



THE AUDIT OFFICE  
OF NEW SOUTH WALES

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Mr Paul McLeay MP  
Chair  
Public Accounts Committee  
Legislative Assembly  
Parliament House, Macquarie Street  
SYDNEY NSW 2000



23 October 2008

Dear Mr McLeay

**Examination of Auditor-General's Performance Audit Report  
Government Advertising**

We have reviewed the submission provided by the Department of Commerce concerning the recommendations in the above performance audit report. Attachment 1 lists the report's recommendations.

Following tabling of the report, we were pleased that the Director-General of the Department of Commerce indicated he accepted five of the twelve recommendations relating to the Department, and that the remaining recommendations were being considered. The Director-General Department of Premier and Cabinet indicated she accepted one of the two recommendations relating to the Department of Premier and Cabinet and the remaining recommendation was being considered.

We note that to date only the Director-General of the Department of Commerce has made a submission to the Public Accounts Committee in response to your current examination. This shows the progress being made in implementing the report recommendations. We have not substantiated the Department's submission. Our assessment of whether the responses address the issues raised in the original report along with an assessment of progress against the original timeline is provided in attachment 2.

I plan to forward a copy of this correspondence to the Director-General of the Department of Commerce for his information.

I am happy to provide any further assistance the Committee may need in completing its examination.

Yours sincerely

Peter Achterstraat  
Auditor-General

attachments

## Attachment 1

### Recommendations

#### Improve transparency

We recommend that the Department of Commerce:

1. publish a whole-of-government report on government advertising each year that includes: (page 20)
  - a) total expenditure on campaign advertising
  - b) total expenditure on non-campaign advertising
  - c) a list of campaigns over \$50,000 by agency, the total cost of each, and an indicator of those that have been peer reviewed
  - d) case studies of the impact of a sample of campaigns.
2. post on its website each month a list of the campaigns approved by Cabinet or under delegation by the Minister for Commerce, and the proposed cost of each (page 20)
3. recommend in the government advertising guidelines that agencies post on their website information on campaigns including the total cost, justification, audience and campaign objectives (page 20).

#### Issue guidelines

We recommend that the Department of Commerce:

4. publish by December 2007 the government advertising guidelines it has drafted, incorporating the recommendations in this report (page 24)
5. include in the government advertising guidelines more detailed criteria for judging whether material may inappropriately serve party political interests, such as those in Appendix 3 (page 30)
6. advise agencies to consider including an audit of campaigns for compliance with the government advertising guidelines in their internal audit programs (page 30)
7. maintain the two month pre-election quarantine period (page 30).

#### Improve the review and approval process

We recommend that the Department of Commerce:

8. ensure that all required campaign documents are forwarded to Cabinet (page 26)
9. require agencies to document in their final submission to Cabinet how they have considered all matters rated two or three (refer Exhibit 10) in the peer review report (page 27)
10. introduce a formal feedback mechanism to ensure that peer reviewers are aware of how agencies review and respond to issues raised in the peer review report (page 27)
11. amend the peer review report to require peer review teams to document any issues or concerns regarding compliance with the government advertising guidelines, including party political matters (page 30).

12. We recommend that the Department of Premier and Cabinet, in conjunction with the Department of Commerce, better define the criteria used to determine which campaigns may be approved under delegation by the Minister for Commerce (page 27).

#### Ensure all campaign documents are available for Cabinet

13. We recommend that the Department of Premier and Cabinet ensure that a full set of campaign papers including the agency's original submission and peer review report are available during the relevant meeting of Cabinet (page 26).

## Attachment 2 - Department of Commerce

Recommendation	Action steps address issue?	Reported progress
1	Yes. Reported activity is consistent with intent of recommendation	Recommendation accepted. The Department has not indicated whether it will publish the required whole of government report for the financial year ended 30 June 2008.
2	Partly. Reported activity is not entirely consistent with intent of recommendation	Recommendation accepted. We accept that there may be commercial sensitivities about releasing cost information before campaigns are completed.
3	Yes. Reported activity is consistent with intent of recommendation	Recommendation accepted. The revised Government Advertising guideline was published in August 2008, along with a covering Premier's Memorandum (M2008-15).
4	Yes. Reported activity is consistent with intent of recommendation	Recommendation accepted. We recommended that the Government Advertising guideline be released by December 2007. It was published in August 2008, along with a covering Premier's Memorandum (M2008-15).
5	Partly. Reported activity is mostly consistent with intent of recommendation	Recommendation accepted. The revised Government Advertising guideline was published in August 2008, along with a covering Premier's Memorandum (M2008-15). We are pleased to note that the new guideline covers most of our recommendations and the principles and criteria in our report appendix 3. There are minor exceptions as follows: <ul style="list-style-type: none"> <li>▪ The new guideline does not recognise that the timing, frequency or environment in which advertising occurs may influence judgements on appropriateness</li> <li>▪ The new guidelines omit 2 of our 4 general guidelines: <ul style="list-style-type: none"> <li>○ material should be relevant to government responsibilities and policies (the new guideline refers to government policy priorities which is subtly different)</li> <li>○ material should be produced in a way that achieves best value and follows due process.</li> </ul> </li> <li>▪ The new guideline omits 2 of our 12 criteria to judge whether public funds should be spent on advertising:</li> </ul>

Recommendation	Action steps address issue?	Reported progress
		<ul style="list-style-type: none"> <li>○ Material should be presented in a manner free from partisan promotion of government policy and political argument, in unbiased and objective language</li> <li>○ Advertisements touching on politically controversial issues should not reach the public unsolicited except where information directly affects their interests.</li> </ul>
6	Yes. Reported activity is consistent with intent of recommendation	Recommendation accepted. Completed
7	Yes. Reported activity is consistent with intent of recommendation	Recommendation accepted. Completed
8	Yes. Reported activity is consistent with intent of recommendation	Recommendation accepted. Completed
9	Yes. Reported activity is consistent with intent of recommendation	Recommendation accepted. Completed
10	Yes. Reported activity is consistent with intent of recommendation	Recommendation accepted. Completed
11	Yes. Reported activity is consistent with intent of recommendation	Recommendation accepted. Completed
12	Partly. Reported activity is not entirely consistent with intent of recommendation	<p>Recommendation accepted.</p> <p>While the criteria for the Minister approving campaigns under delegation has been revised, it still does not give a value for a low cost campaign.</p> <p>The revised criteria states: low production and media costs, required on a regular or ongoing basis, or repeat advertising that is proved to be effective.</p>