy, who are interested in the technology behind the NBN and will be invaluable as word of mouth advocates to the broader community that generally have less understanding about the initiative;</li> <li>3. professionals and small business people, who are also advocates; and</li> <li>4. the broader community: people 18+ living in metropolitan areas; families; schools and education facilities; businesses; opinion leaders; and industry, business and community organisations.</li> </ol>
Total campaign expenditure (inc. GST)	<p>2012–13 Budget: \$27.4 million for both phases of the campaign.</p> <p>2012–13 Actual: \$19.4 million (as at 31 March 2013) for both phases.</p>
Media expenditure (inc. GST)	<p>Budget: Phase one: \$10.8 million.</p> <p>Actual: Phase one: \$10.1 million.</p>

Source: DBCDE documentation.

**4.3** To assess the effectiveness of DBCDE's administration of the metropolitan NBN advertising campaign against the requirements of the campaign advertising framework, the ANAO examined the:

- campaign's development, including the approval of the campaign and the timeframe in which it was implemented;

- campaign's compliance with the requirements of the 2010 Guidelines; and
- evaluation of the campaign.

## Campaign development

### Approval and timeframe

**4.4** As was the case for the regional NBN advertising campaign, the first phase of the metropolitan NBN campaign was developed by DBCDE within a challenging timeframe. The Government approved the first phase of the campaign on 21 August 2012, with advertising to be conducted in the final quarter of 2012. DBCDE developed the campaign in 11 weeks, prior to advertising commencing in early November 2012.

**4.5** The key dates for the campaign included:

- 22 August 2012—meeting with the PRG to obtain feedback on the draft campaign communications strategy;
- 4 September 2012—meeting with the ICC for its consideration of the communications strategy<sup>139</sup>;
- 26 October 2012—DBCDE's sixth meeting with the ICC, for its initial consideration of selected final creative materials;
- 4 November 2012—campaign advertising commencement, with selected materials;
- 14 December 2012—tenth and final ICC meeting for the first phase of the campaign; and
- 19 January 2013—completion of campaign advertising (most advertising including television, print and radio ceased in mid-December, but cinema advertising was extended through the Christmas/new year period. Refer to paragraph 4.15 for further discussion).

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<sup>139</sup> DBCDE first met with the ICC on 21 August 2012 to discuss the proposed campaign and developmental research.

## **Peer Review Group feedback**

4.6 DBCDE met with the PRG on 22 August 2012 to discuss the draft campaign communications strategy. In its feedback the PRG commented that:

- a key challenge for the campaign was to develop clear messages that were compelling and provided a direct and worthwhile benefit to the range of audiences identified;
- DBCDE reconsider the focus of the two proposed phases. The PRG expressed concern that DBCDE's plan to promote the benefits of the NBN in the first phase rather than address myths and misconceptions could potentially exacerbate misconceptions; and
- DBCDE consider developing a contingency plan for the possibility that additional funds for the second phase of the campaign were not approved.

4.7 The PRG usefully pointed out a range of issues and technical communication matters for DBCDE to consider as it progressed its development of the campaign. DBCDE's subsequent administration of the campaign addressed some of the matters raised by the PRG.

## **Compliance with the 2010 Guidelines**

### **Compliance with certification, publication and reporting requirements**

4.8 The 2010 Guidelines include a number of certification, publication and reporting requirements, outlined in paragraphs 14 and 17. The ANAO's assessment of whether DCDBE complied with these requirements is shown in Table 4.2.

**Table 4.2**

**Metropolitan NBN advertising campaign—compliance with certification, publication and reporting requirements**

<b>Paragraph 14. For advertising campaigns of \$250 000 or more:</b>
The 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. Agencies will be responsible for providing a report to their chief executive on campaign compliance with Principle 5 of the Guidelines.
<p><b>ANAO assessment: Compliant.</b></p> <p>ANAO comment: The ICC provided four review reports. In addition, the requirement for DBCDE to provide a report to the chief executive was complied with.</p> <p>The four reports DBCDE provided to its Secretary indicated that an attached document demonstrated compliance with relevant procurement policies and procedures, but the attachment only addressed the campaign's compliance with relevant laws. On their face, the reports provided limited assurance to the Secretary on compliance with relevant procurement policies and procedures.<sup>140</sup></p>
Following consideration of the reports on campaign compliance, the chief executive will certify that the campaign complies with the Guidelines and relevant government policies.
<p><b>ANAO assessment: Compliant.</b></p> <p>ANAO comment: DBCDE's Secretary signed four chief executive certification statements.</p>
The chief executive will give the certification to the relevant Minister who may launch the campaign or approve its launch.
<p><b>ANAO assessment: Compliant.</b></p> <p>ANAO comment: The chief executive certification was provided to the Minister prior to his approval of each of the four batches of creative materials.</p>
The chief executive's certification will be published on the relevant department's website when the campaign is launched.
<p><b>ANAO assessment: Compliant.</b></p> <p>ANAO comment: The main (first) certification statement was placed on DBCDE's website when the campaign was launched. The December statement was uploaded within days of its signing.</p> <p>Two November certification statements were uploaded to DBCDE's website in late December 2012, after the campaign's launch.</p>
The conclusions of the ICC will be published on Finance's website after the campaign is launched.
<p><b>ANAO assessment: Compliant.</b></p> <p>ANAO comment: Finance published the ICC's campaign review letter after the campaign was launched.</p>

<sup>140</sup> DBCDE advised that: 'the Secretary's close involvement with the Department's financial frameworks and controls meant that he did not need this separately notated in a minute, additionally the Department had a process of copying the Secretary into all administered Regulation 9 Minutes.'



**Paragraph 17. 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.

**ANAO assessment: Discretion exercised to make available a short summary of research report.**

ANAO comment: In late December 2012, DBCDE placed a short summary of developmental research for the metropolitan NBN advertising campaign on its website.

Details of advertising campaigns undertaken will be published in agency annual reports.

**ANAO assessment: Not yet applicable.**

ANAO comment: The metropolitan NBN campaign commenced after the publication of DCDBE's 2011–12 Annual Report. Details of the campaign should be included in DCDBE's 2012–13 Annual Report.

Source: March 2010 Guidelines and ANAO analysis.

**4.9** For the first phase of the metropolitan NBN campaign, DBCDE provided campaign materials<sup>141</sup> and supporting documentation to the ICC later than requested. For example, to inform its review of the metropolitan NBN campaign, the ICC sought to understand and draw upon the findings of the evaluation of the regional campaign. A two page summary of evaluation findings was provided by DBCDE in early September 2012, at its second meeting with the ICC on the metropolitan campaign. However, the full evaluation report for the regional NBN campaign was not provided by DBCDE until October 2012, for its fourth meeting with the ICC on the metropolitan campaign. DBCDE advised the ANAO that the report had been finalised in July 2012. As discussed in Chapter 3 of this audit, third party scrutiny of campaigns is a core element of the campaign advertising framework, and relies for its effectiveness on agencies facilitating ICC processes.

## **Compliance with the five information and advertising campaign principles**

### *Principle 1*

**4.10** The ANAO's assessment of whether DCDBE complied with the requirements of Principle 1 of the Guidelines is outlined in Table 4.3.

<sup>141</sup> This was observed in the context of the regional NBN campaign, discussed in Chapter 3.

**Table 4.3**

**Metropolitan NBN advertising campaign—Principle 1**

<b>Principle 1: Campaigns should be relevant to government responsibilities.</b>
<p>The subject matter of campaigns should be directly related to the Government's responsibilities. As such, only policies or programs underpinned by:</p> <ul style="list-style-type: none"><li>• legislative authority; or</li><li>• appropriation of the Parliament; or</li><li>• a Cabinet Decision which is intended to be implemented during the current Parliament should be the subject of a campaign.</li></ul>
<p><b>ANAO assessment: Compliant.</b></p> <p>ANAO comment: The NBN is an Australian Government policy initiative, and legislation has been passed by the Commonwealth Parliament to support its implementation (see Table 3.3 for additional detail about NBN policy and legislation).</p> <p>The metropolitan NBN campaign sought to inform the public of NBN policies, provide information about NBN services to the public, and inform consideration of issues surrounding the NBN.</p>

Source: March 2010 Guidelines and ANAO analysis.

**Principle 2**

**4.11** The ANAO's assessment of whether DCDBE complied with the requirements of Principle 2 of the Guidelines is outlined in Table 4.4.

**Table 4.4**

**Metropolitan NBN advertising campaign—Principle 2**

<b>Principle 2: Campaign materials should be presented in an objective, fair and accessible manner and be designed to meet the objectives of the campaign.</b>
<p>Campaign materials should enable the recipients of the information to distinguish between facts, comment, opinion and analysis.</p>
<p><b>ANAO assessment: Compliant.</b></p> <p>ANAO comment: The campaign materials contained only factual information about the NBN.</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><b>ANAO assessment: Compliant.</b></p> <p>ANAO comment: As was the case for the regional NBN campaign, to verify factual campaign statements for the metropolitan NBN campaign DBCDE adopted a better practice approach and prepared a series of verification matrices to demonstrate compliance to the ICC. In response to ICC requests, DBCDE again supplemented its verification documentation with a range of additional information. After DBCDE had responded to the ICC's requests for additional information, campaign statements were supported by sufficient, relevant evidence.</p>

Pre-existing policies, products, services and activities should not be presented as new.

**ANAO assessment: Compliant.**

ANAO comment: The campaign did not present pre-existing policies, products, services and activities as new.

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.

**ANAO assessment: Compliant.**

ANAO comment: Developmental research showed that culturally and linguistic diverse (CALD) and Indigenous people did not have different information needs about the NBN than the general population. However, they required information through specific communication and media channels to facilitate their understanding of the key messages. As such, DCDBE engaged a specialist to develop print, radio and digital banner advertisements translated into numerous languages and provided through various CALD media channels. For example, the materials were translated into eight languages for radio advertisements. The department also engaged Indigenous communications specialists to provide advice on Indigenous-specific materials, which included an Indigenous-specific radio and print advertisement.

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.

**ANAO assessment: Compliant.**

ANAO comment: The creative materials included women, men, young people, the elderly, Indigenous Australians and people from culturally and linguistically diverse backgrounds.

Campaign materials should be tested with target audiences to indicate they are engaging and perform well against the objectives of the campaign.

**ANAO assessment: Partially compliant.**

ANAO comment: The various creative campaign materials underwent nine rounds of concept testing. While most materials were considered likely to achieve aspects of the campaign objectives, the testing of the print materials did not clearly indicate that they were considered to be sufficiently engaging, or likely to perform well against the objectives of the campaign. After deciding initially to use the print materials, DBCDE later ceased their use, as the materials had not performed as strongly as materials on other mediums. For further discussion, refer to paragraph 4.12.

Source: March 2010 Guidelines and ANAO analysis.

*Issue: testing of campaign materials*

**4.12** Paragraph 25 of the Guidelines provides that campaign materials should be tested with target audiences to indicate they are engaging and perform well against the objectives of the campaign. The various metropolitan NBN advertising campaign materials underwent nine rounds of creative concept testing. Prior to their release, most of the materials were considered

likely to achieve aspects of the objectives of the campaign. In particular, the 'flagship' television advertisement tested well, and was found to be engaging. However, in general, the print materials were considered to be less effective, particularly in engaging the audience.

**4.13** The second to last round of concept testing of the print materials found that the 'response to the press ads was highly variable across the different executions' and that 'the visuals being used in these press ads do not appeal to a general audience and are not consistent in their tone or their message with the [television] campaign'. In response to these findings, the ICC encouraged DBCDE to commission additional concept testing of the print advertisements, and following further discussions with the ICC, DBCDE agreed to commission this testing.

**4.14** The materials were adapted and the additional (and final) concept testing of the print materials found that the 'overall response to the print advertising suggests that these are performing more effectively than in the previous round'. The print advertisements were recommended by the researcher to proceed, with one minor modification and nine additional points for consideration. However, the researcher's comments did not explicitly advise on whether the advertisements were engaging or expected to perform well against the objectives of the campaign.

**4.15** In mid-December 2012, DBCDE decided to discontinue the use of the print advertisements, as they had not performed as well as other media.<sup>142</sup> The additional funding made available as a result of this decision was used to extend the cinema advertising buy. This meant that advertising continued through the Christmas/new year period to improve continuity between the first phase and the planned second phase of the campaign. DBCDE's experience with the print materials demonstrates the value of creative concept testing as a means of indicating whether creative materials are engaging and performing well against the objectives of the campaign. Further, the department's ongoing monitoring of the effectiveness of the campaign materials enabled it to redirect some expenditure to a better performing media channel.

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<sup>142</sup> DBCDE advised that 'the Department was receiving ongoing tracking results from the evaluation researcher. It was clear within the second week of advertising that print was the weakest channel and as a result the Department removed the ads, and moved the funds allocated to stronger channels, such as cinema.' DBCDE also advised that media expenditure on the print materials was some \$727 000 (excluding research and development costs and media costs for CALD and Indigenous print materials).

### Principle 3

**4.16** The ANAO's assessment of whether DCDBE complied with the requirements of Principle 3 of the Guidelines is outlined in Table 4.5.

**Table 4.5**

#### Metropolitan NBN advertising campaign—Principle 3

Principle 3: Campaign materials should be objective and not directed at promoting party political interests.
Campaign materials must be presented in objective language and be free of political argument.
Campaign materials must not try to foster a positive impression of a particular political party or promote party political interests.
Campaign materials must not: <ul style="list-style-type: none"> <li>(a) mention the party in Government by name;</li> <li>(b) directly attack or scorn the views, policies or actions of others such as the policies and opinions of opposition parties or groups;</li> <li>(c) include party political slogans or images;</li> <li>(d) be designed to influence public support for a political party, a candidate for election, a Minister or a Member of Parliament; or</li> <li>(e) refer or link to the websites of politicians or political parties.</li> </ul>
<b>ANAO assessment: Compliant.</b> ANAO comment: 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.

Source: March 2010 Guidelines and ANAO analysis.

### Principle 4

**4.17** The ANAO's assessment of whether DCDBE complied with the requirements of Principle 4 of the Guidelines is outlined in Table 4.6. While the campaign complied with the specific requirements of the Guidelines, as discussed in Chapter 3, the campaign was noteworthy—as was the regional NBN campaign—as being the first time a Department of State has conducted advertising campaigns in an area in which a Government Business Enterprise has charter responsibilities.

**Table 4.6**

**Metropolitan NBN advertising campaign—Principle 4**

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

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.

**ANAO assessment: Compliant.**

ANAO comment: DBCDE advised the ICC that throughout 2010 and 2011, it had observed growing misunderstandings and misconceptions surrounding the NBN, which did not reflect the Government's policy or the project parameters. DBCDE further advised the ICC that 'the success of the NBN rollout will be strongly influenced by the individual and community support'. The findings of market research conducted in June 2012 had highlighted 'a low intention to connect, potentially indicating disengagement with the NBN in metropolitan areas'. The research also identified concerns and misunderstandings in metropolitan areas. Australians in metropolitan areas held more misperceptions than their regional counterparts, in part because of a higher awareness of the NBN itself. Misperceptions held in metropolitan areas included that: the technology was potentially at risk of obsolescence before completion; the project would not facilitate improved wi-fi in metropolitan areas; and the NBN would cost individual households and businesses more in the future.<sup>143</sup>

As discussed in paragraph 3.26, DBCDE's NBN campaigns were the first time that a Department of State had conducted advertising in an area of a Government Business Enterprise's charter responsibilities. Within this context, there were similarities in the objectives of the metropolitan NBN advertising campaign and the focus on NBN Co's communications on the NBN. The objectives of DBCDE's metropolitan NBN advertising campaign included to 'build and maintain visibility by showing the personal, business, community and national benefits of connecting to the NBN', and to 'direct people to where they can get more information about how and when they can get connected (call to action)'; and NBN Co's communications seek to promote the potential benefits of NBN services and to inform people about how to connect to the network when it is available in their area.

Campaign information should clearly and directly affect the interests of recipients.

**ANAO assessment: Compliant.**

ANAO comment: The Australian Government's NBN policy is that all Australians will have access to the NBN. The campaign seeks to increase metropolitan Australians' understanding of the NBN.

<sup>143</sup> DBCDE, July 2012, *Developmental Communication Research. NBN Metropolitan Advertising Campaign. Report of Research Findings*. 12 July 2012, pp. 1–2.

