

Chapter 3

Nature and extent of government advertising since 1996

3.1 In this chapter of the report, the Committee considers the nature and the extent of Commonwealth government advertising since 1996 with particular reference to:

- major campaigns run;
- comparison with previous federal government practice; and
- justification for government advertising campaigns.

Major campaigns since 1996

3.2 Major government advertising campaigns since 1996 have included campaigns on defence recruitment, the taxation system, pharmaceutical benefits, the republic referendum, national security, Medicare, apprenticeships, domestic violence, lifetime health cover, Smart Traveller, citizenship, regional telecommunications, superannuation co-contributions, breast and cervical screening, Job Network, waste oil, alcohol and illicit drugs, immunisation, tobacco, family assistance benefits and quarantine.¹

3.3 The campaigns are usually conducted through a range of media, including television, radio, newspapers, and magazines, and may also involve direct mail-outs, booklets, posters, websites, focus group testing and other market research.

3.4 The government's most recent major advertising campaign on its proposed industrial relations reforms, the WorkChoices campaign, will involve expenditure of around \$55 million.² This campaign is discussed in detail in the following chapter.

3.5 The following table lists the ten highest spending advertising campaigns between 1991-92 and 2003-04 in descending order, with estimated or budgeted expenditure provided in nominal dollars.³ The expenditure reported refers only to expenditure through the Central Advertising System.

1 See Senator the Hon. Eric Abetz, *Submission 9*, p. 2; Dr Richard Grant, *Research Note No.62*, Parliamentary Library, 21 June 2004, p. 2.

2 *Estimates Hansard*, Senate Finance and Public Administration Legislation Committee, 31 October 2005, p. 75. See the discussion of the confusion in estimated expenditure in this campaign in Chapter 4.

3 The table is derived from Dr Richard Grant, *Research Note No.62*, Parliamentary Library, 21 June 2004, p. 2.

Table 3.1: Major government advertising campaigns, 1991-92 to 2003-04

Program	\$million
Defence Recruitment Campaign (1991-2004)	166.8
A New Tax System (GST) (1998-2000)	118.7
Pharmaceutical Benefits Campaign (2003-)	26
Republic referendum (1998-99)	24.7
National Security Campaign (as at 30 June 2003)	18.5
Strengthening Medicare (2004 -)	15.7
Apprenticeships (1997 -)	15.6
Domestic Violence Campaign (2002-05)	13.7
Lifetime Health Cover (1999-2000)	12.4
Smart Traveller (2003-07)	9.7

Source: *Research Note No.62*, Parliamentary Library, 21 June 2004, p. 2.

Comparison with previous federal government practice

3.6 In evidence to the Committee, Senator Abetz argued that the Australian government's spending on advertising since 1996 was comparable to, if not restrained, by the standards of other governments. He said:

Between 1996 and 2004 the Australian government spent \$929 million on government information programs. This pales in comparison with state government expenditure in the same period, which totalled \$2.15 billion ... The Parliamentary Library figures for the last two financial years of the Keating Labor government show an average spend of \$100 million. In the last two full financial years of the current government, the spend averaged \$106 million. Yet the Carr Labor government of New South Wales, for one state only, spent \$104 million in one year alone, 2000-01. One is therefore tempted to ask rhetorically why it is that only this government is being questioned about spends.⁴

3.7 Senator Abetz's comparisons are misleading. Firstly, the Committee has already demonstrated in Chapter 2 that the figure of \$929 million spent by the Commonwealth government in the period 1996-2004 greatly understates the total expenditure on advertising. Secondly, Senator Abetz's comparison with state

4 Senator the Hon. Eric Abetz, *Committee Hansard*, 19 August 2005, pp 77-78.

governments' advertising expenditure is spurious. Senator Abetz refers to a figure of \$104 million in 2000-01 for the NSW State Government which of course was the year of the Sydney Olympics. By 2001-02 the total expenditure by the NSW Government had fallen to \$86 million.⁵ Thirdly, it is indisputable that state governments have a much greater demand for regular advertising due to the larger range of services they provide to the community. For instance, state government advertising on employment vacancies and government notices is significantly greater than for the Commonwealth Government.

