

**INQUIRY INTO FOLLOW UP OF AUDITOR-GENERAL'S  
PERFORMANCE AUDIT REPORTS OCTOBER 2009 TO  
SEPTEMBER 2010**

**Organisation:** Department of Premier and Cabinet  
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**Theme:**

**Summary**



Premier  
& Cabinet

LAC 11/050

2011/48419

4 AUG 2011

Mr Jonathan O'Dea  
Chair  
Public Accounts Committee  
Legislative Assembly  
Parliament of NSW  
Macquarie Street  
Sydney NSW 2000

Dear Mr O'Dea

**RE: Auditor - General's Report on Government Advertising**

I refer to your letter of 6 July 2011 regarding the recommendations of the Auditor-General's *Report on Government Advertising*, tabled December 2009. This letter is also in reply to your correspondence to The Treasury and to the Department of Finance and Services.

Please find attached the response to each of the Auditor-General's recommendations. Updated NSW Government Advertising Guidelines were issued in June 2010, incorporating the changes recommended in the report.

As our response demonstrates, the government is committed to the continual improvement of its advertising processes and policies to ensure the highest level of accountability, accuracy and economic efficiency.

The Department of Premier and Cabinet and The Treasury provide agencies with clear instructions and support to ensure they are aware of their obligations in relation to advertising activities.

Should you have any questions or require further information on this matter please contact Mr Alun Probert, Director, Strategic Communications and Government Advertising on (02) 9228 3454 or by email [alun.probert@dpc.nsw.gov.au](mailto:alun.probert@dpc.nsw.gov.au).

Yours sincerely

Chris Eccles  
Director General

**Performance Audit - Government Advertising  
Implementation of Recommendations**

	Recommendation	Accepted / Rejected	Actions	Status
1	To improve accountability for publicly funded advertising, it is recommended that the Guidelines will be revised by 31 January 2010 to:			
	a) define the roles and responsibilities of the Cabinet, Ministers, ministerial staff and chief executives in government advertising	Accepted	Updated NSW Government Advertising Guidelines (published at: <a href="http://advertising.nsw.gov.au/advertising/advertising-guidelines">http://advertising.nsw.gov.au/advertising/advertising-guidelines</a> ) clearly define roles and responsibilities for advertising. Issued by Premier's Memorandum 10 June 2010.	Complete
	b) require chief executives to certify in writing that:  i) the proposed campaign complies with the Guidelines and relevant government policies  ii) the purpose and need for the campaign has been supported by departmental analysis and appropriate research	Accepted	Updated Advertising Guidelines require certification of advertising submissions by Directors General (DG) or Chief Executive (CE).  The Advertising Submission template (published at <a href="http://advertising.nsw.gov.au/advertising/advertising-review-approval/overview">http://advertising.nsw.gov.au/advertising/advertising-review-approval/overview</a> ) that is prepared and submitted for approval of advertising campaigns requires the DG or CE certify that:  <ul style="list-style-type: none"> <li>• the proposed advertising complies with the NSW Government Advertising Guidelines and related financial management and procurement policies;</li> <li>• the advertising contains accurate information that can be substantiated;</li> <li>• the proposed advertising achieves value for money in production and placement;</li> <li>• the purpose of and need for the campaign has been informed by appropriate analysis and research; and</li> </ul> The certification reflects their own views, independent of any Ministerial direction on campaign design or implementation as it relates to method, medium and volume of advertising.	Complete
	c) include the chief executive's certification, confirmation that the campaign proposal reflects their views which are independent of any Ministerial direction on campaign design and implementation	Accepted		Complete
	d) require agencies to complete an economic appraisal on campaigns with a budget of \$1 million or more and include the results in the submission to Cabinet.	Accepted	Updated Advertising Guidelines require Agencies to undertake a cost benefit analysis or other appropriate economic appraisal of advertising campaigns with a total budget of \$1 million or more.  The economic appraisal is submitted as part of the Cabinet Minute.  Specific Economic Appraisal Guidance for Government Advertising was prepared and issued to agencies by Treasury on 15 September 2010: <a href="http://www.treasury.nsw.gov.au/data/assets/pdf_file/0011/18569/TC10-11_dnd.pdf">http://www.treasury.nsw.gov.au/data/assets/pdf_file/0011/18569/TC10-11_dnd.pdf</a>	Complete

	Recommendation	Accepted / Rejected	Actions	Status
2	To better manage the risk of publicly funded advertising being used inappropriately, it is recommended from 31 January 2010:			
	a) all publicly funded campaigns over \$50,000 be subject to peer review, except statutory and regulatory notices (such as changes in public transport timetables and road closures)	Accepted	Updated Advertising Guidelines to reflect that all advertising over \$50,000 other than Public Notices are subject to Peer Review and Cabinet approval.	Complete
	b) the peer review panel include a member independent of government for public awareness campaigns covering whole of Government initiatives. The peer review panel should specifically attest that the campaign would not be seen as party political and is not excessive	Accepted	Updated Advertising Guidelines note that the Peer Review of advertising campaigns for whole of government initiatives shall include a reviewer independent of the public sector.  The peer reviewers report any identified issues of compliance to the Advertising Guidelines.	Complete
	c) peer review working papers be maintained as part of the campaign file to form an audit trail.	Accepted	Since December 2009, as part of the management of Peer Reviews, working papers are filed by Strategic Communications and Government Advertising (SCGA) along with correspondence and materials relating to Peer Review of the campaign.	Complete
3	To ensure the accuracy of statements made in publicly funded advertisements, we recommend from January 2010, agencies include evidence that substantiates claims made in advertising in its submission to Cabinet.	Accepted	Updated Advertising Guidelines and the supporting advertising submission template require that DG or CE attest that submitted advertising contains accurate information that can be substantiated.	Complete
4	To improve transparency, it is recommended that DSTA report monthly on its website, each government advertising campaigns and its cost once complete, from January 2010.	Accepted in part	Department of Premier & Cabinet publishes the media costs for all government advertising on a quarterly basis on its SCGA website: <a href="http://advertising.nsw.gov.au/advertising/advertising_expenditure">http://advertising.nsw.gov.au/advertising/advertising_expenditure</a>  Quarterly reporting is a more effective use of resources whilst ensuring the public has appropriate access to information about campaigns.	Complete
5	To prevent future conflicts of interest, we recommend that the Government Advertising group in DSTA do not design and implement campaigns on behalf of other agencies or the Government.	Accepted	Update to the Advertising Guidelines to confirm that SCGA does not develop advertising campaigns on behalf of any agency or the Government.	Complete.