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

**ANAO assessment: Compliant.**

ANAO comment: DBCDE sought the advice of the MMA in relation to the medium and volume of advertising activities. In contrast with the approach adopted in the regional NBN campaign, DBCDE reviewed the cost-effectiveness of the MMA's proposal. DBCDE made minor adjustments to the proposed media buy to improve the cost-effectiveness of the proposal and its alignment with the research recommendations. These adjustments included: minimising overlap with another DBCDE campaign which was to commence around the same time as the NBN campaign; adding cities categorised as regional for media purchasing purposes, but which are metropolitan in nature (for example, Canberra and Hobart); and a number of small changes to the volume of different types of media.

Distribution of unsolicited material should be carefully controlled.

**ANAO assessment: Not applicable.**

ANAO comment: No unsolicited materials were used as part of the campaign.

Campaigns should be evaluated to determine effectiveness.

**ANAO assessment: Compliant.**

ANAO comment: The final evaluation report for phase one of the metropolitan NBN advertising campaign was completed in January 2013. Refer to paragraph 4.22 for discussion of the findings of the evaluation.

Source: March 2010 Guidelines and ANAO analysis.

*Principle 5*

**4.18** The ANAO's assessment of whether DCDBE complied with the requirements of Principle 5 of the Guidelines is outlined in Table 4.7.

**Table 4.7**

**Metropolitan NBN advertising campaign—Principle 5**

<p><b>Principle 5: Campaigns must comply with legal requirements and procurement policies and procedures.</b></p> <p>The manner of presentation and the delivery of campaigns must comply with all relevant laws including:</p> <ul style="list-style-type: none"> <li>(a) laws with respect to broadcasting and media;</li> <li>(b) privacy laws;</li> <li>(c) intellectual property laws;</li> <li>(d) electoral laws;</li> <li>(e) trade practices and consumer protection laws; and</li> <li>(f) workplace relations laws.</li> </ul>
<p><b>ANAO assessment: Compliant.</b></p> <p>ANAO comment: DBCDE obtained internal legal advice, which indicated that the campaign complied with relevant laws, including the laws listed above.</p>
<p>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.</p>
<p><b>ANAO assessment: Partially compliant.</b></p> <p>ANAO comment: There were a range of areas in which DBCDE could improve its compliance with procurement policies and procedures, and compliance with financial approvals. DBCDE could also improve its documentation of procurement decision making. Refer to paragraph 4.19 for detailed discussion of adherence to procurement policies and procedures.</p>

Source: March 2010 Guidelines and ANAO analysis.

*Issue: adherence to procurement policies and procedures*

**4.19** A range of services are typically procured for advertising campaigns. Refer to paragraph 3.42 for a brief description of these services and the requirements which apply to their procurement.

**FMA Regulation 9 approvals**

**4.20** FMA Regulation 9 approval was provided for the metropolitan NBN campaign by the Minister in two stages. Approval for developmental market research was provided on 18 June 2012. A broader Regulation 9 spending proposal approval for the implementation of the metropolitan NBN campaign was provided on 12 September 2012. The broader approval specified expenditure amounts for various campaign services, such as research, the development of creative materials and the media buy. The approval provided for DBCDE to reallocate up to ten per cent of the expenditure amounts



between services. For reallocations of more than ten per cent, DBCDE was to consult with the Minister's office.<sup>144</sup> On 21 December 2012, DBCDE subsequently consulted with the Minister's office before reallocating more than ten per cent of funding from the media buy to the development of creative materials and creative concept testing. However, at that time, DBCDE had already committed over ten per cent more than the amount specified in the Regulation 9 approval for the development of creative materials, contrary to the conditional approval provided by the Minister.<sup>145</sup>

#### Supplier selection and engagement

**4.21** For the metropolitan NBN campaign, the existing contractual arrangements for the contractors which developed the creative materials and performed creative concept testing<sup>146</sup> were varied to extend their term. An assessment of value for money was not documented prior to ordering additional services from either agency, taking into account the quality of the work already performed for the regional NBN campaign and relevant experience.<sup>147</sup> The evaluative research provider for the metropolitan NBN campaign was engaged following a select tender process.

## Campaign evaluation

**4.22** DBCDE engaged a contractor to evaluate the effectiveness of the first phase of the metropolitan NBN advertising campaign. Following benchmarking in late October 2012, and continuous tracking throughout the campaign (November—early December 2012), the final evaluation report for the first phase of the campaign was provided to DBCDE in January 2013.

**4.23** The evaluation measured respondents' recall of advertisements from the first phase of the campaign. Seven per cent of respondents recalled the campaign without being prompted.<sup>148</sup> When asked if they recalled any

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<sup>144</sup> The approval also provided for any 'surplus' funds to be allocated to the media buy. Refer to paragraph 3.36 for further discussion of this issue.

<sup>145</sup> Refer to paragraph 3.43 and footnotes 124 and 126 for discussion about conditional approvals.

<sup>146</sup> DBCDE conducted eight rounds of concept testing for the metropolitan NBN campaign. The first five rounds of concept testing, with a total value of \$400 000, were undertaken before the relevant order for service was issued by DBCDE on 11 October 2012.

<sup>147</sup> DBCDE advised the ANAO that 'given the performance of [the two contractors] in meeting the objectives and milestones associated with the regional advertising campaign, it was not considered prudent to go through another procurement process but rather efficient and value for money to exercise the option to extend their contracts. Utilising the same service provider for both phases ensured that there was a good understanding of the project and this continuity ensured value for money for the Department, which was discussed but not documented'.

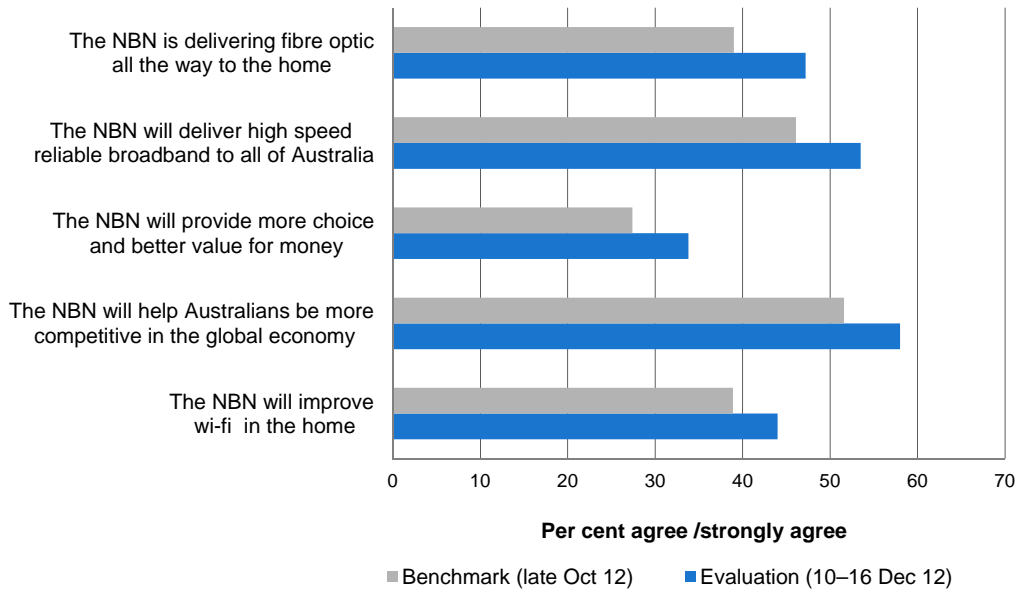
<sup>148</sup> Respondents were asked about advertising that had been seen for any major government initiatives.

advertising for the NBN, 47 per cent of respondents could recall having seen advertising for the NBN. However, responses to this question are likely to have also been informed by an awareness of the communications activities of NBN Co and retail service providers. After being provided with tailored descriptions of metropolitan NBN campaign advertisements for different media, 33 per cent of respondents recalled having seen campaign advertisements on television, 17 per cent recalled hearing campaign advertisements on the radio, and nine per cent recalled seeing a campaign advertisement in the print media.

**4.24** The evaluation report found that ‘overall, attitudes towards the NBN have shown improvements or held steady, with no deteriorations during the advertising period ...’. Figure 4.1 shows the results of the evaluation in relation to attitudes towards five key campaign messages (which sought to clarify misperceptions about the NBN).

**Figure 4.1**

**Attitudes towards key campaign messages**



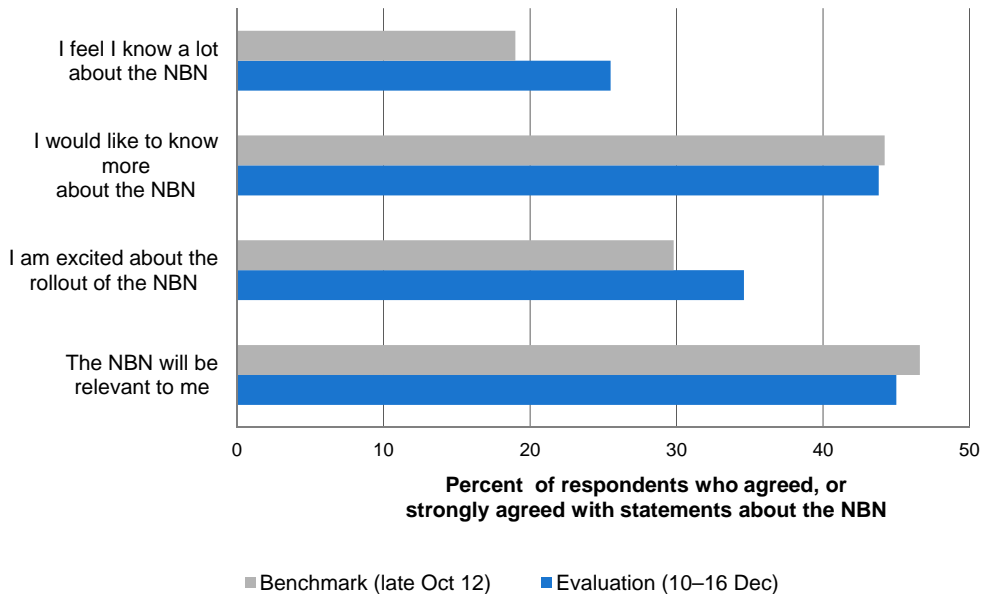
Source: ANAO from DBCDE, January 2013, *2012–13 NBN Advertising Campaign Evaluation. Final report.*

**4.25** In line with the campaign’s objectives, the evaluation also sought to gauge respondents’ attitudes in relation to: their perceived understanding of the NBN; their interest in knowing more about the NBN; excitement about the NBN rollout; and the NBN’s personal relevance. Figure 4.2 shows that there

were improvements observed against two statements, while the other two statements saw declines.

**Figure 4.2**

### Attitudes towards statements about the NBN



Source: ANAO from DBCDE, January 2013, *2012–13 NBN Advertising Campaign Evaluation. Final report.*

**4.26** In relation to the campaign objective to direct people to further information about the NBN, there was a significant increase in the number of visits to the campaign website, including 450 000 site visits across seven weeks. The number of visits to the website had been less than 10 000 a week in the two weeks before the campaign commenced. The campaign website was also the main driver of traffic to the NBN Co website during the campaign (the campaign website included numerous links to NBN Co websites).

## Conclusion

**4.27** DBCDE was tasked with delivering an NBN advertising campaign focused on the metropolitan areas of Australia, where access to the network is to be provided through optical fibre. The objectives of the campaign were to: increase understanding about the NBN; engage, inform and educate by explaining facts, dispelling myths and showcasing the benefits of the NBN; and direct people to further information about the NBN. DBCDE developed the first phase of the campaign within 11 weeks, drawing on its experience in

developing the regional NBN campaign. The campaign ran from November 2012 to mid-January 2013.

**4.28** DBCDE's administration of the metropolitan NBN advertising campaign generally met the requirements of the campaign advertising framework. For this campaign, DBCDE improved its administration by: providing the ICC with sufficient and relevant evidence to verify factual statements used in the campaign; and assessing and refining the cost-effectiveness of the proposed media buy.

**4.29** As part of its review of the campaign, the ICC identified the need for additional testing of print materials, as the materials had generally tested poorly. Additional testing indicated relative improvement in the advertisements, but did not make it clear that the advertisements were engaging or expected to perform well against the objectives of the campaign (which is encouraged under the Guidelines). Following the initial use of the materials, DBCDE decided to discontinue their use, as they were underperforming relative to other media. In this respect, DBCDE's monitoring of the effectiveness of the campaign materials enabled it to redirect some expenditure on print materials to a better performing media channel. The department's experience demonstrates the value of creative concept testing as a means of indicating whether creative materials are engaging and performing well against campaign objectives.

**4.30** The evaluation report for the first phase of the metropolitan campaign was completed in January 2013. After being provided with tailored descriptions of metropolitan NBN campaign advertisements for different media, 33 per cent of the respondents recalled having seen campaign advertisements on television, 17 per cent recalled hearing campaign advertisements on the radio, and nine per cent recalled seeing a campaign advertisement in the print media. The evaluation also measured changes in respondents' attitudes towards key campaign messages, which had sought to clarify misperceptions about the NBN. For example, respondents' agreement to the statement 'the NBN is delivering fibre optic all the way to the home' rose from 39 per cent before the campaign, to 47 per cent in the final week of the evaluation. In relation to the campaign objective to direct people to further information about the NBN, both the campaign and NBN Co websites saw a significant increase in site visits during the campaign.

## 5. Commonwealth Funding of Victorian Hospitals Advertising Campaign

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*This chapter examines the advertising campaign relating to Commonwealth funding of Victorian hospitals administered by the Department of Health and Ageing, including the development of the campaign, and the campaign's compliance with the Guidelines.*

### Campaign overview

#### Commonwealth funding of healthcare

**5.1** The public hospital system is managed by the states and territories, and funded by these jurisdictions and the Commonwealth. The Commonwealth, states and territories have entered into agreements in relation to Commonwealth funding of healthcare services delivered by states and territories. The main agreements are the Intergovernmental Agreement on Federal Financial Relations (IGA) and the National Health Reform Agreement.<sup>149</sup> Under these agreements, the Commonwealth pays the states and territories for healthcare services in advance and in monthly instalments, based on estimates of healthcare funding made in the Commonwealth Budget. After 30 June of the relevant year, the Commonwealth Treasurer determines the final funding amount for the preceding year, with the difference between estimated and actual outcomes normally accounted for as part of the first available payment following the Treasurer's determination.

**5.2** The Commonwealth budget estimates and the final determination of Commonwealth healthcare funding are calculated using a growth factor outlined in the IGA. The growth factor has three components: a health specific cost index (a five year average of the Australian Institute of Health and Welfare health price index); growth in population estimates weighted for hospital utilisation; and a technology factor (Productivity Commission derived index of technology growth).

**5.3** The Commonwealth Treasurer made two announcements which addressed healthcare funding in October 2012. These were the *Federal Financial Relations (National Specific Purpose Payments) Determination 2011–12* and the

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<sup>149</sup> Under the National Health Reform arrangements, the National Healthcare Specific Purpose Payments were replaced by National Health Reform funding from 1 July 2012.

Mid-Year Economic and Fiscal Outlook (MYEFO). These announcements made reference to a downward revision in the funding for healthcare from previous estimates for 2011–12 and 2012–13, in accordance with changes in the growth factor for healthcare funding. The revision in funding particularly reflected lower population estimates, weighted for hospital utilisation, and also lower prices for medical equipment due to the stronger Australian dollar. The revisions are shown in Table 5.1. For Victoria, the revision adjusted down the total of Commonwealth healthcare funding for 2011–12 and 2012–13 by \$107 million.<sup>150</sup> Recognising the scale of the revision, the Commonwealth elected to spread the revision over the remaining 2012–13 instalment payments.<sup>151</sup>

**Table 5.1**

**Specific Purpose Payments—Healthcare**

Specific purpose payments for healthcare	Funding (\$ million)	
<b>2011–12</b>	<b>Victoria</b>	<b>Total<sup>1</sup></b>
2012–13 Budget (May 2012)	3099.4	12 697.8
2011–12 Determination (Oct 2012)	3059.7	12 548.1
Change in funding	-39.7	-149.7
<b>2012–13</b>	<b>Victoria</b>	<b>Total<sup>1</sup></b>
2012–13 Budget (May 2012)	3322.5	13 518.2
2012–13 MYEFO (Oct 2012)	3255.4	13 264.4
Change in funding	-67.1	-253.8
<b>Total</b>	<b>-106.8</b>	<b>-403.5</b>

Note 1: Total for all states and territories.