3.8 With regard to previous Commonwealth governments, the Committee notes that when the current federal government was in opposition, it argued that spending on government advertising by the then Keating government was at unacceptable levels. In a press release, then Opposition leader, the Hon. John Howard MP, said:

This soiled Government is to spend a massive \$14 million of taxpayers' money over the next two months as part of its pre-election panic. Judging by information coming from within the public service, if the full communication barrage runs its course it could reach \$50 million. This Government has effectively allowed the Labor Party to get its fingers into the taxpayers' till.⁶

3.9 Given these highly critical comments, it is then hardly a justification for the current excessive use or even misuse of taxpayer funds for Senator Abetz to argue that 'they did it too'.

3.10 In his submission to the Committee, Senator Abetz also compared the nature of the current government's 'information activities' with those run by the previous federal Labor government, and noted that they covered similar issues.⁷

3.11 He advised that federal Labor government advertising between 1988 and 1996 had included campaigns on defence recruitment, youth training and New Start programs, promotion of the Commonwealth Employment Service, AIDS awareness, alcohol and illicit drugs, Medicare, mental health, breast and cervical screening, tobacco, pharmaceutical benefits, citizenship, Aboriginal reconciliation, quarantine, global warming, superannuation, family allowance, industrial relations and working nation, and others.⁸ He said:

From the list above, it is clear that the content of Government campaign [sic] differs very little between Governments. Thus, if the content is not the issue, the only objection could be based on either quantum, which is

5 *The Sydney Morning Herald*, 29 July 2002.

6 Press Release (Hon. John Howard MP), *Auditor-General to examine Government advertising*, 5 September 1995.

7 *Submission 9*, p. 2.

8 *Submission 9*, p. 2.

roughly comparable, or style, which is a matter of individual taste and hardly an objective criteria [sic] upon which to base a judgement.⁹

3.12 There are important questions related to these matters which are not answered merely by appeal to parity with previous government practice. These questions concern the efficiency and effectiveness of government advertising campaigns in meeting the community need by which they are said to be justified.

Justification for government advertising campaigns

3.13 The question at the heart of this inquiry is: can particular expenditures on government advertising and information activities be justified by their meeting identified needs in the community? The two main issues that must be addressed in answering that question are:

- what are the community's information needs and the most efficient strategies for meeting them?; and
- when is government advertising being used for primarily *political* purposes?

Need for and efficiency of campaigns

3.14 The Committee was told that the need for particular advertising campaigns is determined by individual departments and agencies, and their ministers. Having made that determination, the department comes to the Government Communications Unit in PM&C, which will 'facilitate' the development of the campaign. Mr Greg Williams, First Assistant Secretary, People, Resources and Communications Division, PM&C, said that the GCU would assist the department to develop a communication strategy and identify appropriate consultants:

It will look at the communication strategy to see what the message is, what the target audience is and other issues associated with a proper communication strategy. Having gone through that process, the department will put that communication strategy, the related briefs and the lists of consultants up through their minister. When the minister is satisfied with the strategy, the briefs and the lists, they will come to the MCGC [Ministerial Committee on Government Communications].¹⁰

3.15 A more detailed account of this decision making process is provided in Chapter 5. For the purposes of this section of the report, however, the Committee notes that the determination of the need for and nature of the message and the target audience is made initially by departments and their ministers, although the final approval of the campaign itself belongs to the MCGC.

9 *Submission 9*, p. 2.

10 Mr Greg Williams, *Committee Hansard*, 19 August 2005, p. 87.

3.16 In his submission to the inquiry, the Clerk of the Senate, Mr Harry Evans, identified key questions that should arise in relation to each substantial advertising project. They are:

- (1) Is there a clearly-identified need for the information to be conveyed by the project?
- (2) Is the scale of the project appropriate to that need for information?
- (3) Is the project accurately targeted to the people who need the information?
- (4) Does the project clearly and accurately convey the required information?
- (5) Are the means adopted of conveying the information the most efficient for that purpose?
- (6) Is the project conducted in the most economical way of achieving the purpose, that is, is the best value for money achieved?¹¹

3.17 A number of submissions to the inquiry questioned whether some recent government advertising campaigns would satisfactorily answer these threshold questions.

3.18 For example, Dr Sally Young, Lecturer, Media and Communications Program, University of Melbourne, questioned whether advertisements promoting bonus payments to carers and family assistance benefits conveyed in the most efficient possible way information which was directly relevant to only certain segments of the population. She wrote:

We've seen full page newspaper ads that consist mainly of a large photograph of a woman with a child; or an elderly person's hand. These ads contained scant written detail but what was provided was extraordinary. One full page ad for a bonus payment to carers said: 'You do not have to do anything to claim your money ...it will be paid automatically into your bank account ...'. Ads for family assistance said: 'If you were receiving Family Tax Benefit Part (A) ... then you automatically qualify ...'.

