
New South Wales Auditor-General's Report

Performance Audit

Government Advertising 2012–13

Department of Premier and Cabinet

NSW Ministry of Health – Cancer Institute NSW

Transport for NSW – Rail Corporation NSW



The role of the Auditor-General

The roles and responsibilities of the Auditor-General, and hence the Audit Office, are set out in the *Public Finance and Audit Act 1983*.

Our major responsibility is to conduct financial or 'attest' audits of State public sector agencies' financial statements. We also audit the Total State Sector Accounts, a consolidation of all agencies' accounts.

Financial audits are designed to add credibility to financial statements, enhancing their value to end-users. Also, the existence of such audits provides a constant stimulus to agencies to ensure sound financial management.

Following a financial audit the Audit Office issues a variety of reports to agencies and reports periodically to parliament. In combination these reports give opinions on the truth and fairness of financial statements, and comment on agency compliance with certain laws, regulations and government directives. They may comment on financial prudence, probity and waste, and recommend operational improvements.

We also conduct performance audits. These examine whether an agency is carrying out its activities effectively and doing so economically and efficiently and in compliance with relevant laws. Audits may cover all or parts of an agency's operations, or consider particular issues across a number of agencies.

Performance audits are reported separately, with all other audits included in one of the regular volumes of the Auditor-General's Reports to Parliament – Financial Audits.

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In accordance with section 38E of the *Public Finance and Audit Act 1983*, I present a report titled **Government Advertising 2012–13: Department of Premier and Cabinet, NSW Ministry of Health – Cancer Institute NSW, Transport for NSW – Rail Corporation NSW**.

A handwritten signature in black ink that reads 'Peter Achterstraat'.

Peter Achterstraat

Auditor-General

23 September 2013

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Executive summary

Background

Government advertising is used to inform the community of government services and programs and any changes to them. It is also used to address social and health issues by influencing behaviours, such as anti-smoking campaigns. However, the important role played by government advertising can be undermined by any suggestion that it serves party political interests.

Our performance audits in 2007 and 2009 found that the government advertising guidelines that were applicable at the time were not adequate to prevent the use of public funds for party political purposes. Our reports led to progressive improvements in these guidelines. The government advertising guidelines issued in May 2010, which adopted most of the key recommendations of our 2009 performance audit report, were the most robust to date.

The new government advertising requirements are contained in four documents that came into effect on 5 October 2012:

- the *Government Advertising Act 2011*
- the Government Advertising Regulations
- the NSW Government Advertising Guidelines
- the NSW Government Advertising Handbook.

The most significant change is that the Act introduced a mechanism to recover money from political parties if they breach the prohibition on political advertising. In addition, the Act requires the Auditor-General to conduct a performance audit of the activities of one or more government agencies in relation to government advertising campaigns of the agency in each financial year.

Under the Act, the Auditor-General must determine whether a government agency is carrying out activities in relation to government advertising campaigns effectively and doing so economically and efficiently and in compliance with the Act, the regulations, other laws and the guidelines. The Auditor-General may also determine that the content or other circumstances of a government advertising campaign breaches section 6 of the Act, which prohibits political advertising.

In addition to the statutory performance audit described above, this audit also assessed whether the new government advertising requirements have been effectively introduced by the Department of Premier and Cabinet (DPC).

This is the first performance audit we have conducted under these new obligations. It examined campaigns planned and implemented while the new frameworks were still being bedded down. Our findings and conclusions should be read in that context.

Our future performance audits, especially the one covering the 2014-15 period, will provide a more complete assessment of the effectiveness of the new framework in operation on a wider range of campaigns, including capturing advertising in the run up to the next State election in March 2015.

In this first performance audit under the new arrangements we examined:

- The Cancer Institute NSW's activities in relation to the Break the Chain advertising campaign
- Rail Corporation NSW's activities in relation to the Fixing the Trains recruitment advertising campaign.

Of the 14 government advertising campaigns that had been approved since the Act commenced, we chose the agency (Ministry of Health) that had the most campaigns approved. The Cancer Institute NSW's Break the Chain advertising campaign was selected because it was the highest cost of this agency's campaigns and therefore more likely to be required to address all the government advertising requirements.

The Auditor-General decided to select the second campaign through public consultation. We received 60 responses to a survey on the Audit Office website. The Rail Corporation NSW recruitment advertising campaign, Fixing the Trains, received the highest number of votes and became the second campaign selected for review.

Conclusion

We assessed the activities of the two agencies in relation to their government advertising campaigns in 2012-13 and tested compliance by tracking a campaign through from development to dissemination.

The Cancer Institute NSW has carried out its activities in relation to the Break the Chain advertising campaign effectively and has done so economically and efficiently. It has complied with the requirements of the Act, the regulations, other laws and the government advertising guidelines.

Rail Corporation NSW has carried out its activities in relation to the Fixing the Trains recruitment advertising campaign effectively and has done so economically and efficiently. It has complied with the requirements of the Act, the regulations, other laws and the government advertising guidelines.

Neither of the two advertising campaigns we reviewed breached section 6 of the Act, which prohibits political advertising. That is, neither campaign:

- was designed to influence (directly or indirectly) support for a political party
- contained the name, or gave prominence to the voice or any image, of a Minister, any other member of Parliament or a candidate nominated for election to Parliament
- contained the name, logo or any slogan of, or any other reference relating to, a political party.

The government advertising requirements were published by DPC at the same time the Act commenced on 5 October 2012.

However, some advice and information to agencies was inconsistent and some supporting material had not been updated.