Source: Australian Government, 2012–13 *Budget Paper No 3*, Australian Government, *Federal Financial Relations (National Specific Purpose Payments) Determination 2011–12*, available from <[www.comlaw.gov.au/Details/F2012L02205](http://www.comlaw.gov.au/Details/F2012L02205)> [accessed 8 April 2013] and Commonwealth of Australia, *Mid-Year Economic and Fiscal Outlook statement 2012–13*.

**5.4** The revision in Commonwealth healthcare funding for 2011–12 and 2012–13 occurred in the context of growth in overall Commonwealth funding under the National Health Reform Agreement. Actual and projected Commonwealth healthcare funding is shown in Figure 5.1. Between 2011–12

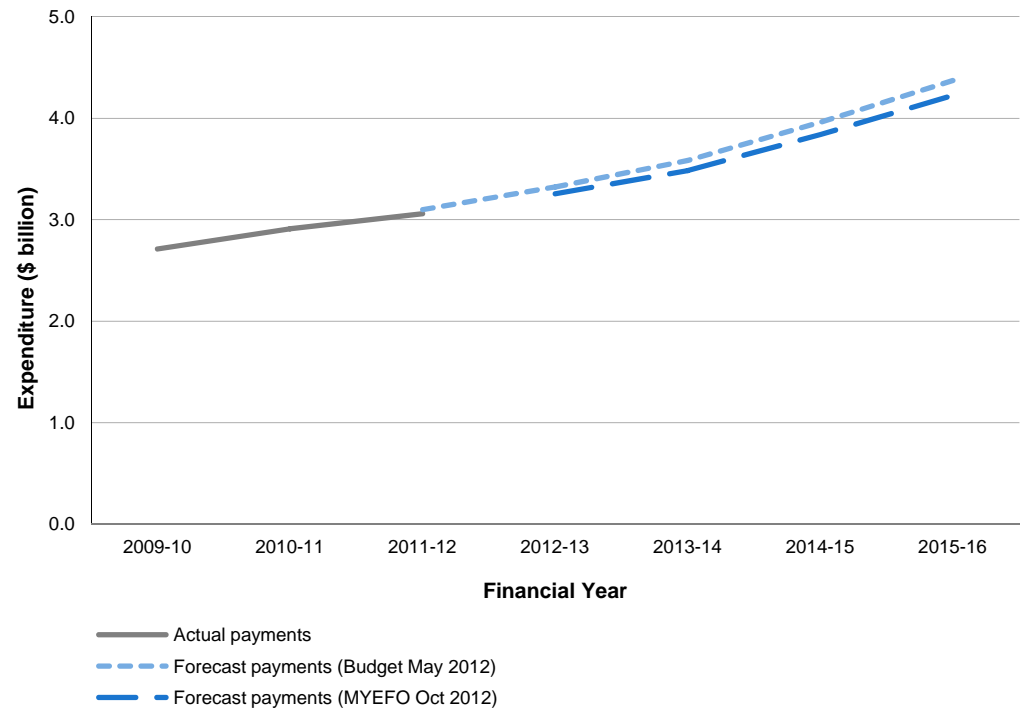
<sup>150</sup> For comparison, for 2010–11, the Treasurer's determination increased funding to Victoria by approximately \$0.6 million, while for 2011–12, the MYEFO revised the budget estimate downwards for Victoria by approximately \$26.2 million.

<sup>151</sup> The difference between estimated and actual outcomes is normally accounted for as part of the first available payment following the Treasurer's determination.

and 2015–16, Commonwealth healthcare funding to Victoria is currently projected to increase by 38 per cent in dollar terms.

Figure 5.1

Actual and projected Commonwealth healthcare funding, 2009–10 to 2015–16



Source: Australian Government, Federal Financial Relations (National Specific Purpose Payments) Determination 2009–10, Federal Financial Relations (National Specific Purpose Payments) Determination 2010–11, Australian Government, Federal Financial Relations (National Specific Purpose Payments) Determination 2011–12, and Commonwealth of Australia, 2012–13 *Budget Paper No 3*, and Mid-Year Economic and Fiscal Outlook statement 2012–13.

5.5 Following the announcements, the Victorian Government informed its Local Hospital Networks<sup>152</sup> of the funding revision and asked each network to develop plans to manage against a revised budget.<sup>153</sup> The revision and its consequences for healthcare services became the focus of an active public debate between the Commonwealth and Victorian Health Ministers, and generated significant media coverage.<sup>154</sup> The revision of Commonwealth healthcare funding occurred against the backdrop of savings measures announced by the Victorian Government in its 2012–13 Budget. Over four years, Victorian Government savings applicable to state health initiatives totalled \$616 million.

5.6 The provisions of the National Health Reform Agreement identify that the states and territories are responsible for managing the public hospital system in their respective jurisdictions.<sup>155</sup> In addition:

States will determine the amount they pay for public hospital services and functions and the mix of those services and functions, and will meet the balance of the cost of delivering public hospital services and functions over and above the Commonwealth contribution.<sup>156</sup>

5.7 The Commonwealth position was essentially that the Australian Government had applied an agreed funding formula, and in consequence, the downward revision in funding to Victoria was not a decision of the Government, whereas the cuts to Victorian public hospitals were the direct result of the Victorian Government decision to not make up the \$107 million revision in Commonwealth funding through the use of Victorian own-source funds.<sup>157</sup> In contrast, the Victorian Government position was that cuts to its hospital services were a direct consequence of the downward revision in

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<sup>152</sup> A local hospital network is an organisation that provides public hospital services in accordance with the National Health Reform Agreement. A local hospital network can contain one or more hospitals, and is usually defined as a business group, geographical area or community. Every Australian public hospital is part of a local hospital network. In Victoria, there are 86 local hospital networks, which oversee 151 hospitals.

<sup>153</sup> The Hon. David Davis MLC, Minister for Health, Victoria. Hansard, Finance and Public Administration References Committee, *Implementation of the National Health Reform Agreement*, 21 February 2013, p. 50.

<sup>154</sup> Between October 2012 and February 2013, the Victorian Health Minister made nine media releases on the issue. Titles included 'Canberra ripoff pulls \$107 million from Victorian hospitals', 'Canberra Sleight of hand costly for Victoria' and 'Plea to Plibersek [the Commonwealth Health Minister] – stay long enough to see hospital impacts'. In response, the Commonwealth Health Minister also released a number of media releases relating to the funding adjustment and State government responses, including one in November 2012, titled 'Davis' [the Victorian Health Minister] Three Card trick on Health Funding'.

<sup>155</sup> Council of Australian Governments, *National Health Reform Agreement*, July 2011, clause 1(f)(i).

<sup>156</sup> Ibid, paragraph A60.

<sup>157</sup> Prime Minister Julia Gillard's letter to the former Victorian Premier, Ted Baillieu, undated. Reference: C13/4247.



Commonwealth funding, as ‘Victorian budget allocations are made relying in part on the Commonwealth delivering on their budget commitments’.<sup>158</sup>

**5.8** In the course of the audit, DoHA advised that the Commonwealth position had been informed by its interpretation of clause A60 of the National Health Reform Agreement, discussed in paragraph 5.6. The department further advised that:

At the time of finalising the advertisements (22 February), the department was not aware of any state or territory other than Victoria that had publicly renegotiated service agreements to reduce services provided by its public hospitals as a result of the MYEFO funding reduction. Other states and territories appeared to be acting in line with clause A60 of the NHRA, and this view was supported by advice provided to the department by the National Health Funding Body. The department has subsequently been informed through the evidence provided to a Senate Committee at a Public Hearing on 21 February 2013 that the Queensland Minister for Health had indicated that Hospital and Health Services (LHNs) in that state would be responsible for proportionally absorbing the impact of the MYEFO adjustment.<sup>159</sup>

**5.9** On 21 February 2013, the Commonwealth Minister for Health announced that \$107 million in discretionary funding was to be paid directly to Victorian Local Hospital Networks. This amount of funding was equal to the funding revision announced for Victoria by the Commonwealth in October 2012. The Department of Health and Ageing (DoHA) was tasked with developing a print advertising campaign to appear in Victorian newspapers following the announcement of the \$107 million in Commonwealth funding, and the advertisement first appeared on 23 February 2013.<sup>160</sup> Table 5.2 summarises the key elements of the advertising campaign, including its objectives, timing, target audiences and budget. The advertisement is shown in Figure 5.2 and Appendix 3.

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<sup>158</sup> The Hon. David Davis MLC, Minister for Health, Victoria. Hansard, Finance and Public Administration References Committee, *Implementation of the National Health Reform Agreement*, 21 February 2013, p. 43.

<sup>159</sup> DoHA advice to the ANAO, 21 May 2013.

<sup>160</sup> The advertisement ran in both *The Age* and *The Herald Sun* on 23 and 24 February 2013. On 2 and 3 March 2013, the advertisement was again placed in *The Age* and *The Herald Sun*, and was also placed in two Victorian regional newspapers.

**Table 5.2****Summary of the advertising campaign on Commonwealth funding of Victorian hospitals**

Summary	
Aim	To raise awareness of the changes [the \$107 million funding to Victorian Local Hospital Networks announced] by the Australian Government [on 21 February 2013], explaining what it means at a state level and also clearly informing residents of Victoria about the changes in their region and how to access important healthcare services and/or benefits that they are entitled to.
Timing	23 February to 3 March 2013.
Target audiences	People living in Victoria including people living in areas where health services may have been limited or reduced in recent months [prior to the announcement of Commonwealth funding on 21 February 2013].
Total campaign spend	\$170 374 (incl. GST).
Media spend	\$170 374 (incl. GST).

Source: DoHA documentation.

**5.10** As noted in the table above, the total cost of the campaign was \$170 374. For advertising campaigns valued at less than \$250 000, the certification, publication and reporting requirements of the Guidelines do not apply. However, agency chief executives have the discretion to seek consideration of these campaigns by the ICC.<sup>161</sup> In this instance, DoHA did not seek the ICC's advice on the campaign. All other aspects of the Guidelines, including the five campaign principles, applied to the campaign.<sup>162</sup>

**5.11** To assess the effectiveness of DoHA's administration of the campaign against the requirements of the campaign advertising framework, the ANAO examined:

- the campaign's development, including approval processes; and

<sup>161</sup> Paragraph 6 of the Guidelines provides that: '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'.

<sup>162</sup> Finance's *Campaign Planning Guide* states that campaigns valued at less than \$250 000 must comply with the intent of the Guidelines. There is scope for Finance to clarify the extent to which agencies should exercise discretion in complying with all sub-paragraphs of the five Principles of the Guidelines in a campaign of limited scope and scale. For example, the Guidelines indicate that 'campaign materials should be tested with target audiences...' and that 'imagery used in campaign materials should reflect the diverse range of Australians'. For small, low value campaigns, it may not be practicable or economical to apply all sub-paragraphs of the five Principles. The ANAO recommended, in its previous report on government campaign advertising, that Finance provide written guidance to agencies clarifying the mandatory elements of the Guidelines, and this issue could be considered in that context. See ANAO Audit report No.24, 2011–12, *Administration of Government Advertising Arrangements: March 2010 to August 2011*, p. 67.

- the campaign's compliance with the five information and advertising campaign principles.

## Campaign development and approval

**5.12** The Commonwealth funding of Victorian hospitals advertising campaign was developed in an extremely short timeframe. On Tuesday 19 February 2013, the Health Minister's office requested that DoHA develop an advertising campaign to run on the weekend after the funding announcement on 21 February 2013. In order to meet this deadline, media had to be booked by 10am Thursday 21 February, and creative materials were to be finalised by midday Friday 22 February, for inclusion in newspapers the following day (23 February).

**5.13** DoHA prepared a draft communications strategy which outlined the campaign's aim, timing, target audiences, key messages, and an indicative budget. DoHA also prepared an initial draft of the advertisement. The draft advertisement contained significantly more text (241 words, not including authorisations) than the final version (52 words, not including authorisations), including contextual information about the National Health Reform Agreement and the funding to be provided to Victorian Local Hospital Networks.

**5.14** On Wednesday 20 February 2013, DoHA sought funding approval for the campaign from the Minister. Specifically, DoHA sought approval for expenditure of up to \$240 000 on 'communication and advertising activities to inform the public of additional Government funding for the Victorian healthcare system'.<sup>163</sup> In seeking the Minister's approval of funding, DoHA did not advise the Minister that she would be undertaking a financial task under the Australian Government's financial management framework, by providing approval of a spending proposal; in this case the commitment by DoHA of up to \$240 000 for the campaign.<sup>164</sup> A better approach would have indicated that

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<sup>163</sup> The Minute seeking the Minister's funding approval did not indicate whether the funding of up to \$240 000 was GST inclusive or exclusive. DoHA subsequently advised the ANAO that the \$240 000 was GST exclusive. However, this amount equates to \$264 000 (GST inclusive), which exceeds the \$250 000 threshold, above which the certification, publication and reporting requirements of the Guidelines would have applied to the campaign. DoHA did not alert the Minister to this potential situation. In the event, as discussed in 5.10, the total campaign cost was \$170 374 (GST inclusive).

<sup>164</sup> Under FMA Regulation 9, 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. Proper use is defined as 'efficient, effective, economical and ethical use that is not inconsistent with the policies of the Commonwealth'. FMA Regulation 3 provides that an approver may be a Minister.

the Minister had authority under the financial framework to approve the expenditure. DoHA could also have provided the Minister with sufficient information to make reasonable inquiries that giving effect to the spending proposal would be a proper use of Commonwealth resources, including its intended approach to ensure the campaign's compliance with the Guidelines. Ministerial approval was provided on Thursday 21 February 2013.

**5.15** At the same time DoHA sought funding approval from the Minister, the department also provided its initial draft advertisement to the Minister's office. DoHA referred to the Guidelines in a covering email to a member of the Minister's office, in which a copy of the brief seeking financial approval to conduct the campaign was included. DoHA specifically noted: 'It is important that the advertising content remains consistent with the principle of the Australian Government Advertising Campaign Guidelines (ie. strictly factual, etc)'. The Minister's office provided DoHA with a re-drafted version of the advertisement on Thursday 21 February 2013, which reduced the overall amount of information presented. This draft of the advertisement was subsequently further edited by DoHA on 21 and 22 February in response to a number of comments from staff in the Health Minister's office and the Prime Minister's office. These edits further reduced the amount of information provided in the advertisement.

**5.16** On Friday 22 February 2013, approximately an hour before the deadline for finalisation of creative materials, DoHA sought and obtained the agreement of a member of the Health Minister's office to the final advertisement, subject to final confirmation of agreement by the Prime Minister's office. Half an hour before the deadline, a member of the Prime Minister's office provided their agreement to the information and image in the advertisement.

**5.17** On 22 February 2013, almost two hours after submitting the final creative materials to the MMA, DoHA sought the Health Minister's final approval of the advertisement. This second brief to the Minister noted that the Prime Minister's office had been consulted, and had approved the attached advertisement. The brief also indicated that the Minister's approval was sought urgently (the same day) 'to allow for advertisements to be submitted to the [MMA] for dispatch to booked media'. As was the case with the first brief to the Minister, the second brief also made no reference to the Australian Government's campaign advertising Guidelines. Consequently, DoHA made no representations to the Minister about the campaign's compliance with the Guidelines in either of its briefings. After not receiving a response on the

second brief, DoHA followed-up via email with a staff member of the Minister's office on Tuesday 26 February. DoHA was advised via email that a response might take a few more days, or be provided early in the following week.

**5.18** The second brief was returned to DoHA on 1 March 2013, after the advertisements had commenced (on 23 February 2013) marked 'NFA' (no further action). While the Ministerial briefing made provision for 'APPROVED/NOT APPROVED' in respect of proceeding<sup>165</sup>, there was no indication on the brief whether Ministerial approval had been given. As noted above, DoHA had previously corresponded with the Health Minister's office and the Prime Minister's office, and relevant office staff had indicated their agreement to the advertisement. DoHA advised the ANAO that it was the department's 'clear understanding that the Minister's office was providing the Minister's approval to us'.<sup>166</sup> However, in the absence of a documented Ministerial approval, it was not evident that the Minister had sighted or approved the second brief to proceed with the campaign.