How can full-page newspaper ads costing \$25, 000 each be justified when these entitlements are directed at very specific groups (who can be contacted by the relevant department that administers their benefits via letter) and when those groups do not even have to do anything to access their new entitlement?¹²

3.19 Dr Young also criticised other advertisements which, she said, seemed to promote a 'feel-good' message rather than specific information that had been identified

11 Mr Harry Evans, *Submission 6*, p. 1.

12 Dr Sally Young, *Submission 3*, pp 4-5. The same point about the family assistance advertisements was made by Dr Graeme Orr, *Submission 2*, p. 8.

as required by the community.¹³ She cited the example, in this context, of advertising on the environment as did Professor Stephen Bartos, a former Deputy Secretary of the Department of Finance and Administration with responsibility for the Office of Government Information and Advertising. He said:

Environment department television advertising 'lend the land a hand' is virtually devoid of semantic content. Other than the arguably misleading claim that the current government is spending more on the environment than any other (a highly contestable political claim) it consists of frequent repetitions of the title slogan and accompanying images. It is hard to see how this specifically relates to the responsibilities of the department ... This advertising seems designed solely for emotional effect.¹⁴

3.20 The Committee is particularly concerned about the rigour of the process for determining the need for and style of campaigns, given that expenditure on government advertising is not obviously constrained by limits on departmental budgets in this area. The question of the budget and appropriations process for government advertising expenditure is considered in more detail in Chapter 4.

Government advertising and political purposes

3.21 The controversy over government advertising expenditure arises not simply from concern about the efficient use of public funds. It arises because there is a strong concern that government advertising campaigns can be used to promote the government itself. The charge is that some government advertising campaigns amount to a form of party political advertising by stealth, conducted at taxpayers' expense.

3.22 This charge is supported with reference to two related arguments. The first, already outlined above, is that the information content of some advertising campaigns is so slight or unfocused or one-sided, that their main purpose cannot reasonably be considered to be to educate or inform citizens of new policies, entitlements or obligations that affect them.

3.23 Instead, the point of such advertisements is to engender a favourable view of the government itself, or of proposed government initiatives. This objective need not mean that advertisements contain overtly partisan political content, but could be achieved through the accumulation of 'feel-good' images of a government caring for people, the environment and the community.

3.24 This argument is supported by the fact that there is a 'spike' in government advertising in federal election years.

13 *Submission 3*, p. 5.

14 Professor Stephen Bartos, *Submission 7*, p. 4.

Election year 'spikes'

3.25 Dr Graeme Orr expressed this argument in his submission to the Committee. He said:

The now routine, but always dramatic pre-election 'spike' in spending on government advertising is the most damning circumstantial evidence imaginable of the fact that advertising campaigns are being used for political effect. Indeed, the fact that such ads stop during an election campaign is further evidence that they are assumed by all sides to have the potential for partisan effect: if they had no such effect, and if they were truly communicators of impartial information about established legislation and policy, there would be no need to invoke the 'caretaker' convention.¹⁵

3.26 In a similar vein, former NSW Auditor-General, Mr Tony Harris, noted that:

Recent audits of government advertising campaigns in NSW and Victoria and in the Commonwealth have concluded, to employ the views of the Commonwealth auditor-general, that there is a correlation between approaching general elections and the amount of expenditure directed to government advertising.¹⁶

3.27 In his audit of the government's GST advertising campaign prior to the 1998 federal election, the Commonwealth Auditor-General analysed the monthly expenditure on government advertising over the period from 1989-90 to 1997-98. The analysis showed that there were definite 'pre-election spikes'¹⁷ in government advertising spending. In the Auditor-General's words:

The patterns of expenditure shown ...could raise questions in Parliament and the general community about the nature and purpose of government advertising, particularly in the lead up to elections.¹⁸

3.28 In his Research Note for the Parliamentary Library, Dr Richard Grant also concluded that patterns of expenditure on government advertising 'support this claim of pre-election spikes'. He said:

The 1993, 1996, 1998 and 2001 federal elections were preceded by sharp increases in government advertising outlays.¹⁹

3.29 A number of witnesses expressed the view that this pre-election spike in government advertising is of concern, not just because it indicates that the advertising

15 Dr Graeme Orr, *Submission 2*, p. 4.

16 Mr Tony Harris, *Submission 8*, p. 2.

17 Dr Richard Grant, *Research Note No.62*, Parliamentary Library, 21 June 2004, p. 3.

18 Auditor-General, *Taxation Reform: Community Education and Information Programme*, Audit Report No.12, October 1998, p. 28.

