



Submission No. 3



20 April 2009

Mr Russell Chafer
Committee Secretariat
Joint Committee of Public Accounts and Audit
Parliament House
CANBERRA ACT 2600

Dear Mr Chafer

JCPAA Government Advertising Public Hearing

I refer to your request of 23 March 2009 to provide responses to questions on notice in relation to the Government Advertising Public Hearing.

Should you have any further queries please feel free to contact me on 6203 7393.

Yours sincerely

Michael White
Executive Director
Performance Audit Services Group
Australian National Audit Office

Joint Committee of Public Accounts and Audit
ANSWERS TO QUESTIONS ON NOTICE
PUBLIC HEARING ON THE ROLE OF THE AUDITOR-GENERAL IN
SCRUTINISING GOVERNMENT ADVERTISING (MARCH 2009)

Australian National Audit Office

Topic: Government advertising expenditure

Member: Senator Barnett

Question reference number: 1

Date set by the committee for the return of answer: Friday, 17 April 2009

Question:

What is the total cost of government advertising in the past three years and specifically, what is the cost since November 2007?

Answer:

There is no central record maintained of the total cost of government advertising expenditure over time, however, Performance Audit Report No. 24 2008-09 *The Administration of Contracting Arrangements in relation to Government Advertising to November 2007* examined records of advertising expenditure to June 2008 held by Department of Finance and Deregulation (Finance) and the Department of the Prime Minister and Cabinet. These records indicated that the *media placement costs* of campaign advertising placed through the Central Advertising System (CAS) in the three years to June 2008 was as in the table below. Expenditure from December 2007 to June 2008 was \$48,415,448.

Table 1: Annual expenditure from 2005-06 to 2007-08.

Year	Expenditure
2005-06	\$137,815,387
2006-07	\$196,404,033
2007-08	\$213,446,808
Total	\$547,666,228

Report No. 24 noted the limitation on the data examined and that as such it did not include a range of other advertising related expenditures such as:

- developmental, tracking and evaluative research;
- the development of creative content, including creative and production costs and the payment of royalties;
- concurrent public relations efforts; and
- the translation, printing and distribution of materials.

In addition, the aggregate reported figures included campaign expenditure by a range of organisations that were not departments or agencies. For example, in 2007, *Commonwealth Authorities and Companies Act 1997* bodies such as Australia Post and the Australian National University and *Corporations Act 2001* bodies such as Pork Australia Ltd and Meat & Livestock Australia.

Finance has recently published annual advertising expenditure data in its March 2009 report *Campaign Advertising by Australian Government Departments and Agencies* (p. 7). For the reasons noted above, the figures provided in this answer will not be directly comparable to the expenditure data published by Finance.

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PUBLIC HEARING ON THE ROLE OF THE AUDITOR-GENERAL IN
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Australian National Audit Office

Topic: Government advertising expenditure

Member: Senator Barnett

Question reference number: 2

Date set by the committee for the return of answer: Friday, 17 April 2009

Question:

Of the total cost since November 2007 please provide a breakdown by department or agency, list the top 10 advertising projects, and advise the costs allocated to "market research" and "opinion polling" for those projects.

Answer:

While the ANAO examined government advertising expenditure data for the period to June 2008 during the course of a recent performance audit, the aggregate nature of the data examined did not allow the ANAO to provide a breakdown by department or agency or identify the total expenditure or cost structure of the top advertising projects undertaken since November 2007.

Since the ANAO's audit the Department of Finance and Deregulation (Finance) has published annual advertising expenditure data in its March 2009 report *Campaign Advertising by Australian Government Departments and Agencies* (p. 7).

The ANAO's reviews pursuant to the *Guidelines on Campaign Advertising by Australian Government Departments and Agencies* (the Guidelines) announced in July 2008, only includes proposed information and advertising campaigns by agencies subject to the *Financial Management and Accountability Act 1997* where campaign expenditure was expected to exceed \$250 000. This includes only planned, not actual, expenditure in the context of considering compliance with the Guidelines, and does not require agencies and department to subsequently report actual expenditure.

None of the proposed research expenditure has been described by agencies or departments as "opinion polling". Proposed research is generally characterised as developmental research, creative concept testing or tracking research.

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PUBLIC HEARING ON THE ROLE OF THE AUDITOR-GENERAL IN
SCRUTINISING GOVERNMENT ADVERTISING (MARCH 2009)

Australian National Audit Office

Topic: Government advertising expenditure

Member: Senator Barnett

Question reference number: 3

Date set by the committee for the return of answer: Friday, 17 April 2009

Question:

What criteria is used to assess the "appropriateness" of the market research and opinion polling, and specifically what assurances can be given that these initiatives are not being used for "political" purposes?

Answer:

The ANAO conducts reviews of proposed Government advertising campaigns for their compliance with the Government's *Guidelines on Campaign Advertising by Australian Government Departments and Agencies* (the Guidelines). The criteria used to assess campaigns are the matters specified at paragraphs 11 to 24 of the Guidelines.

Accordingly, the ANAO will examine research conclusions tendered by departments with regard to the extent that it is relevant to the proposed campaign's compliance with the Guidelines. At times, departments may provide additional research in response to issues arising in the course of a review.

In this context, it is important to note that the ANAO does not conduct a general examination of the production and use of market research by departments. The focus of the ANAO's examination is the research's relevance to demonstrating a particular campaign's compliance with Guidelines. For this reason, the ANAO is unable to comment more broadly on the use of market research by departments.

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