**5.19** Ministers are responsible for authorising campaign development in their portfolios and for authorising the launch of a campaign; and agencies remain responsible for campaigns, including compliance with the Guidelines.<sup>167</sup> However, there was no documented approval of the advertisement by the Health Minister, the DoHA Secretary or a responsible departmental delegate. In addition, DoHA made no direct representations to the Minister about the campaign's compliance with the Guidelines in relevant briefings.<sup>168</sup> Staff in the offices of the Health Minister and Prime Minister were significantly involved in the campaign's development, including actively

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<sup>165</sup> The recommendation was: 'That you APPROVE the advertisements attached to this Minute.'

<sup>166</sup> DoHA further advised that it had: 'numerous discussions with multiple staff in the Minister's office relating to approval of the advertisement and signing of the second Minute prepared to document that approval. It was clear that the Minister's office staff, some of whom were with the Minister, were showing the Minister the advertisement to obtain her approval'. DoHA advice to ANAO, 2 May 2013.

<sup>167</sup> Finance, *Campaign Planning Guide*, p. 30. Paragraphs 97 and 98 state that: 'Ministers are responsible for authorising campaign development in their portfolios and for authorising the launch of the campaign. While ministers do not have responsibility for campaign development, they have a legitimate interest in campaigns in their portfolios. For this reason, it is customary to brief your minister at various stages of campaign development. It is important that ministers are aware that Chief Executives are ultimately responsible for campaigns conducted by their agency.'

<sup>168</sup> The relevant DoHA officer advised the ANAO that: 'In addition to face to face discussions with staff from the Minister's office, where I discussed the requirements of the Advertising Guidelines, I also discussed the Guidelines over the phone, and clearly in the email providing the Minute seeking expenditure approval'.

contributing to drafting and editing the advertisement.<sup>169</sup> This process led to the removal of contextual information from the advertisement, and clouded responsibility for the campaign's development, even though this responsibility remained with the department.<sup>170</sup>

## Compliance with the 2010 Guidelines

**5.20** While the campaign was not subject to the certification, publication and reporting requirements of the Guidelines as it was valued at less than \$250 000; all other aspects of the Guidelines applied, including the five campaign principles.<sup>171</sup>

### Compliance with the five information and advertising campaign principles

#### *Principle 1*

**5.21** Principle 1 of the Guidelines states that campaigns should be relevant to government responsibilities. Principle 1 further provides that the subject matter of campaigns should be directly related to the Government's responsibilities.

#### **ANAO assessment: Compliant**

**5.22** While the delivery of hospital services is a state and territory government responsibility, a substantial proportion of funding for public hospitals is provided by the Australian Government. On 26 March 2013, the Minister for Finance and Deregulation approved funding of \$107 million for payment to Victorian Local Hospital Networks by making the *Advance to the Finance Minister Determination (No. 2 of 2012–13)*. One objective of DoHA's

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<sup>169</sup> The Australian Public Service Commission's (APSC) *Code of Conduct for Ministerial Staff* includes provisions covering the working relationships between ministerial staff and APS employees 'recognising the distinct role of ministerial staff in providing advice and assistance to ministers but making it clear that they do not have the power to direct APS employees in their own right and that executive decisions are the preserve of ministers and public servants'. APSC, 2008, Circular 2008/7: *Code of Conduct for Ministerial Staff*, paragraph 5.

<sup>170</sup> 'Historically, one of the most challenging areas in relation to advertising campaigns has been achieving clarity in the roles of Ministers and their offices on the one hand, and agencies on the other. The involvement of Ministers and their offices under former arrangements in making key decisions in approving strategies and briefs, in selecting certain consultants, and in the approval of final creative material and media plans meant that the basis for decisions and the accountability for decisions were not always clear. In announcing the new Guidelines, the Minister for Finance and Deregulation and the Cabinet Secretary and Special Minister of State noted that 'Ministers will be briefed on the progress of campaign development, but responsibility for that development will be wholly undertaken by the commissioning department...'. Source ANAO Audit Report No.2, 2009–10, *Campaign Advertising Review 2008–09*, p. 9.

<sup>171</sup> In introducing the 2008 Guidelines, the then Special Minister of State noted that: 'The guidelines and certification process will ensure Government advertising and information campaigns provide objective, factual and explanatory information, free from partisan promotion of government policy and political argument.' Source: Senator the Hon John Faulkner and the Hon Lindsay Tanner MP, Joint Media Release, *New Advertising Guidelines*, 2 July 2008, p. 1.

advertising campaign was to inform the public of the provision of this Australian Government funding to Local Hospital Networks in Victoria.

### *Principle 2*

**5.23** Principle 2 of the Guidelines states that campaign materials should be presented in an objective, fair and accessible manner and be designed to meet the objectives of the campaign. Principle 2 provides that campaign materials should enable the recipients of the information to distinguish between facts, comment, opinion and analysis (paragraph 20). In addition, where information is presented as a fact in a campaign, it should be accurate and verifiable (paragraph 21).

### **ANAO assessment: Not compliant**

**5.24** The advertisement consisted of four statements which were presented as factual in nature. DoHA did not prepare a verification matrix (or similar) to cross-reference the campaign statements with supporting evidence and document its analysis, as occurs for many advertising campaigns. In reviewing the accuracy of the statements, the ANAO considered information provided by DoHA and relevant publicly available information. Figure 5.2 shows the advertisement.

**Figure 5.2**

### **Commonwealth funding to Victorian hospitals advertisement**



Source: DoHA.

**5.25** The ANAO identified that one of the four statements in the advertisement was not presented in an objective manner: *'This [Injecting \$107 million into Victorian hospitals] will reverse cuts made by the Victorian Government'*. The statement was not objective in that it attributed full responsibility for the consequences of the \$107 million downward funding revision to the Victorian Government, when: the exact amount of funding to be provided to Victorian Local Hospital Networks was equal to the original Commonwealth funding revision; and the original revision was a consequence of the application of the funding formula agreed to by both the Australian and Victorian governments. The advertisement highlighted only one perspective—that the Victorian Government was responsible for the reduction in public hospital funding because it decided to pass on the revision in Commonwealth funding to Local Hospital Networks, rather than maintain the previous level of funding by replacing the \$107 million through the use of own-source funds.<sup>172</sup>

**5.26** The ANAO also identified a statement in the advertisement that contained a technical factual inaccuracy. The statement was: *'Paid direct to your local hospital'*. DoHA advised the Prime Minister's office by email on 21 February 2013 that it considered the statement to be 'factually incorrect'. DoHA had suggested the inclusion of the word 'network' at the end of the statement, as the \$107 million in funding referred to in the advertisement was to be provided to Victorian Local Hospital Networks, which were to be responsible for distributing the funding to hospitals. Despite DoHA's advice, the Prime Minister's office decided to leave the line unchanged as 'paid direct to your local hospital'. At the time of the advertisements, DoHA had not finalised arrangements to provide the funding to the Local Hospital Networks.<sup>173</sup>

**5.27** While not documented at the time, DoHA advised the ANAO that following internal consultation it had come to the view that dropping the word 'networks' from the statement was appropriate and factual. DoHA's basis for this conclusion was that: 'the majority of Local Hospital Networks in Victoria are individual hospitals'; 'public awareness of hospital networks is low'; and 'money for hospital networks is money for hospitals'.<sup>174</sup> In Victoria, there are

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<sup>172</sup> This perspective was presented in the context of an overall increase in Australian Government funding to Victoria (over the life of the relevant intergovernmental agreement).

<sup>173</sup> Hansard, Finance and Public Administration References Committee, *Implementation of the National Health Reform Agreement*, 21 February 2013. p. 66.

<sup>174</sup> DoHA advice to ANAO, 3 May 2013.



86 Local Hospital Networks, which oversee 151 hospitals. Of the 86 networks, 56 oversee a single hospital, and 30 oversee multiple hospitals.

### *Principle 3*

**5.28** Principle 3 of the Guidelines states that campaign materials should be objective and not directed at promoting party political interests. The main thrust of Principle 3 is that campaign materials not be directed at promoting party political interests. For example, paragraph 28 of Principle 3 requires that campaign materials not mention the party in government by name or include party political slogans or images. Paragraph 28(b) also provides that: ‘campaign materials must not directly attack or scorn the views, policies or actions of others such as the policies and opinions of opposition parties or groups’.

### **ANAO assessment: Compliant**

**5.29** The advertisement appeared in the context of an active and public debate between the Australian and Victorian governments over the healthcare funding revision announced in the MYEFO, and the Victorian Government’s management of that revision. Between December 2012 and February 2013, the revision was the source of numerous media articles, media releases and correspondence from both Australian Government and Victorian Ministers, often cast in strong terms.<sup>175</sup> The media and the Victorian Health Minister generally linked healthcare service cuts, such as bed closures and cancelled elective surgeries, to the revision in Commonwealth healthcare funding, while the Commonwealth focused on Victorian Government budget decisions to reduce expenditure and on the Victorian government decision not to replace the revision in Commonwealth funding by providing additional Victorian own-source funding to its public hospitals. Table 5.3 shows that the Australian and Victorian governments had different perspectives in relation to the original Commonwealth funding revision and the Australian Government’s subsequent provision of an equal amount of funding to Victorian Local Hospital Networks.

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<sup>175</sup> See for example: The Herald Sun, *Elective surgery waiting lists to blow out after \$107 million cut to Federal Government funding*, 5 November 2012, and The Age, *Health cuts cost jobs, close beds*, 8 January 2013. See also Table 5.3 and footnote 154.

**Table 5.3**

**Perspectives of the Australian and Victorian governments**

Australian Government	Victorian Government
<p>‘... in recent months you have embarked on a disingenuous and purely political campaign in relation to a \$107 million adjustment of health funding from the Federal Government. Your campaign has been designed to detract from the decisions you and your Government have made.’</p> <p><i>Prime Minister Julia Gillard’s letter to the former Victorian Premier, Ted Baillieu.</i></p>	<p>‘The ripoff includes \$40 million which has been long spent by our hospitals from the 2011/12 year, and a further \$67 million from hospital budgets which have already been set and signed off on for the current year—which are already almost half gone.’</p> <p><i>Victorian Health Minister, David Davis, Media release, Canberra ripoff pulls \$107 million from Victorian hospitals, 1 November 2012.</i></p>
<p>‘The adjustment is based on ABS revised population figures and lower than anticipated increases in health costs as a result of the high Australian dollar.’</p> <p><i>Australian Government Health Minister, Tanya Plibersek, Media release, Davis’ three card trick on health funding, 9 November 2012.</i></p>	<p>‘The Federal Government plans to rip more than \$100 million out of Victoria’s public hospitals this year to prop up its own budget with a scam based on dodgy population figures.’</p> <p><i>David Davis, (as above).</i></p>
<p>‘The Gillard Government has today announced a \$107 million rescue package for Victorian hospitals, following Premier Ted Baillieu’s failure to properly manage the state’s health system.</p> <p>The cash injection will be paid directly to Local Hospital Networks, which will distribute the money to ailing Victorian hospitals ...</p> <p>The rescue package will not pass through the hands of the Baillieu government which has proven itself to be a cruel and incompetent manager of the Victorian health system.’</p> <p><i>Tanya Plibersek, Media Release, Victorian hospital rescue package helps patients, 21 February 2013.</i></p>	<p>‘Victorian public hospitals have already felt the pinch with the number of people on the waiting list increasing. There has also been an increase in patients visiting emergency departments, and there have been more patients admitted to hospitals.</p> <p>... despite the Canberra funding cuts, Victoria’s hospitals are treating more patients than ever before and in many cases performance has been maintained or improved. This demonstrates improved efficiency, clinical and operating practices, and resilience by our hospitals.’</p> <p><i>David Davis, Media release, Federal funding cuts hit Victorian hospital performance, 16 October 2012.</i></p>
<p>‘So if we see any other premier playing this kind of politics the way that Premier Baillieu has, then there is a very clear message to those premiers.</p> <p>We will go round you, we will deal direct with hospitals and local hospital networks and we will rearrange your budget for you.</p> <p>... We will rearrange state budgets by cutting them back in other areas.’</p> <p><i>Julia Gillard, Transcript of doorstep interview, Adelaide, 21 February 2013.</i></p>	<p>‘All they’ve done overnight is to restore \$107 million to Victorian hospitals, and then turn around and say Victorians are going to pay for that by taking that out of budget money in Victoria.’</p> <p><i>Ted Baillieu, AAP, We’ll rearrange health budgets, Prime Minister warns states, 21 February 2013.</i></p>

Source: ANAO, from various public statements.

**5.30** The advertisement contained no overt promotion of party political interests, and was therefore compliant with the main thrust of Principle 3. Nevertheless, there are likely to be a range of views about the campaign's compliance with the spirit of Principle 3, as the advertisement may be interpreted as directly attacking or scorning the policies or actions of 'others' — in this case, aspects of the Victorian Government approach.

**5.31** The Guidelines have been framed in an Australian Government context and do not explicitly address campaign statements which refer to other governments. This is an area of the Guidelines that would benefit from further review in light of this campaign.

#### *Principle 4*

**5.32** Principle 4 of the Guidelines states that campaigns should be justified and undertaken in an efficient, effective and relevant manner. In particular, campaigns should only be instigated where a need is demonstrated and campaign information should clearly and directly affect the interests of recipients. The medium and volume of advertising activities should also be cost effective and justifiable within the budget allocated to the campaign.

#### **ANAO assessment: Compliant**

**5.33** DoHA advised the ANAO that it became aware of confusion in Victoria about the availability of funding for healthcare services based on its monitoring of media coverage between October 2012 and February 2013. Against this backdrop, the office of the Health Minister requested on 19 February 2013 that an advertising campaign be developed.

**5.34** The advertising campaign sought to inform the Victorian public of the provision of Australian Government funding, and also to reassure Victorians that health services were to be maintained:

In particular, the proposed communication program aims to ensure that residents of Victoria do not delay or miss out on accessing healthcare when they need it due to confusion about the availability of funding for critical health services and facilities, such as elective surgery and hospital beds.

There is a need for responsive, clear communication with a broad reach and the ability to cut through the clutter (and confusion) that has been generated in the media regarding the status and availability of quality health care in Victoria. ...

Aim: To raise awareness of the changes introduced by the Australian Government, explaining what it means at a state level and also clearly

informing residents of Victoria about the changes in their region and how to access important healthcare services and/or benefits that they are entitled to.<sup>176</sup>

**5.35** DoHA had approximately three days to develop the campaign. As a consequence of this timeframe, the department did not have the benefit of developmental research, which is generally employed to explore the need for a campaign and possible approaches to address that need, but is not mandated by the Guidelines. Ultimately, the decision to conduct a campaign rests with the responsible Minister and agency, based on their assessment of demonstrated need. In this case, that judgement was informed by the policy and program environment and the management of the Australian Government's intergovernmental relations.

**5.36** With respect to the medium and volume of advertising activities, DoHA booked the media through the MMA, as required under the Australian Government's Central Advertising System. Of the total approved expenditure of up to \$240 000, media placement costs of \$170 374 (including GST) were accrued, with the advertisement placed in selected Victorian newspapers over two weekends.<sup>177</sup> DoHA elected to run the advertisements for a second weekend, following a request from the Minister's office.

### *Principle 5*

**5.37** Principle 5 of the Guidelines states that campaigns must comply with legal requirements and procurement policies and procedures.

### **ANAO assessment: Compliant**

**5.38** In the limited time available, DoHA did not seek formal or verbal legal advice on the campaign's compliance with legal requirements. DoHA advised the ANAO that given its experience in developing advertising campaigns, it was confident that the advertisement complied with legal requirements. DoHA ensured that appropriate permissions were in place for the use of the image in the advertisement.<sup>178</sup>

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<sup>176</sup> DoHA, *Draft [campaign communication strategy]: Localised communication campaign*, p. 1. DoHA advised the ANAO that due to the short timeframe for campaign development, the draft communication plan was not finalised. See also paragraph 5.30.

<sup>177</sup> There were no additional creative or production costs associated with the campaign. The Guidelines provide that the 'value of a campaign does not include departmental staff and other associated costs'.

<sup>178</sup> DoHA advised that the image was of a real nurse, obtained as part of the development of a previous campaign conducted by the department.