19 Dr Richard Grant, *Research Note No.62*, Parliamentary Library, 21 June 2004, p. 3.

in question may be substantially politically motivated, but also because it distorts the system of public funding of elections.

3.30 Dr Sally Young considered that:

Massive spending on government ads is having a very damaging impact on public confidence in politicians and the political process. It is also a serious impediment to fair competition at elections. During an election, the major parties spend around \$13 – \$16 million on political ads. When a party can use government resources to spend over ten times that amount immediately before an election, they are given a massive advantage over opponents. In an era where media management and advertising are seen as crucial to elections, government advertising has become one of the greatest perks of incumbency.²⁰

3.31 Dr Graeme Orr said that:

The amounts of money involved [in government advertising prior to elections] are staggering. They outstrip public funding of election campaigns nine-fold. They thus threaten to outflank the system of public funding of elections, introduced in 1983 to ensure a measure of political equality between all parties and candidates, on the basis of their voter support.²¹

Political use of advertising market research

3.32 It is possible that this so-called 'incumbency benefit' could extend beyond the benefits produced by the advertisements themselves. Research conducted in the development and evaluation of particular advertising campaigns is not made public. This leaves open at least the possibility that such research may be used by the government to inform its party political strategies. Professor Stephen Bartos expressed this concern in the following terms:

Just as important as the actual advertising campaigns is the market research commissioned by departments and agencies. Under the *Guidelines* 'the MCGC considers all significant market research related to information programs or campaigns that is either sensitive or has an expected value of \$100,000 or more'. The research might include surveys, focus groups, opinion polls or other means of evaluating public information.

This information should arguably be made public, as an assurance that it is not in fact being used to bolster party political opinion polling. Similar market research is done by political parties, which use it to assist them to develop and sell policies – this is a proper use for the parties' own funds, not public monies. There is no evidence that government advertising market research is used in this way – but equally, given it is kept confidential, no

20 Dr Sally Young, *Submission 3*, p. 6.

21 Dr Graeme Orr, *Submission 2*, p. 4.

evidence that it is not. Disclosure would provide the level of assurance needed.²²

3.33 The Committee notes that a related issue was discussed by the Auditor-General in his 1998 audit about aspects of the Government's pre-election GST advertising campaign. This concerned the approval for the use of Commonwealth copyright material from publications about A New Tax System by the Liberal and National Parties during the 1998 election campaign.²³

3.34 In his report, the Auditor-General noted that AusInfo was the office within the Department of Finance and Public Administration which administered the Commonwealth's copyright on the program materials developed for the advertising campaign. On 31 August 1998, AusInfo received a request from the Liberal and National parties to reproduce unlimited 'relevant' materials from four publications about A New Tax System.²⁴ The publications were: The New Tax System – Working for Small Business; The New Tax System – GST how it works; A New Tax System – Overview; and, A New Tax System.

3.35 AusInfo provided information to the ANAO indicating that copyright requests normally take up to two weeks to process. In this case, approval for the use of copyright was granted to the Liberal and National parties the following day, on 1 September 1998.²⁵

3.36 The Auditor-General noted that the essential criterion for assessing requests to grant Commonwealth copyright is whether the material requested will be used for an appropriate and/or commercial use. As an election campaign is not a commercial use, AusInfo decided that the licence arrangement with normal copyright conditions could be used. According to the ANAO:

[t]he licensing of Commonwealth copyright for party-political purposes during an election period is an issue beyond the capacity of the broad criteria for assessment normally used for assessing requests for Commonwealth copyright ... The current guidelines therefore allow material developed at significant expense to the taxpayer to be used for party-political purposes during an election period.²⁶

22 Professor Stephen Bartos, *Submission 7*, p.10. See also Professor Stephen Bartos, *Committee Hansard*, 19 August 2005, p. 56.

23 Auditor-General, *Taxation Reform: Community Education and Information Program*, Audit Report No.12, October 1998, pp 48-49.

