

**Submission  
No 15**

**EXAMINATION OF THE AUDITOR-GENERAL'S  
PERFORMANCE AUDIT REPORTS DECEMBER 2014  
- JUNE 2015**

**Organisation:** Sydney Opera House  
**Name:** Ms Louise Herron  
**Position:** Chief Executive Officer  
**Date Received:** 20 July 2016



18 July 2016

Mr Bruce Notley-Smith MP  
Chair  
Legislative Assembly Public Accounts Committee  
Parliament of NSW  
Macquarie Street  
SYDNEY NSW 2000

Dear Mr Notley-Smith,

I refer to your letter dated 20 June 2016 regarding the Auditor-General's report, *Government Advertising 2015*, tabled 22 June 2015. As requested, I enclose a submission to the Public Accounts Committee outlining the Sydney Opera House's response to this report.

The Opera House is a symbol of the nation, one of the world's busiest performing arts centres and Australia's premier tourist destination. It is a not-for-profit, Public Trading Enterprise that generates around 86 per cent of its operational revenue through commercial programming, tours, food and beverage, retail and venue hire.

Advertising and marketing drive these activities, which in 2015-16 resulted in more than 1.5 million people attending over 2,000 shows at the Opera House, more than 400,000 people taking a guided tour of the building and about 2.5 million food and beverage and retail transactions across the site. Advertising supports the Opera House's national and international profile, and the depth of engagement of local and international audiences and visitors with Opera House experiences. In 2013, a Deloitte Access Economics report estimated the Opera House's annual contribution to the national economy at \$775 million, and its cultural and iconic value to Australia at \$4.6 billion.

Participation in the performance audit has enabled the Opera House to refine its marketing, advertising and reporting processes, which aligns with the organisation's priority to streamline its business operations. The Opera House has implemented measures in response to all recommendations in the Auditor-General's report, as outlined in the attached document.

The audit process delivered valuable improvements to the Opera House's business. However, it was resource intensive for a business unit tasked with achieving ambitious financial and attendance targets. The Opera House marketing and finance teams estimate that the audit process required a total of about 90 hours of work.

We look forward to continuing to work with the Department of Premier and Cabinet to meet government advertising requirements, and to support the achievement of the Opera House's advertising and commercial objectives.

Kind regards,

Louise Herron AM  
Chief Executive Officer

*Encl. Summary of Sydney Opera House's Implementation of Recommendations – Government Advertising 2015*

## IMPLEMENTATION OF RECOMMENDATIONS

### Sydney Opera House (SOH) Government Advertising 2015

	Recommendation	Accepted or Rejected	Actions to be taken	Due Date	Status (completed, on-track, delayed) Comment	Responsibility
1	SOH should ensure its marketing procurement practices are consistent with its policies to better demonstrate value for money in procuring its advertising services.	Accepted	<p>a) Adopt the government central Media Agency Services (MAS) contract for media planning and buying</p> <p>b) From 1 July 2015, the majority of SOH advertising will be purchased through this service, rather than directly.</p>	Dec 2015	<p><b>Complete</b></p> <p>SOH transitioned to Universal McCann (UM) from 1 July 2015, with 90% now purchased via UM. The remaining 10% directly purchased for campaigns under \$5k, which UM won't cover, or where activity is inefficient to undertake via UM.</p> <p>These exceptions are covered by SOH's Advertising Campaigns Policy.</p> <p>SOH will undertake a review of value for money.</p>	Digital Marketing Manager
2	SOH should implement six monthly reviews of procurement practices to ensure staff are complying with them, particularly in relation to issuing free tickets in conjunction with procurement.	Accepted	SOH will undertake six monthly reviews of procurement practices regarding issuing free tickets in conjunction with procurement.	Dec 2015	<p><b>Complete</b></p> <p>Process is in place to submit reviews to the SOH Procurement Review Panel (PRP) each June and December.</p> <p>First report submitted to December 2015 PRP by Head of Marketing.</p>	Head of SOHP Marketing
3	SOH should use the government central MAS contract for media planning and buying.	Accepted	<p>Refer to 1 above:</p> <p>Adopt the government central Media Agency Services (MAS) contract for media planning and buying.</p>	Dec 2015	<p><b>Complete</b></p> <p>Refer to 1 above.</p>	Digital Marketing Manager
4	SOH should report back to DPC on campaign expenditure and outcomes	Accepted	Share post campaign evaluation reports, including expenditure data, with DPC at the	Dec 2015	<p><b>Complete</b></p> <p>Post campaign report (PCR)</p>	Head of SOHP Marketing

	at the completion of each advertising campaign.		completion of relevant campaigns.		template prepared for peer reviewed campaigns. Vivid 2015 and FODI 2015 PCRs provided to DPC.	& Chief Marketing Officer
5	SOH should formalise its existing campaign management processes to set out minimum requirements for managing advertising campaigns.	Accepted	Formalise existing documented campaign processes and practices into an overarching Advertising and Marketing Campaign Management Policy, including digital media content management.	Dec 2015	<b>Complete</b> Advertising Campaigns Policy was approved by SOH CEO and Executive Team. Announced to staff and effective from March 2016.	Policy Officer & Head of SOHP Marketing
6	SOH should include procedures to ensure it complies with government advertising requirements, and internal processes align with the certification statement for government advertising campaigns. This would also facilitate consistent and complete documentation.	Accepted	To be incorporated in updated procedures for managing advertising campaigns, within the overarching Advertising and Marketing Campaign Management Policy.	Dec 2015	<b>Complete</b> Advertising Campaigns Policy was approved by SOH CEO and Executive Team. Announced to staff and effective from March 2016.	Policy Officer & Head of SOHP Marketing
7	Cluster agencies should establish policies and procedures to govern their digital media content to ensure it is accurate and appropriate prior to publishing.	Accepted	Refer to 5 above. Digital media content management to be encompassed within overarching Advertising and Marketing Campaign Management Policy.	Dec 2015	<b>Complete</b> Social Media Policy was approved by SOH CEO and Executive Team. Announced to staff and effective from June 2016.	Policy Officer & Digital Marketing Manager
8	Cluster agencies should review their own policies [in relation to sponsorship] and ensure they comply with ICAC guidelines and DPC policy, and address potential risks specific to their agency in relation to sponsorship and other similar arrangements.	Accepted	SOH will update its sponsorship policies to reflect current practices, including the ICAC guidelines [and DPC policy], by December 2015.	Dec 2015	<b>Complete</b> Sponsorship Policy was approved by SOH CEO and Executive Team. Announced to staff and effective from March 2016.	Policy Officer & Chief Marketing Officer, with Head of Partnerships