**5.39** As noted in paragraph 5.36, DoHA booked the media through the MMA, as required under the Australian Government's Central Advertising System. As discussed in paragraph 5.14, in seeking the Minister's approval of funding, DoHA did not advise the Minister that she would be undertaking a financial task under the Australian Government's financial management framework, by providing approval of a spending proposal.

## Conclusion

**5.40** In October 2012, the Treasurer made two announcements which involved a downward revision in Commonwealth funding of health services. In Victoria, the revision amounted to \$107 million for 2011–12 and 2012–13. The funding revision was the result of the application of a funding formula which had been agreed to by both the Australian and Victorian governments. The revision and its consequences for healthcare services were the focus of active debate between the Commonwealth and State Health Ministers, and generated extensive media coverage. In February 2013, the Australian Government announced it would provide \$107 million in funding directly to Victorian Local Hospital Networks. DoHA was tasked with developing a print advertising campaign to follow the announcement of the funding. The campaign was developed in approximately three days, and ran in Victorian newspapers over two weekends.

**5.41** Ministers are responsible for authorising campaign development in their portfolios and for authorising the launch of a campaign; and agencies remain responsible for campaigns, including compliance with the Guidelines. However, there was no documented approval of the advertisement by the Health Minister, the DoHA Secretary or a responsible departmental delegate.<sup>179</sup> In addition, DoHA made no direct representations to the Minister about the campaign's compliance with the Guidelines in relevant briefings.<sup>180</sup> Staff in the offices of the Health Minister and Prime Minister were significantly involved in the campaign's development, including actively contributing to drafting and

<sup>179</sup> DoHA had corresponded with the Health Minister's office and the Prime Minister's office, and relevant office staff had indicated their agreement to the advertisement. DoHA advised the ANAO that it was the department's 'clear understanding that the Minister's office was providing the Minister's approval to us'. DoHA advice to ANAO, 2 May 2013.

<sup>180</sup> DoHA referred to the Guidelines in a covering email to a member of the Minister's office in which a copy of the brief seeking financial approval to conduct the campaign was included. DoHA specifically noted: 'It is important that the advertising content remains consistent with the principle of the Australian Government Advertising Campaign Guidelines (ie. strictly factual, etc)'. The relevant DoHA officer advised the ANAO that: 'In addition to face to face discussions with staff from the Minister's office, where I discussed the requirements of the Advertising Guidelines, I also discussed the Guidelines over the phone, and clearly in the email providing the Minute seeking expenditure approval'.

editing the advertisement. This process led to the removal of contextual information from the advertisement, and clouded responsibility for the campaign's development, even though this responsibility remained with the department.

**5.42** The advertisement appeared in the context of an active and public debate between the Australian and Victorian governments over the October 2012 healthcare funding revision. Within this context, one of the four statements in the advertisement was not presented in an objective manner: *'This [Injecting \$107 million into Victorian hospitals] will reverse cuts made by the Victorian Government'*. The statement attributed full responsibility for the consequences of the \$107 million downward funding revision to the Victorian Government, when: the exact amount of funding to be provided to Victorian Local Hospital Networks was equal to the original Commonwealth funding revision; and the original revision was a consequence of the application of the funding formula agreed to by both the Australian and Victorian governments. The advertisement highlighted only one perspective—that the Victorian Government was responsible for the reduction in public hospital funding because it decided to pass on the revision in Commonwealth funding to Local Hospital Networks, rather than maintain the previous level of funding by replacing the \$107 million through the use of own-source funds.

**5.43** The advertisement contained no overt promotion of party political interests, and was therefore compliant with the main thrust of Principle 3 of the Guidelines. Nevertheless, there are likely to be a range of views about the campaign's compliance with the spirit of the Principle, as the advertisement may be interpreted as directly attacking or scorning the policies or actions of 'others'—in this case, aspects of the Victorian Government approach. The Guidelines have been framed in an Australian Government context and do not explicitly address campaign statements which refer to other governments. This is an area of the Guidelines that would benefit from further review in light of this campaign.

## 6. Administration of the Campaign Advertising Framework

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*This chapter examines the administration of the campaign advertising framework, including the progress made against previous ANAO recommendations and suggestions, the contribution of the Peer Review Group, Finance's advice and administrative support, and the ICC's review of advertising campaigns.*

### Introduction

**6.1** The ANAO assessed the effectiveness of the ongoing administration of the campaign advertising framework, building upon the work of ANAO Audit Report No.24, 2011–12, *Administration of Government Advertising Arrangements: March 2010 to August 2011*. The 2011–12 report examined key aspects of the framework, including: the 2010 Guidelines; Finance's provision of support to agencies responsible for campaigns; Finance's work to establish and support the ICC; and Finance's administration of the Central Advertising System.

**6.2** The ANAO reviewed the progress made against the recommendations and suggestions of the previous audit. The ANAO also assessed the contribution of the new Peer Review Group process and Finance's ongoing involvement in the framework, and considered the ICC's ongoing review of advertising campaigns.

### Progress against previous ANAO recommendations and suggestions

**6.3** This section examines the progress made against the recommendations and suggestions of ANAO Audit Report No. 24, 2011–12.

### Recommendations

**6.4** The 2011–12 audit report made five recommendations. The first three recommendations were directed towards Finance. The fourth recommendation applied to agencies granted a campaign exemption from the 2010 Guidelines. The fifth recommendation was directed towards the former DCCEE.<sup>181</sup> All five

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<sup>181</sup> In machinery of government changes announced on 26 March 2013, the functions of DCCEE were allocated to other departments.

recommendations were agreed to. Table 6.1 details the status of the five recommendations.

**Table 6.1**

**Status of previous ANAO recommendations**

Recommendations, status and ANAO comment
<p><b>Recommendation No. 1:</b> (directed towards Finance) To support agencies in their application of the 2010 <i>Guidelines on Information and Advertising Campaigns by Australian Government Departments and Agencies</i>, 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.</p> <p><b>Status: Not yet acted upon.</b></p> <p>ANAO comment: PM&amp;C and Finance advised that the clarity and interpretation of the Guidelines would be examined when the Government's campaign advertising framework was next subject to review. The revised framework was originally scheduled to be reviewed in March 2012, two years after its introduction. However, a review of the framework has been deferred until at least September 2013, with a final decision to be made taking into account the findings of this audit. Refer to paragraph 6.33 for further discussion.</p>
<p><b>Recommendation No. 2:</b> (directed towards Finance) To support agencies in complying with the amended 'proper use' requirements of section 44(3) of the <i>Financial Management and Accountability Act 1997</i> and Regulation 9 of the <i>Financial Management and Accountability Regulations 1997</i>, 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.</p> <p><b>Status: Completed.</b></p> <p>ANAO comment: The September 2012 <i>Campaign Planning Guide</i> (the Guide)<sup>182</sup> includes a section on 'Approving and booking media'. The Guide advises:</p> <p>Financial delegates should treat the approval of [a Media Booking Authority] in the same way as they would treat any other spending proposal. That is, the delegate must be satisfied that the spending proposal would be a proper use of Commonwealth resources. To demonstrate this, you need to clearly document the process undertaken to select the recommended media channels and the volume/cost of advertising. Financial delegates should consider:</p> <ul style="list-style-type: none"> <li>• information from the campaign master media agency's media strategy which justifies the channel selections</li> <li>• any research used to inform media planning decisions</li> <li>• outcomes from discussions with the campaign master media agency to refine or modify the media recommendations.</li> </ul> <p>Delegates should also be mindful that while a campaign budget may have been agreed by government, it does not mean that the full budget has to be spent if it would not be a proper use of Commonwealth resources to do so.</p>

<sup>182</sup> Finance. *Campaign Planning Guide*. September 2012, pp. 59–60.



The Guide refers readers to *Finance Circular 2011/01: Commitments to Spend Public Money* (FMA Regulations 7 to 12), which advises FMA Act agencies on the application of the financial framework to spending proposals.<sup>183</sup> The Guide also describes how to optimise the benefit from the services of the master media agency, and maximise value for money.<sup>184</sup> Additionally, the Guide covers good practice in the procurement of advertising services, and the requirement to document the spending decision. This includes planning well ahead, approaching multiple providers from the Communications Multi Use List, and documenting spending proposals.<sup>185</sup>

**Recommendation No. 3:** (directed towards Finance) 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.

**Status: Completed.**

ANAO comment: Finance has adjusted the campaign certification template for chief executives to ensure that the wording clearly aligns to the content of the Guidelines.

**Recommendation No. 4:** (directed towards agencies granted a campaign exemption from the Guidelines) 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.

**Status: Not applicable.**

ANAO comment: The application of this recommendation could not be assessed because no campaign was granted an exemption during the period covered by this audit.

Finance made reference to this recommendation in its advice to agencies about exemptions from the Guidelines in the Guide.<sup>186</sup>

**Recommendation No. 5:** (directed towards the former DCCEE) 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.

**Status: Completed.**

ANAO comment: DCCEE revised its business processes for external communications activities. The revised processes required that the relevant policy or program area provide written approval as to the accuracy of all new communications content produced by the Communications and Public Affairs Branch, before the content was used externally. At a minimum, approval was required from a Band 1 SES officer.

Source: ANAO, Audit Report No.24, 2011–12.

<sup>183</sup> Finance could consider including information about campaign advertising spending proposals in a future update of the circular.

<sup>184</sup> Finance. *Campaign Planning Guide*. September 2012, pp. 50–51.

<sup>185</sup> *ibid*, pp. 48–49 and 59–60.

<sup>186</sup> *ibid*, p. 39.

## Suggestions

6.5 The 2011–12 audit report also included 10 suggestions directed towards Finance and other agencies. Table 6.2 outlines the suggestions and any actions taken in response.

**Table 6.2**

### Status of previous ANAO suggestions

Suggestion	ANAO comment
<p>(Paragraphs 2.32–2.34) The Hawke Review<sup>187</sup> recommended (No. 6(a)) that information regarding the cost-effectiveness of proposed campaigns be mandatory at the initial approval stage (with the Cabinet Handbook revised accordingly).</p> <p>At the time of the 2011–12 audit, PM&amp;C advised that an updated draft of the Cabinet Handbook reflecting the recommendation was before the Government for consideration.</p>	<p><b>Status: Completed.</b></p> <p>The March 2012 edition of the Cabinet Handbook includes the requirement that proposals for information campaigns include justification of the cost-effectiveness of the campaign.</p>
<p>(Paragraphs 3.7 and 3.8) ... there would be benefit in Finance publishing a single public statement of its roles and responsibilities [in relation to the campaign advertising framework].</p> <p>The roles and responsibilities of other key participants in the framework, including the new PRG and PM&amp;C as chair of the PRG, could also usefully be set out in the statement.</p>	<p><b>Status: Completed.</b></p> <p>Finance's <i>Campaign Planning Guide</i> includes a chapter on the roles and responsibilities of key stakeholders. The roles of key stakeholders are also outlined in Finance's <i>Campaign Advertising by Australian Government Departments and Agencies. September 2012. Full Year Report 2011–12.</i></p>
<p>(Paragraph 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 (the full year report of <i>Campaign Advertising by Australian Government Departments and Agencies</i>).</p>	<p><b>Status: No action taken.</b></p> <p>Finance advised that the method of reporting figures exclusive of GST aligns with the way expenditure figures are reported more broadly in the advertising industry.</p> <p>Finance further advised that its reports provide information not previously made available, including information relating to consultancy costs and expenditure on non-English speaking background and Indigenous-specific advertising. Finance also advised that various media outlets had collated the information contained in the report to provide 'total' expenditure amounts. This issue is discussed later in this Chapter.</p>

<sup>187</sup> Hawke, A., *Independent Review of Government Advertising Arrangements*, 26 February 2010.

Suggestion	ANAO comment
(Paragraph 3.22) There would be benefit in Finance reviewing its approach to recording commonly asked questions [from agencies], so as to maintain corporate memory and reduce the potential for inconsistent advice.	<p><b>Status: Completed.</b></p> <p>Finance advised the ANAO that it had introduced a system for recording and tracking commonly asked questions received from agencies.</p> <p>The <i>Campaign Planning Guide</i> also provides answers to commonly asked questions.</p>
(Paragraph 3.25) ... 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.	<p><b>Status: Completed.</b></p> <p>Finance's <i>Campaign Planning Guide</i> was published in September 2012.</p>
(Paragraph 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 the Special Minister of State 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.	<p><b>Status: Completed.</b></p> <p>Finance's <i>Campaign Planning Guide</i> details the process for granting an exemption from the Guidelines in the chapter on Review and Certification.</p>
(Paragraph 3.35) While the indicative timeline [for an advertising campaign] 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'.	<p><b>Status: Completed.</b></p> <p>The development of a campaign timeline is discussed in Finance's <i>Campaign Planning Guide</i>. The indicative timeline is available from Finance on request.</p>
(Paragraph 3.44) [In relation to the caretaker period after an election is called], Finance could better inform agencies during this period by proactively issuing prepared [Questions and Answers].	<p><b>Status: Action planned.</b></p> <p>Finance advised that when entering a caretaker period, it plans to brief the Special Minister of State and seek advice on securing bipartisan support for certain campaigns. Agencies responsible for administering campaigns that remain active during the caretaker period will be issued with Questions and Answers.</p>
(Paragraph 3.52) ... there is merit in Finance advising the ICC on options for more timely distribution [of ICC minutes] as a means of providing additional support to agencies.	<p><b>Status: Completed.</b></p> <p>Finance advised that the previous ANAO report was a catalyst for renewed effort in this area, and as a result, the average time to distribute ICC minutes has fallen from 24 working days in the period examined in the previous audit (April 2010 to September 2011), to 12 working days in 2012.</p>

Suggestion	ANAO comment
(Paragraph 5.15) It is prudent for agencies to alert ministers, where necessary, to the potential risks of significantly truncated campaign development timeframes and provide options, and there would be benefit in Finance incorporating such advice in its guidance materials.	<p><b>Status: Partially completed.</b></p> <p>As previously noted, the development of a campaign timeline is discussed in Finance's <i>Campaign Planning Guide</i>. In particular, the Guide advises agencies: 'You should be realistic when providing indicative timelines to stakeholders so that they do not over-promise on the time required to develop a campaign. Campaign timelines must allow for internal approval turnaround times, procurement and legal processes, as well as review by the ICC and the PRG'.</p>
	<p>The four campaigns examined in this audit all involved significantly truncated timeframes. There would be merit in Finance incorporating, in its advice to agencies, the relevant elements of the Finance Secretary's 20 May 2010 correspondence to chief executives on the risks arising from compressed timelines.<sup>188</sup></p>

Source: ANAO, Audit Report No.24, 2011–12, *Administration of Government Advertising Arrangements: March 2010 to August 2011*, and ANAO analysis of agency documentation.

## Public reporting of campaign advertising expenditure

**6.6** The transparency of Australian Government expenditure on campaign advertising is an important consideration in ensuring public confidence in government communication activities.<sup>189</sup> 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 2009 and the first full year report was released in September 2009. Further full and half year reports have been released by Finance in a timely manner. To further enhance transparency of campaign advertising expenditure and the value of these reports, the 2011–12 audit report on government advertising suggested the inclusion of a consolidated table on total expenditure incurred on 'consultants,

<sup>188</sup> 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'.

<sup>189</sup> Senate Finance and Public Administration References Committee, *Government advertising and accountability*, 2005. 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.

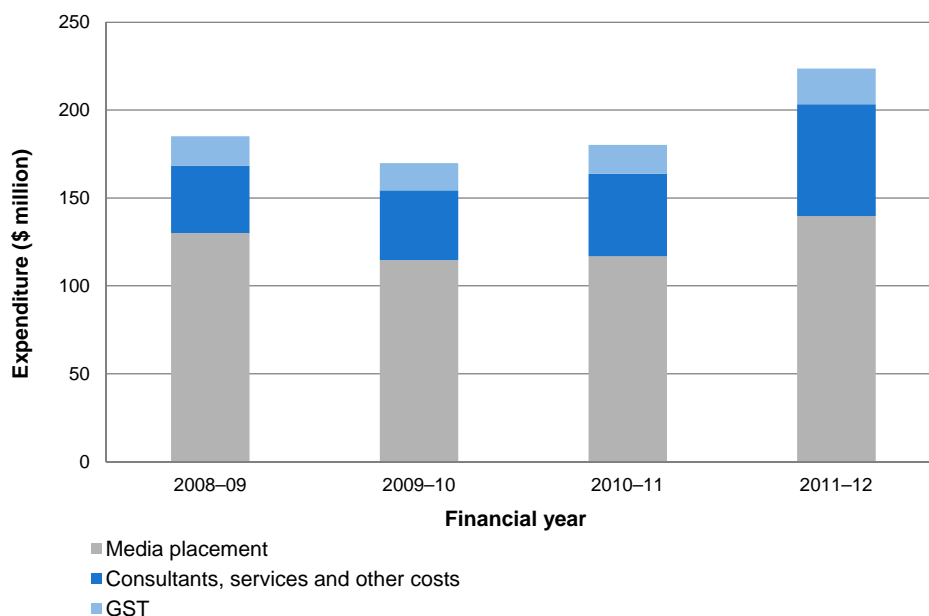
services and other costs', and expenditure on media placement inclusive of GST.