24 Auditor-General, *Taxation Reform: Community Education and Information Program*, Audit Report No.12, October 1998, p. 48.

25 Auditor-General, *Taxation Reform: Community Education and Information Program*, Audit Report No.12, October 1998, p. 48.

26 Auditor-General, *Taxation Reform: Community Education and Information Program*, Audit Report No.12, October 1998, p. 49.

Government response

3.37 In his evidence to the Committee, however, the Special Minister of State, Senator the Hon. Eric Abetz, rejected the suggestion that any of his government's advertising campaigns have been designed or used for political purposes. Indeed, he disputed both main lines of argument employed by the critics of the government's advertising practice. He disagreed that:

- the content and style of certain advertisements indicates that they have a primarily political purpose; and
- the 'spikes' in expenditure are related in any way to the timing of elections.

3.38 On the first point, Senator Abetz said that the suggestion that any government advertising has a primarily partisan political purpose is 'without any foundation':

Under the Howard Government, information campaigns are not for party political purposes and to conflate the two is, at best, misleading and, at worst, a slander on the name of those fine public servants who oversee the entire process of information campaigns. There is no competition between the two forms of advertising – they are entirely separate and do not cross into each other's territory.²⁷

3.39 He complained that despite the claims made in some submissions that some of the government's advertising had a primarily political purpose, 'nobody has been able to come up with a definition of what might or might not be party political'.²⁸

3.40 On the second point, Senator Abetz argued that the spikes in expenditure on government advertising are related to the timing of the budget cycle, not the timing of elections. He said:

Since 1996, Budgets take place in May and Federal Elections have all taken place in the second half of the year ... Given the confidential nature of Budget planning, policy proposals cannot be sent out for development by advertising agencies before their release on Budget night. The announcement is made in May, but Ministerial approval, research, development of a campaign and finally MCGC approval may take several weeks or even months. Thus it is not surprising to find that many Government campaigns take place in mid-to-late year, but rather it is the expected outcome of the policy-development-production-release timeline ... For that reason, those who seek to read something sinister into the timing of campaigns in the last 6 months before an Election are pre-supposing a level of cynicism and co-ordination that simply does not exist.²⁹

27 Senator the Hon. Eric Abetz, *Submission 9a*, p. 3.

28 Senator the Hon. Eric Abetz, *Committee Hansard*, 19 August 2005, p. 78.

29 *Submission 9a*, p. 3.

3.41 The plausibility of this argument is undermined by the fact that the supposed 'post-Budget' spikes in government advertising expenditure are occurring on a three-year cycle. In other words, it is only after every third Budget that there is a spike in advertising expenditure and these spikes, coincidentally enough, just happen to fall in federal election years.

Conclusion

3.42 The Committee has considered what threshold questions would need to be satisfied in order to justify the considerable expenditure of public funds on these activities. These threshold questions concern matters such as the identified need within the community for the relevant information, the most cost efficient and effective way of communicating with the target audience, and the consideration of alternative methods of communication such as media releases, green papers, letters to affected householders, and so on.

3.43 The Committee notes that these questions seem to be considered, in the first instance, within the government departments and agencies that have carriage of particular advertising campaigns. Reasoned justifications of the need for or evaluation of the effectiveness of government advertising campaigns are not routinely available on the public record.

3.44 On the basis of the information that is in the public domain, therefore, the Committee is unable to satisfy itself that departments adequately considered the threshold questions identified in every case. Further, as will be discussed in the following chapter, the Committee is not satisfied that the system for appropriating funds for government advertising provides any restraint on government spending in this area.

3.45 By contrast, the Committee notes that the new guidelines for government advertising adopted by the Canadian Government³⁰ require the full public disclosure of the reasons for particular campaigns, the target audience, the campaign objectives and evaluation, and full disclosure of the campaign costs.³¹ They also include a commitment by the Canadian government to *reduce* spending on government advertising.³² The Committee will return to these matters in Chapter 7, when it considers possible reforms to the accountability framework for government advertising in this country.

30 See Dr Sally Young, *Submission 3b*, p.1. The Canadian Government guidelines are contained in the *Communications Policy of the Government of Canada*, which is available at http://www.tbs-sct.gc.ca/pubs_pol/sipubs/comm/comm_e.asp (accessed 31 October 2005).

31 *Submission 3b*, pp 13-15.

32 *Submission 3b*, p. 3.