**6.7** Finance has not published a consolidated table of total campaign expenditure inclusive of GST in its biannual reports on *Campaign Advertising by Australian Government Departments and Agencies*. Finance instead reports the total expenditure on media placement by FMA agencies. This expenditure excludes GST and 'consultants, services and other costs', such as: advertising agency costs; market research; public relations; communications for Indigenous Australians and people from non-English speaking backgrounds; and printed materials and direct mail. These additional associated campaign costs have been included in Finance's biannual reports (since 2008–09), but included separately for each individual campaign, and have not been consolidated or incorporated into the total campaign expenditure amounts.

**6.8** The ANAO collated the expenditure information contained in Finance's reports in order to present trends in campaign advertising expenditure. Figure 6.1 shows expenditure on campaign advertising from 2008–09 to 2011–12. In addition to the media placement costs, the ANAO has also included the expenditure on GST and 'consultants, services and other costs' incurred as part of campaign advertising.

**Figure 6.1**

**Campaign advertising expenditure by FMA Act agencies, by financial year: 2008–09 to 2011–12**



Note: Finance advised that \$68 million (incl. GST) was spent on media placement in the period 1 July 2012 to 31 March 2013.

Source: ANAO analysis of information provided in the Department of Finance and Deregulation's *Campaign Advertising by Australian Government Departments and Agencies—Full Year Report 2011–12* (September 2012).

**6.9** As the above figure demonstrates, expenditure on 'consultants, services and other costs' has increased continually since it was first reported in 2008–09. At that time, 'consultants, services and other costs' totalled \$38.2 million and constituted 22.7 per cent of total campaign advertising expenditure. In 2011–12, the costs totalled \$63.6 million and constituted 31.3 per cent of total campaign advertising expenditure.<sup>190</sup>

<sup>190</sup> In 2009–10 and 2010–11, 'consultants, services and other costs' totalled \$39.7 and \$46.9 million, and constituted 25.7 and 28.6 per cent of total campaign advertising expenditure, respectively.

## Recommendation No.1

**6.10** To improve the transparency of Australian Government expenditure on campaign advertising, the ANAO recommends that the Department of Finance and Deregulation report the total campaign advertising expenditure, including expenditure related to ‘consultants, services and other costs’, and GST, in its reports on *Campaign Advertising by Australian Government Departments and Agencies*.

### Finance response:

**6.11** *Not agreed. The Department of Finance and Deregulation (Finance) notes that the current biannual reporting framework for campaign advertising provides a considerably enhanced level of transparency compared to any previous reporting arrangements. The presentation of campaign media expenditure (gross media, excluding GST) in the biannual reports aligns to convention in terms of campaign expenditure reporting by previous governments, and is also consistent with broader Australian media industry practice. The format of the reporting also allows for consistent comparison of historical campaign media expenditure.*

**6.12** *Finance notes that the biannual reports include consultant, services and other costs associated with the development of all campaigns above the value of \$250,000 (provided on a financial year basis). Accordingly, an aggregated total of media and other expenditure on campaigns, and the GST component of that expenditure, can be readily derived from information already within the biannual reports on campaign advertising.*

**6.13 ANAO comment:** While Finance has made a range of additional financial information available through its reports, and the government has referred to total campaign expenditure on an ad hoc basis<sup>191</sup>, the systematic inclusion of consolidated information on total expenditure in Finance’s campaign advertising reports would further improve transparency and the value of Finance’s expenditure reporting.

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<sup>191</sup> In the media release relating to the tabling of the *Campaign Advertising by Australian Government Departments and Agencies – Full Year Report 2011–12*, the Special Minister of State reported the 2011–12 total expenditure, including ‘consultants, services and other costs’. The Special Minister of State also sought to compare the 2011–12 total expenditure to an estimate of the 2007 calendar year expenditure including ‘consultants, services and other costs’. Source: the Hon. Gary Gray MP, Full Year Report for Campaign Advertising tabled, accessible via: <[http://www.smos.gov.au/publications/2012/pu\\_280912.html](http://www.smos.gov.au/publications/2012/pu_280912.html)> [accessed 14 February 2013].

### *Long-term campaign expenditure analysis*

**6.14** ANAO Audit Report No.24, 2008–09 *The Administration of Contracting Arrangements in relation to Government Advertising to November 2007* examined the monthly expenditure on media placement for campaign advertising through the Central Advertising System<sup>192</sup>, in real terms, from June 1989 to December 2007. The audit observed that:

An examination of campaign expenditure in the lead up to the last six elections demonstrates that for each election (excepting the November 2001 election), monthly average expenditure in the nine months leading up to the election exceeded, by between 14 and 86 per cent (in real terms), the monthly average for the period between elections.<sup>193</sup>

**6.15** Figure 6.2 extends this analysis of monthly expenditure on media placement costs for campaign advertising, to cover the period from July 1989 to December 2012, using December 2012 prices. The extended analysis shows that campaign media placement expenditure also increased in the lead-up to the 2010 election.

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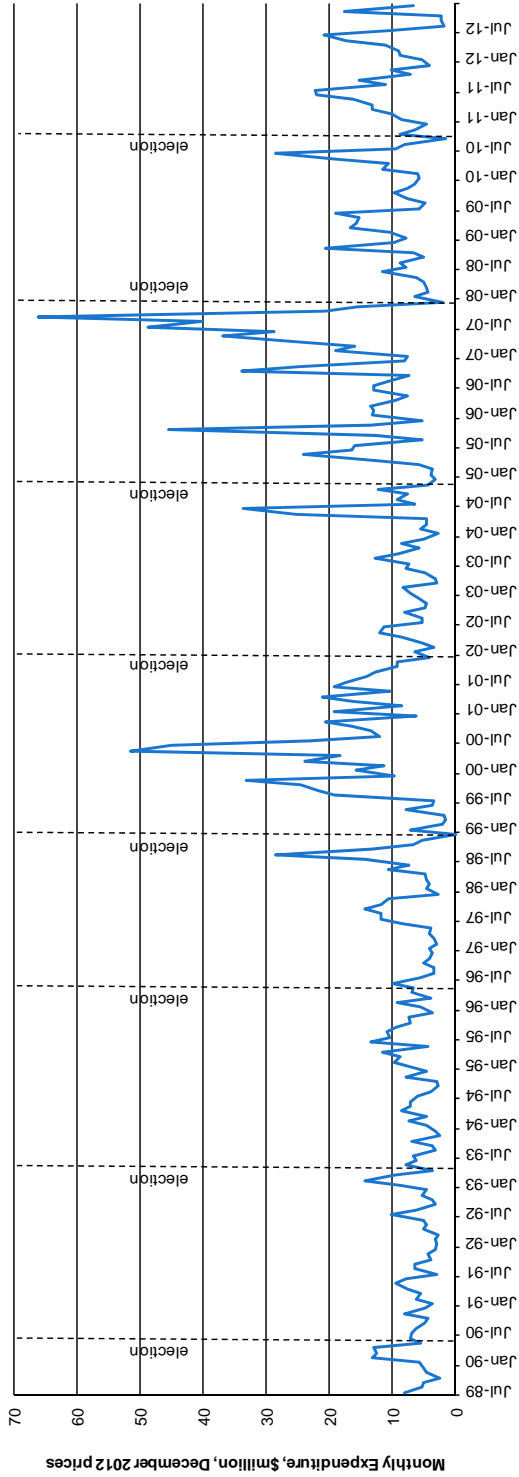
<sup>192</sup> The Central Advertising System consolidates government advertising expenditure with the goal of securing media discounts for government. Two 'master media' agencies are contracted by the Department of Finance and Deregulation to manage media planning, placement and rates negotiations with media outlets.

<sup>193</sup> ANAO, Audit Report No.24, 2008–09, *The Administration of Contracting Arrangements in relation to Government Advertising to November 2007*, p. 54.



Figure 6.2

Monthly campaign expenditure on media placement—December 2012 prices



Source: ANAO, Department of Finance and Deregulation, and ABS Catalogue 6401.0, available from <abs.gov.au> [accessed 6 March 2013].

Notes: Data for the period 1989 to 2007 is sourced from ANAO Audit Report No. 24, 2008–09. Data for the period 2008 to 2012 was provided by Finance. Data from 1989 to 2003 aggregates media placement expenditure by FMA agencies, CAC Act bodies and Territory Governments. December 1998 expenditure is not available due to a change of contractors. Data from 2004 to 2012 is the campaign advertising media expenditure by FMA Act agencies only.

## Peer Review Group

**6.16** The introduction of the PRG was announced in August 2011. At the same time, Finance's mandatory role in the provision of campaign development advice to agencies ended. Specifically, the PRG aims to 'maximise the strategic integrity and effectiveness of communication activities and, in doing so, aims to build the professional capability of government communicators'. Other stated aims of the PRG include to improve the quality and timeliness of campaigns.<sup>194</sup>

**6.17** The PRG is chaired by PM&C and co-chaired by Finance. In addition to the chair and co-chair, the PRG involves a revolving membership of Senior Executive Service communications officers, and it may seek advice from a range of experts.

**6.18** Agencies are required to submit a draft of their campaign communication strategy to the PRG, and may return to the PRG at later stages of campaign development. For each campaign, the PRG develops a brief feedback report on the outcomes of its assessment. Between its commencement in September 2011 and the end of 2012, the PRG reviewed 24 campaigns, seven of which were considered twice by the group.

**6.19** To consider the contribution of the PRG, the ANAO:

- reviewed the character of all of the campaign feedback reports of the PRG between September 2011 to the end of 2012;
- examined in detail the feedback provided by the PRG for the three campaigns selected for review in this audit which received PRG feedback;
- interviewed the chair and co-chair of the PRG; and
- held discussions with four Senior Executive Service staff about their different interactions with the PRG, including as members of the PRG.

**6.20** The PRG's feedback on campaigns was provided to agencies in a timely fashion, usually within two days of the meeting. The feedback generally identified a range of issues for agencies to consider as they further developed

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<sup>194</sup> Finance, *Campaign Planning Guide*, September 2012, p. 31. In correspondence in August 2011, the Finance Secretary informed agency chief executives that: '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'.

their campaign strategies.<sup>195</sup> For example, the PRG provided advice on the appropriate timing and phasing of campaigns, linkages with other government initiatives and campaigns, and suitable methods to achieve communications objectives and target certain audiences.

**6.21** The PRG panel members interviewed generally considered that the PRG had helped to build the capability of participating government communicators. These staff noted the benefits of being exposed to other campaigns, and the ability to share information and lessons across agencies.<sup>196</sup>

**6.22** While there is general acceptance that the PRG process has been arranged to minimise the associated workload for agencies developing campaigns, it remains an additional process in the campaign advertising framework; a point made by a number of stakeholders. There is no straightforward way to ascertain whether the PRG has achieved its stated aim of improving the timeliness of campaigns. In many instances, sound advice provided by the PRG at an early stage has given direction to campaign development, thereby potentially avoiding later rework. That said, the PRG's advice has not always been implemented by agencies, reflecting the primary responsibility of agencies for campaign development and implementation.<sup>197</sup>

## Finance's revised role

**6.23** Following the introduction of the PRG, Finance's role in government advertising was amended. Agencies were no longer required to seek campaign development advice from Finance, or involve Finance in campaign advertising tender processes. While no longer required to do so, agencies remained able to seek Finance's input, if desired. Finance continues to be responsible for the publication of biannual reports on campaign advertising and provides secretariat assistance to the ICC. A new role for Finance is to co-chair the PRG and provide it with secretariat support.

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<sup>195</sup> Greater clarity is needed on who determines whether or not a second meeting with the PRG is to be held for a campaign, and the circumstances that may necessitate a second meeting. It is also important that second meetings occur at a point in the campaign when adjustments can still be made to creative materials, where appropriate.

<sup>196</sup> Finance advised the ANAO that it had deliberately sought to include lesser-experienced members alongside more experienced government communicators on PRG panels.

<sup>197</sup> Refer to paragraphs 2.15, 3.11 and 4.7 for discussion of the relevant departments' implementation of PRG comments for advertising campaigns examined as part of this audit.

**6.24** To consider the effectiveness of Finance's administration, the ANAO examined Finance's:

- overall response to the recommendations and suggestions of the 2011–12 audit report on government advertising;
- involvement in co-chairing the PRG and provision of secretariat support for the PRG; and
- provision of secretariat services and a range of advice to the ICC to support its review of the HAP and NBN campaigns.

**6.25** As shown in Table 6.1 and Table 6.2, Finance has addressed, or plans to address, the majority of recommendations and suggestions of the 2011–12 audit report. Actions taken have further strengthened its strategies and processes for supporting FMA Act agencies in developing campaigns which meet the requirements of the Guidelines. For example, with the release of the *Campaign Planning Guide*, Finance further strengthened its suite of guidance on the campaign advertising framework.

**6.26** Since the commencement of the PRG, Finance has participated in PRG meetings and has provided appropriate secretariat and administrative support. Importantly, Finance has used the opportunity to highlight important issues for consideration at an early stage of campaign development, drawing on its experience. Finance has developed expertise in campaign advertising over time, and its participation in the PRG enables it to continue to share its experience with other agencies, to the benefit of the framework as a whole.

**6.27** Finance also supports the ICC in its review of advertising campaigns. For each of the ICC's meetings, Finance prepares a brief for the committee which typically includes:

- background information and the key elements of the campaign;
- the PRG's comments on the campaign (or a summary of the comments);
- a summary of any previous ICC consideration of the campaign, and agency changes to campaign materials in response;
- Finance's own comments on the agency's campaign materials, such as in regard to market research or creative concept testing; and
- suggested talking points for the ICC, drawing upon the range of matters listed above.

**6.28** Overall, the ANAO found the advisory support provided by Finance to the ICC for the three campaigns to be sound.<sup>198</sup> Finance's careful consideration of campaign materials and supporting documentation, particularly market and creative concept research, led it to draw a range of key matters to the attention of the ICC, for the committee to discuss with the relevant departments and consider in its review.

## Ongoing Independent Communications Committee review of campaigns

**6.29** As previously noted in paragraph 1.7, the ICC advises on the compliance of proposed campaigns valued at \$250 000 or more, with Principles 1 to 4 of the 2010 Guidelines.<sup>199</sup> For advertising campaigns valued at less than \$250 000, agency chief executives have the discretion to seek consideration of these campaigns by the ICC. The ICC's review of advertising campaigns typically requires a number of meetings with agencies to consider campaign materials and supporting documentation<sup>200</sup>, at various stages of the campaign's development. The ICC provides a report advising the relevant agency chief executive on the campaign's compliance with Principles 1 to 4 of the Guidelines.

**6.30** The ICC's review of the HAP and NBN campaigns resulted in a range of improvements by the responsible departments to campaign materials and supporting documentation, which led to the strengthening of each campaign's compliance with the 2010 Guidelines. Examples include:

- adjustments to creative materials (such as television scripts), to ensure that audiences would be able to distinguish between facts and opinion, or that campaign statements were factually accurate;
- the provision of a range of additional supporting documentation to strengthen the verification of factual campaign statements; and

<sup>198</sup> This was also a finding of ANAO Audit Report No.24, 2011–12, see paragraph 24.

<sup>199</sup> The ICC is also responsible for: overseeing the operation of the Guidelines to ensure compliance with their integrity and spirit; reporting to responsible Ministers on activities undertaken under the Guidelines, as necessary, including any trends and emerging issues; and considering and proposing to responsible Ministers any revisions to the Guidelines as necessary in light of experience. Source: Finance, *Campaign Advertising by Australian Government Departments and Agencies – Full Year Report 2011–12* (September 2012), pp. 3–4.

<sup>200</sup> Such as market research and creative concept testing, evidence to support factual claims, information about the media buy and a 'Statement of Compliance', in which agencies provide representations to the ICC on the campaign's compliance with the first four principles of the Guidelines.

- adjustments by agencies to their Statement of Compliance, to improve their documented representations on the campaign's compliance with the Guidelines.

**6.31** The ICC review and advisory process is a key element of the Australian Government's campaign advertising framework and it is essential that agencies are well organised to meet the ICC's timeframes. In this regard, the ANAO observed that DBCDE provided campaign materials and supporting documentation to the ICC later than requested in the context of complex campaigns developed within short timeframes (see paragraphs 3.13 and 4.9). To support the ICC's review of campaigns, it is important that agencies provide relevant documentation to the committee in a timely manner, and respond appropriately to any compliance matters raised.

**6.32** As discussed previously, there will always be scope for debate about the appropriate level of external involvement in agency campaigns, and the potential 'compliance burden' this may represent. That said, the ANAO continued to observe, as in the previous audit, that there is benefit in third party scrutiny and advice for campaigns which are viewed as being more sensitive.

## Application of the Guidelines

**6.33** As previously noted in Table 6.1, the Government's planned review of the campaign advertising framework has been deferred until at least September 2013, with a final decision to be made taking into account the findings of this audit. Finance advised the ANAO, in its response to Recommendation 1 of the previous audit report, that the clarity and interpretation of the Guidelines, including which parts of the Guidelines are mandatory and which parts are sound practice, would be examined when the Government's campaign advertising framework is next subject to review.<sup>201</sup>

**6.34** The ANAO's examination of the Commonwealth funding of Victorian hospitals advertising campaign identified another area in which the requirements of the Guidelines should be clarified. The Guidelines have been framed in an Australian Government context and do not explicitly address campaign statements which refer to other governments. This is an area of the

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<sup>201</sup> 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.

Guidelines that would benefit from further review in light of this campaign. Specifically, the appropriate application of paragraph 28(b) of the Guidelines, including for campaigns which relate to other governments.<sup>202</sup>

## Recommendation No.2

**6.35** To support the application of the specific requirements and intent 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 clarify the appropriate application of paragraph 28(b) of the Guidelines.

### Finance response:

**6.36** *Finance notes that paragraph 28(b) of the Guidelines provides that Government advertising campaigns must not directly attack or scorn the views of others, such as the policies and opinions of opposition parties or groups. Although no agency has sought Finance's assistance or advice on how this aspect of the Guidelines should be interpreted, Finance agrees that there would be benefit in clarifying the intended application of this area of the Guidelines. The clarity and interpretation of the Guidelines will be examined when the Government's campaign framework is next subject to review.*

**6.37** The Commonwealth funding of Victorian hospitals advertising campaign also highlighted the potential benefit in agencies seeking third party advice for more sensitive campaigns valued at less than \$250 000 to inform their application of the Guidelines. For example, this may involve seeking advice from Finance or the ICC.<sup>203</sup>

## Conclusion

**6.38** Finance has responded in a timely manner to the majority of recommendations and suggestions in the 2011–12 ANAO audit report on government advertising.<sup>204</sup> In particular, Finance's publication of the

<sup>202</sup> Paragraph 28(b) of Principle 3 provides that: 'campaign materials must not directly attack or scorn the views, policies or actions of others such as the policies and opinions of opposition parties or groups'.

<sup>203</sup> As previously noted, agency chief executives have the discretion to seek consideration of these campaigns by the ICC.

<sup>204</sup> In addition, the 2011–12 ANAO audit report (paragraphs 2.32–2.34) noted that the 2010 review of the campaign advertising framework recommended that information regarding the cost-effectiveness of proposed campaigns be mandatory at the initial approval stage (with the Cabinet Handbook revised accordingly). At the time of that audit, PM&C advised that an updated draft of the Cabinet Handbook reflecting the recommendation was before the Government for consideration. The March 2012 edition of the Cabinet Handbook includes the requirement that proposals for information campaigns include justification of the cost-effectiveness of the campaign.

Campaign Planning Guide in September 2012 has assisted in clarifying administrative responsibilities under the Guidelines, and Finance has reviewed its chief executive certification template for alignment with the Guidelines. However, there is scope to further improve the transparency of the framework by reporting consolidated information on total campaign advertising expenditure in Finance's public reports. Finance has also actively participated in and supported the new Peer Review Group (PRG) process, contributing its experience in campaign advertising. In a similar fashion, Finance has provided quality advice to the ICC to support its review of the compliance of campaigns with Principles 1 through 4 of the Guidelines.

**6.39** Overall, in its initial 15 months, the PRG has assisted agencies in developing their communication activities, and has provided a useful forum for sharing communications experience and building the capability of agencies and their staff. The ICC's review of the HAP and NBN campaigns resulted in a range of improvements by the relevant departments to creative materials and supporting campaign documentation, thereby strengthening campaign compliance with the Guidelines. While there will always be scope for debate about the appropriate level of external involvement in agency campaigns, and the potential 'compliance burden' this may represent, the ANAO continued to observe, as in the previous audit, that there is benefit in third party scrutiny and advice for campaigns which are viewed as being more sensitive. From an agency perspective, the Commonwealth funding of Victorian hospitals advertising campaign highlighted the potential benefit in agencies seeking independent advice for more sensitive campaigns valued at less than \$250 000 to inform their application of the Guidelines. For example, this may involve seeking advice from Finance or the ICC.

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Ian McPhee  
Auditor-General

Canberra ACT  
26 June 2013



# Appendices

## Appendix 1: Agency Responses



Australian Government

Department of Families, Housing,  
Community Services and Indigenous Affairs

Deputy Secretary

Dr Tom Ioannou  
Group Executive Director  
Performance Audit Services Group  
Australian National Audit Office  
GPO Box 707  
CANBERRA ACT 2601

Dear Dr Ioannou

Thank you for providing the Department with an extract from the ANAO's proposed audit report on *Administration of Government Advertising Arrangements: August 2011 to March 2013* relating to the Household Assistance Package (HAP) advertising campaign.

The Auditor General's report acknowledges that the HAP campaign was developed within challenging timeframes, and provided the Independent Communications Committee (ICC) with sufficient and relevant evidence to verify the factual statements used in the campaign. Accordingly the ICC's review found the campaign to be fully compliant with Principles 1-4 of the *Guidelines on Information and Advertising Campaigns by Australian Government Departments and Agencies*.

However, FaHCSIA has concerns about some of the issues raised and provides the following formal response.

1. The report states there is not a strong link between the families kits and HAP. We strongly disagree with this statement. An overarching plan for communicating with families was developed because most of the target audience (families receiving Family Tax Benefit Part A) would be receiving a range of targeted payments in 2013. These included the Schoolkids Bonus, HAP, Dad and Partner Pay (DaPP) and Family Tax Benefit supplements. Some of the payments would be new, such as the Schoolkids Bonus, and the timing of some payments would overlap. For example, the second instalment of the Schoolkids Bonus coincides with the payment to eligible families of the Clean Energy Supplement as an ongoing entitlement forming part of the Clean Energy Future Household Assistance Package. With a range of payments being delivered to families, the Department identified a risk that they may become confused about the purpose

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[www.fahcsia.gov.au](http://www.fahcsia.gov.au)

of some payments or fear they have been overpaid. Developmental research highlighted the need for mass media communications to mitigate risk of confusion, as well as fulfill the information needs of the target audience.

Development of the families kit was designed to provide information on each of the payments and to direct people to the families.gov.au website for further information. One of the inclusions in the kit, the 2013 calendar, contains four specific references to HAP payments. No specific materials were developed for the HAP campaign. However, the families website provides information about HAP and links to the HAP webpage. At the time of the ANAO audit (February 2013), the campaign was not active and did not feature prominently on the families.gov.au website as other campaigns were active at that time (DaPP, Schoolkids Bonus). Phase three of the HAP campaign launched in March 2013 and has featured prominently on the website since.

2. Second, the report states several times that, as the link between HAP and carbon pricing was not mentioned in advertising, the public was not fully informed about the reason for government assistance. On this basis, ANAO finds that FaHCSIA 'generally implemented' the campaign in compliance with the Guidelines. Based on significant research, FaHCSIA took the decision to use channels (such as public relations and the website) other than advertising to contextualise HAP as part of the carbon pricing mechanism. This research indicated that simple messages about the detail of HAP, independent of references to and explanation about the carbon pricing mechanism, was the most effective way of increasing mass understanding and awareness (ie. the advertising treatment). However, this research also indicated that it was necessary to contextualise HAP in terms of the Clean Energy Future plan through activities other than advertising. Following review of the campaign on several occasions, the ICC found that the campaign conformed with Principles 1 to 4 of the Guidelines. In response to ANAO's assessment, FaHCSIA believes the campaign was fully implemented in compliance with the Guidelines.

I would appreciate ANAO's consideration of FaHCSIA's response when finalising the report.

Yours sincerely



Felicity Hand

12 June 2013



**Australian Government**  
**Department of Broadband, Communications**  
**and the Digital Economy**

**Drew Clarke**

Secretary

Mr Ian McPhee PSM  
Auditor-General  
Australian National Audit Office  
GPO Box 707  
CANBERRA ACT 2601

Dear Mr McPhee

**Administration of Government Advertising Arrangements: August 2011 to March 2013**

Thank you for the letter dated 15 May 2013, providing a proposed extract of the audit report on *Administration of Government Advertising Arrangements: August 2011 to March 2013*, pursuant to sub-section 19(3) of the *Auditor-General Act 1997*, and your email of 11 June 2013 containing some revisions to the original s19 extract.

I would like to thank ANAO staff for the collaborative way in which they worked to achieve what is a positive outcome for the review of the NBN regional and metropolitan advertising campaigns. I am pleased to see that the campaigns were found to be compliant against the vast majority of the *Guidelines on Information and Advertising Campaigns* (the Guidelines). Similarly the Independent Communications Committee (ICC) advised this Department that all material used in the regional and metropolitan NBN campaigns were compliant with the Guidelines.

The report does identify that the NBN campaigns were in market during a period of time where NBN Co. and retail service providers were advertising. The Department would reiterate that the extent of cross over in advertising was extremely limited and occurred through different communication channels. Government NBN advertising focussed on overarching policy messaging and dispelling myths and misconceptions identified in developmental research conducted by Open Mind (2012). NBN Co. and RSPs, on the other hand, focused primarily on roll-out, migration and commercial imperatives. As noted in the report, DBCDE coordinated its activities with NBN Co. as required by the Government and supported by the ICC to ensure carefully targeted, complementary messaging.

Yours sincerely

Drew Clarke  
12 June 2013

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website <http://www.dbcde.gov.au>



12<sup>th</sup> June, 2013

Dr T. Ioannou  
Group Executive Director  
Performance Audit Services Group  
Australian National Audit Office  
GPO Box 707  
Canberra ACT 2601

Dear Dr Ioannou

**Administration of Government Advertising Arrangements: August 2011 to March 2013**

I refer to your letter of 15 May 2013 enclosing the extract of the proposed audit report on Administration of Government Advertising Arrangements: August 2011 to March 2013, and seeking a formal response from NBN Co.

NBN Co notes the comments in the report that, "NBN Co conducts its own communications activities to ensure Australians are aware of the NBN construction schedule, to promote the potential benefits of NBN services and to inform people about how to connect to the network when it is available in their area. These communications activities reflect the commercial and operational incentives for NBN Co to transition people to the NBN in a timely and efficient manner."

NBN Co also notes the comments in the report that the DBCDE "identified a need for communications activities to address 'misunderstandings and misconceptions' about the NBN" and "sought to differentiate its activities from NBN Co by focusing on matters of government policy".

We will continue to engage with DBCDE in relation to messaging to end-consumers as we strive to ensure a smooth migration to the NBN.

I would appreciate it if you could provide me with a copy of the report that will be tabled.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Kieren Cooney', is written over a large, stylized circular flourish.

Kieren Cooney  
Chief Marketing Officer

cc: Mr Michael Quigley, Chief Executive Officer  
Ms Claire Awramenko, General Manager Marketing  
Mr John McCredie, Marketing Manager Brand and Above the Line Communications

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**Australian Government**  
**Department of Health and Ageing**

**SECRETARY**

Mr Ian McPhee PSM  
Auditor-General  
Australian National Audit Office  
GPO Box 707  
Canberra ACT 2601


Dear Mr McPhee 

**Administration of Government Advertising Arrangements: August 2011 to March 2013**

I am writing in response to Dr Ioannou's letter of 15 May 2013. I appreciate the opportunity to review and provide comment on the Australian National Audit Office's (ANAO) proposed report on its audit of the Administration of Government Advertising Arrangements: August 2012 to March 2013.

The Department's formal response to the proposed report is at **Attachment A**. I note that there are no specific recommendations for my Department.

Yours sincerely

  
Jane Halton PSM  
Secretary

1 June 2013

cc: Dr Tom Ioannou, Group Executive Director, Performance Audit Services Group

**Department of Health and Ageing—Formal response to the ANAO proposed report on the Administration of Government Advertising arrangements: August 2012 to March 2013**

**Summary comment**

The ‘*Commonwealth Funding of Victorian Hospitals Advertising Campaign*’ was developed to address an issue of significant concern, specifically to inform residents of Victoria about the availability of public hospital services through changed Commonwealth funding arrangements.

**Principle 2—Objectivity**

The test of objectivity is based on an interpretation of the principal health funding agreement between the Commonwealth and States and Territories.

The Department has a very clear understanding of the National Health Reform Agreement and its provisions relating to the respective responsibilities of the Commonwealth, and States and Territories. Reading these provisions in the context of this issue, the Commonwealth and Victorian Governments are jointly responsible for funding public hospital services (clause 7a.), but the Victorian Government alone is responsible for managing its public hospital system (clause 8) (configured as Local Hospital Networks), determining the amount it pays for public hospital services, and meeting the balance of the cost of delivering public hospital services over and above the Commonwealth contribution (clause A60). The meaning of these clauses in the Agreement is straightforward and uncontested, and has not been the subject of any dispute or disagreement by jurisdictions.

Following the MYEFO and FBO adjustments, the Victorian Government, in determining the amount it would pay for public hospital services, communicated to its Local Hospital Networks its decision to reduce the individual annual budgets that had already been advised by the Victorian government, as the system manager rather than adjust its own payments to them. At the time the ads were aired, we were not aware of any other jurisdiction that had adjusted its own LHN budgets downwards. Consequently the Department stands by its assessment of the factual nature of the advertisement.

**Campaign approvals**

In the context of a very compressed campaign development timeframe, the Department undertook to obtain ministerial approval for the campaign at all key stages, in line with the principles of the Guidelines on Information and Advertising Campaigns by Australian Government Departments and Agencies. The officials managing the development and implementation of the campaign clearly understood that the Minister’s final authorisation of the campaign had been provided via her office. The Department notes that this could have been better documented.



**Australian Government**  
**Department of Finance and Deregulation**

Reference: RMS12/07832  
Contact: Laurie Van Veen  
Telephone: 02 6215 3178  
e-mail: laurie.vanveen@finance.gov.au

Dr Tom Ioannou  
Group Executive Director  
Performance Audit Services Group  
Australian National Audit Office  
GPO Box 707  
CANBERRA ACT 2601

Dear Dr Ioannou

**Section 19 Comments - Administration of Government Advertising Arrangements: August 2011 to March 2013**

Thank you for your letter of 15 May 2013 to Mr David Tune, Secretary of the Department of Finance and Deregulation (Finance), seeking agency comments in relation to the proposed audit Report, *Administration of Government Advertising Arrangements: August 2011 to March 2013*. The Secretary has asked that I respond on behalf of Finance.

Finance appreciates the opportunity to provide a formal response to the proposed Report.

Our response is provided in two parts – an agency response to the two audit recommendations directed to Finance, and a summary comment intended for inclusion in the final audit report. Additional comments of an editorial nature, including some errors of fact, are also provided for your consideration ([Attachment A](#) refers).

Consistent with your request, the Chair and Members of the Independent Communications Committee (ICC) have received copies of the proposed audit report. The ICC has advised Finance that it does not have comment or feedback on the audit report.

**Formal comment on the audit recommendations:**

**Recommendation 1** (To improve the transparency of Australian Government expenditure on campaign advertising, the ANAO recommends that the Department of Finance and Deregulation report the total campaign advertising expenditure, including expenditure related to ‘consultants, services and other costs’, and GST, in its reports on *Campaign Advertising by Australian Government Departments and Agencies*).

John Gorton Building, King Edward Terrace, Parkes ACT 2600 • Telephone 02 6215 2222  
Internet [www.finance.gov.au](http://www.finance.gov.au)



Finance response: Not agreed. The Department of Finance and Deregulation (Finance) notes that the current biannual reporting framework for campaign advertising provides a considerably enhanced level of transparency compared to any previous reporting arrangements. The presentation of campaign media expenditure (gross media, excluding GST) in the biannual reports aligns to convention in terms of campaign expenditure reporting by previous governments, and is also consistent with broader Australian media industry practice. The format of the reporting also allows for consistent comparison of historical campaign media expenditure.

Finance notes that the biannual reports include consultant, services and other costs associated with the development of all campaigns above the value of \$250,000 (provided on a financial year basis). Accordingly, an aggregated total of media and other expenditure on campaigns, and the GST component of that expenditure, can be readily derived from information already within the biannual reports on campaign advertising.

**Recommendation 2** (To support the application of the specific requirements and intent 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 clarify the appropriate application of paragraph 28(b) of the Guidelines.

Finance response: Finance notes that paragraph 28(b) of the Guidelines provides that Government advertising campaigns must not directly attack or scorn the views of others, such as the policies and opinions of opposition parties or groups. Although no agency has sought Finance's assistance or advice on how this aspect of the Guidelines should be interpreted, Finance agrees that there would be benefit in clarifying the intended application of this area of the Guidelines. The clarity and interpretation of the Guidelines will be examined when the Government's campaign framework is next subject to review.

**Summary comment:**

The Department of Finance and Deregulation (Finance) welcomes the ANAO's assessment that since the tabling of ANAO Audit Report No. 24, 2011-12, *Administration of Government Advertising Arrangements: March 2010 to August 2011*, it has further strengthened its strategies and processes for supporting agencies in developing campaigns which meet the requirements of the Government's campaign advertising guidelines. Finance also welcomes the acknowledgement that its expertise in campaign advertising has been of benefit to the review processes of both the Independent Communications Committee (ICC) and to the Peer Review Group (which it co-chairs).

However, Finance does not concur with the ANAO's remarks in the Overall Conclusion section of report, specifically the suggestion that there is "...*an emerging risk of campaign advertising not clearly meeting the enhanced expectations and arrangements established by the Government from 2008.*" While Finance notes the ANAO's view that the four campaigns included within the scope of the audit tended to push the boundaries of the Guidelines, it does not accept that there is strong evidence of emerging risks to the campaign framework as a whole.

Indeed, a key finding of the audit is that the ICC's reviews of campaigns "...*resulted in a range of improvements by the responsible departments to campaign materials and supporting documentation, which led to the strengthening of each campaign's compliance with the 2010 Guidelines.*" Accordingly, the audit report tends to suggest that the independent review arrangements for advertising campaigns are operating as intended, including as a means to ensure that the responsible agencies are considering and adopting

strategies to better demonstrate compliance with the Government's campaign advertising guidelines.

Please contact Ms Laurie Van Veen on 02 6215 3178 if you would like to discuss any of the above matters.

Yours sincerely



Rosemary Deininger  
First Assistant Secretary  
Implementation and Performance Improvement Division

// June 2013

cc     Secretary  
       Mr Yarra

## Appendix 2: Campaign Promotional Materials

1. During the conduct of the audit, the Auditor-General received correspondence from a member of the Australian Parliament regarding the use of promotional materials which were partly funded by the HAP campaign. After discussions with FaHCSIA and Finance, the Auditor-General decided to expand the scope of the audit to include an examination of campaign-related promotional materials.

### Promotional materials related to the HAP advertising campaign

2. FaHCSIA used part of the public relations budget of the HAP campaign to contribute towards the production of 20 000 'families kits'. The kits were branded with the website [families.gov.au](http://families.gov.au) and consisted of a tote bag, containing:

- brochures for the Dad and Partner Pay advertising campaign and the Schoolkids Bonus advertising campaign;
- a postcard with information about the Australian Families Facebook page;
- a calendar, which provided dates of when relevant families initiatives were to commence and a magnetised 'to do' pad, both branded with the families website; and
- a pencil case containing pencils, a ruler and a sharpener, which also carried the families website branding.

3. FaHCSIA advised the ANAO that the kits were funded from the public relations component of the budgets of three of its advertising campaigns: the HAP campaign; the Dad and Partner Pay campaign; and the Schoolkids Bonus campaign. The kits were developed at a total cost of \$96 105 (including GST), \$32 870 (including GST) of which was derived from the HAP advertising campaign public relations budget. FaHCSIA advised that there were no other promotional/collateral materials which related to HAP. The kits were made available to the public from December 2012 as part of a range of FaHCSIA's 'family events'. Additionally, every Federal Member of Parliament was offered

100 kits.<sup>205</sup> FaHCSIA advised that approximately 12 300 kits had been ordered and distributed by 12 March 2013.

4. FaHCSIA described the kits as forming part of ‘below-the-line’ campaign activities or collateral materials, to be used as part of public relations activities. FaHCSIA advised that it developed and distributed the kits to address confusion among families about the range of payments and entitlements they were potentially eligible for:

We worked with our policy colleagues on approval of the [families kits], as it related to research that we collected in the last 18 months around confusion people had about what is available to them in family assistance. This particular kit was not a schoolkids bonus kit. It related to a number of measures, including the Household Assistance Package, the schoolkids bonus, et cetera.

... We are driving people to the Families website, where they can find very simple information around the various payments they have access to. As I mentioned, the research showed people were confused about what they could or could not access in the payment space. Some of the research indicated some people are not even accessing what they are entitled to. So [the families kits] drives them to the Families site, where they can find out about the payments and also other information around family issues.<sup>206</sup>

5. In the context of the ICC’s review of the Schoolkids Bonus campaign, FaHCSIA advised the ICC that it would introduce an ‘overarching narrative’ to provide greater context for the range of families-related initiatives as part of a comprehensive below-the-line strategy. The ICC noted the ‘need for campaign materials to be developed to help alleviate the confusion that exists in the community around family assistance and child care payments’. It is important to note however, that the ICC did not review the families kits.

6. While the families kits contained brochures on Dad and Partner Pay and the Schoolkids Bonus, they did not contain similar specific information on the HAP.<sup>207</sup> Further, at the time of the ANAO’s fieldwork (February 2013), the families.gov.au website did not contain information about the HAP, nor provide direct links to information about the HAP. Subsequently, the website has presented information about the HAP, including advertisements from

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<sup>205</sup> The kits also attracted a degree of media interest and criticism. See for example, The Daily Telegraph, *The pencil case now a campaign billboard*, 12 February 2013.

<sup>206</sup> Senate Estimates, Community Affairs Legislation Committee, 14 February 2013, p. 31.

<sup>207</sup> The 2013 calendar included in the kits contained four specific references to HAP payments, in addition to references to other payments.

phase 3 of the HAP advertising campaign, which was launched in March 2013. In this respect, FaHCSIA advised that:

The families.gov.au website has contained information about HAP and direct links to information about HAP when relevant. As HAP has not been an active campaign since August 2012, information concerning other campaigns has recently been more prominent on the families.gov.au website. As phase three of HAP is due to roll out from 17 March, information and direct links are again featured on the website. Regular posts relating to HAP are being placed on the Families Facebook page.<sup>208</sup>

7. In response to the ANAO's request for documentation to support the above advice that the families.gov.au website contained information on the HAP earlier, FaHCSIA was unable to provide further evidence, advising that in late 2012, the: 'department had instigated a new job ticketing system to record online job requests; requests made prior to this were not migrated into the system.'<sup>209</sup>

8. In relation to the effectiveness of the kits, FaHCSIA advised that it had received feedback from parents and stakeholders that the kits were helpful and informative. Anecdotal feedback from parents at school events indicated that some parents felt the inclusion of the pencil case for the children was very useful, as these are items that are always used by children. FaHCSIA further advised that the families website experienced a 'significant spike' in traffic in January and February 2013 (8416 and 6106 visits, respectively) in comparison to visits in October, November and December 2012 (5272, 5145 and 4398 visits, respectively).

### Promotional materials related to the NBN advertising campaigns

9. To support the regional NBN advertising campaign, DBCDE developed 150 information kits which were distributed to volunteer local advocates.<sup>210</sup> In addition, an NBN-related newspaper, titled *Connecting Australia* was published online in June 2012.<sup>211</sup> Copies of the newspaper were also provided to the local advocates. This newspaper showcased regionally-based people who were

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<sup>208</sup> FaHCSIA response to the ANAO, 26 March 2013.

<sup>209</sup> Subsequent FaHCSIA response, 15 April 2013.

<sup>210</sup> The kits were distributed as part of a community engagement program, in which local advocates were to spread campaign messages via their networks, and participate in local events and media, as appropriate.

<sup>211</sup> DBCDE, 21 June 2012, *Connecting Australia – Winter Edition*, accessible via: <<http://www.nbn.gov.au/case-study/connecting-australia-winter-edition/>> [accessed 13 May 2013].

either already on the NBN, or were looking forward to being connected to the NBN. The newspaper was translated into nine languages. These promotional materials were developed as part of broader public relations activities for the campaign, which DBCDE advised cost \$1.34 million (GST included) in the 2011–12 financial year.

10. DBCDE advised that no promotional materials were developed for the first phase of the metropolitan NBN campaign.

### **Promotional materials related to the Commonwealth funding of Victorian hospitals advertising campaign**

11. DoHA advised that no public relations activities or promotional materials were developed for the Commonwealth funding of Victorian hospitals advertising campaign.

### Appendix 3: Examples of Campaign Advertisements

## Household Assistance Package Advertising Campaign

ADVERTISEMENT



If you currently receive a government payment for families and parents, seniors or individuals, some additional help from the Australian Government is headed your way. Millions of Australians will automatically receive an initial payment in their bank account starting from May 2012. It's the first part of the Australian Government's Household Assistance Package. This extra assistance is an adjustment that will become a regular part of your government payment between March next year and early 2014.

Household Assistance Package includes:

- \* An initial payment from May 2012
- \* New tax cuts from 1 July 2012
- \* Increases to regular government payments from March 2013



For more information visit  
**[australia.gov.au/householdassistance](http://australia.gov.au/householdassistance)**  
or call **132 468**

the household  
assistance package

Benefiting those who need it most.

Authorised by the Australian Government, Capital Hill, Canberra.



## Regional NBN Advertising Campaign

Advertisement



Australian Government

The National Broadband Network is already making a difference to education around Australia

"The NBN is delivering new kinds of interactive learning, and it's bridging the gap between regional parts of Australia and the cities. Classes here can now talk to indigenous children 6000 kilometres away in the Tiwi Islands as if they were in the same room... The NBN is giving more people access to better education opportunities."

- Greg Dwyer, School Teacher

#### Facts and benefits:

- The NBN will deliver access to high-speed, reliable broadband to all of Australia.
- The NBN rollout is underway, prioritising regional Australia.
- The NBN will include a range of technologies: optic fibre, fixed wireless and next-generation satellite services.
- Connecting to the NBN is simple.

To find out when the National Broadband Network is coming to your area, visit [australia.gov.au/nbn](http://australia.gov.au/nbn) or call 1800 023 076

Connecting Australia to a better future



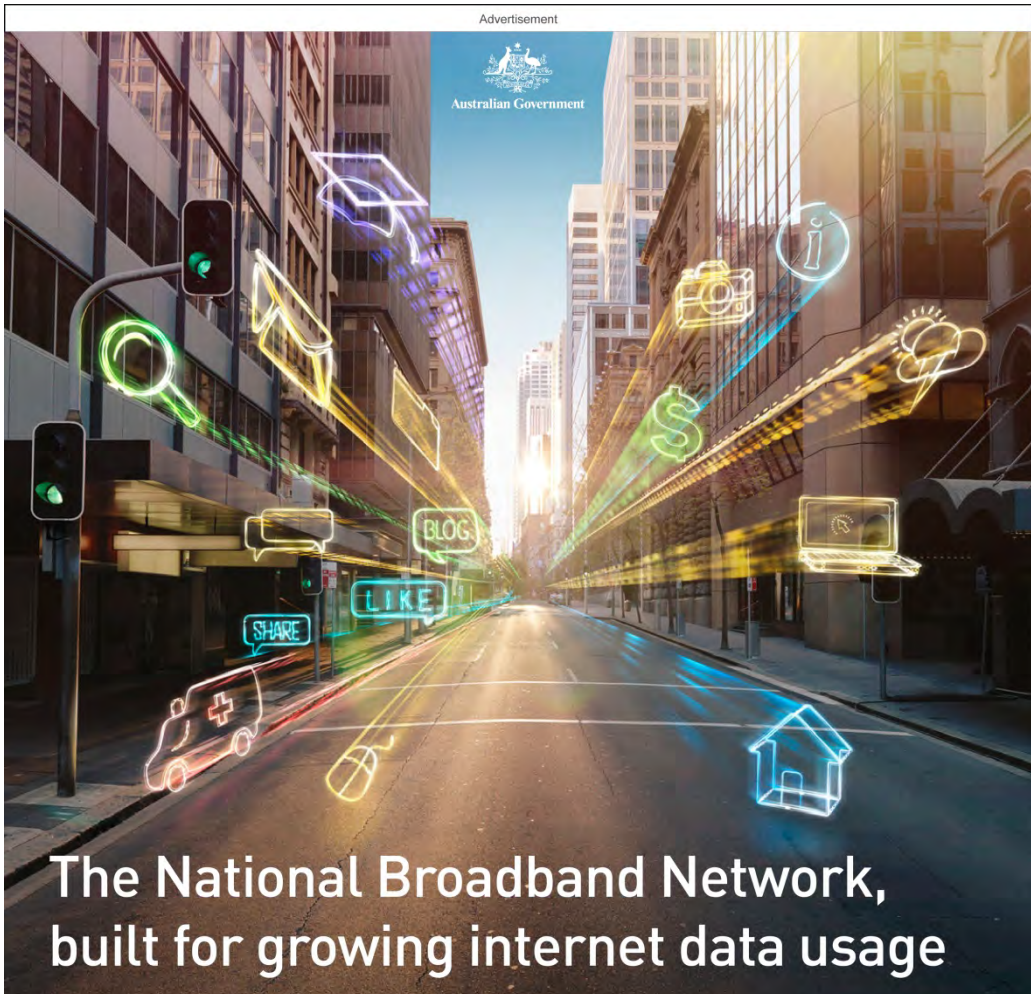
**National  
Broadband  
Network**

Authorised by the Australian Government, Capital Hill, Canberra



## Metropolitan NBN Advertising Campaign

Advertisement



# The National Broadband Network, built for growing internet data usage


The internet has become such an essential part of our lives, it's easy to see why we need a better broadband network. Australian internet data downloads grew by more than 50 per cent in the last year. That's the equivalent of over 829 000 DVDs worth of data downloaded every month and that's why the copper network is struggling to keep up. The NBN will give all Australian homes and businesses access to fast, reliable broadband for today and the possibilities of tomorrow.

The National Broadband Network rollout is underway, find out more at [australia.gov.au/nbn](http://australia.gov.au/nbn) or call 1800 023 076.

**Facts and benefits:**

- The NBN is designed to support Australia's future broadband needs.
- As the optic fibre network is rolled out, it replaces the copper phone network.
- The NBN will support wi-fi in homes and businesses.
- The NBN optic fibre network will be capable of providing broadband speeds up to 40 times faster than ADSL broadband.
- The NBN will help Australians compete in the global economy.

Connecting us to a better future



**National  
Broadband  
Network**

Authorised by the Australian Government, Capital Hill, Canberra

## Commonwealth Funding Of Victorian Hospitals Advertising Campaign

Advertisement

# Injecting \$107m into Victorian hospitals

- This will reverse cuts made by the Victorian Government.
- It means that patients will benefit directly from the Commonwealth's investment which will see funding grow from **\$3.6 billion** in 2012-13 to **\$4.5 billion** in 2015-16. That's an increase of **\$900 million**.



### Paid direct to your local hospital

 Australian Government

Authorised by the Australian Government, Capital Hill, Canberra

www.dia.gov.au

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