It is important that this information is up to date and consistent to ensure compliance. DPC has revised the handbook and updated all supporting material.

Supporting findings

Cancer Institute NSW – Break the Chain

The campaign strategy and approach was effective because it used extensive research and targeted media placement to achieve its objectives. The Cancer Institute NSW used an economical and efficient approach by adopting an existing federal government campaign, saving time, money and resources in not developing new campaign material.

The Cancer Institute NSW has complied with the government advertising requirements listed in Appendix 1 that apply to it and to the Break the Chain advertising campaign.

Rail Corporation NSW – Fixing the Trains recruitment

Rail Corporation NSW's management processes were effective in recognising weaknesses in the initial media strategy and quickly taking steps to place the advertisements in national newspapers to ensure that the target audience would be reached and the advertising effort was not wasted. This was achieved efficiently and economically within the approved budget.

Rail Corporation NSW has complied with the government advertising requirements listed in Appendix 1 that apply to it and to the Fixing the Trains advertising campaign.

The government advertising handbook contains additional requirements that are not in the Act, regulations or guidelines. This includes addressing the needs of culturally and linguistically diverse communities by placing advertisements in ethnic and indigenous media. We found that Rail Corporation NSW did not meet this requirement. Its campaign advertising submission did not address the needs of culturally and linguistically diverse communities and it did not place any advertisements in ethnic and indigenous media.

Introduction of the government advertising requirements

The government advertising requirements were promptly released when the *Government Advertising Act 2011* commenced on 5 October 2012. However, some inconsistencies were found in the guidance and supporting material.

Parts of the handbook were not consistent with the Act and the Premier's Memorandum which introduced the new requirements. The Department of Premier and Cabinet (DPC) also had not updated some supporting material to ensure it was consistent with the requirements. This caused minor confusion about the requirements for peer review, approval and procurement. In response to us raising these issues, DPC has revised the handbook and supporting material.

In regard to recruitment and public notice advertising, since it generally requires little or no creative design and production work, DPC developed a simplified approach to reduce the administrative burden on agencies and DPC. However, the simplified process did not include all government advertising requirements and has been withdrawn. We support DPC's current proposal to develop a more efficient process for the review of some types of advertising campaigns as long as the requirements are met.

We found that while the procurement rules in the handbook for engaging creative agencies comply with government procurement policy, they are different to the general government procurement requirements. The handbook requires agencies to seek quotes from three creative agencies if the estimated cost of the campaign is more than \$150,000, irrespective of the value of the creative work. DPC advised that it has reviewed the procurement approach to ensure it is consistent with general government procurement reforms in readiness for the release of a new creative advertising agency prequalification scheme. Agencies need to be made aware of the differences in the procurement approach for advertising, particularly when the new scheme commences.

Campaigns estimated to cost more than \$1 million must be approved by the Cabinet Standing Committee on Communication and Government Advertising. DPC approves campaigns estimated to cost \$1 million or less or may refer them to the Cabinet Standing Committee for approval. The criteria used to make these decisions, while well understood by some DPC staff, are not documented. Clarifying criteria for these decisions would ensure consistency in decision making when key staff are on leave. The reason for the decision is not routinely advised to the affected agency, but is available on request.

We found that the Executive Director Strategic Communications Branch in DPC had approved two DPC campaigns (estimated at \$148,000 and \$518,532). Since both of these campaigns were below \$1 million they did not require approval by the Cabinet Standing Committee. DPC has recognised that there is a risk of a potential conflict of interest in this arrangement and its approach has been to implement an independent peer review for any advertising campaigns initiated by the Strategic Communication Branch. We think that this is an appropriate approach, but could be further strengthened by giving the chair of the peer review panel the role to review how DPC has addressed any issues raised by the peer review.

In June 2013, the government advertising regulations were amended to allow compliance certificates to be issued by a delegate of the agency head for selected routine campaigns where the estimated cost is not likely to exceed \$50,000. This provides a more efficient way to approve routine campaigns. We support this change.

Recommendations

The Department of Premier and Cabinet should, by October 2013:

1. advise agencies of key changes to the handbook and supporting material, and in particular the procurement rules as part of the launch of the new creative advertising agency prequalification scheme (page 21)
2. document the criteria for determining whether a campaign estimated at \$1 million or less is approved by DPC or referred to the Cabinet Standing Committee (page 22)
3. for all advertising campaigns initiated by DPC that are peer reviewed, ensure that the peer review chair reviews its acquittal of any issues raised in peer review and provides an independent written assurance of the appropriateness of the campaign to the Director General (page 22).

Response from the Department of Premier and Cabinet



Premier
& Cabinet

2013-312111

Mr Peter Achterstraat
Auditor-General
Audit Office of New South Wales
GPO Box 12
Sydney NSW 2001

6 SEP 2013

Dear Auditor-General ^{ptw}

Thank you for the opportunity to respond to the performance audit on government advertising 2012-13.

The Department of Premier and Cabinet (DPC) welcomes the audit and the decision to conduct performance audits annually as it is important to independently review government advertising activities and processes.

I note that the two campaigns you examined received positive findings in terms of the effectiveness and efficiency of the activities and their compliance with all advertising requirements. This affirms DPC's role in implementing improvements to the governance of public sector advertising, delivering quality media arrangements and providing sound advice to agencies.

DPC has made progressive improvements since 2007 to the documented advertising requirements for NSW Government agencies. The NSW requirements for government advertising are already more robust in comparison to other Australian jurisdictions including the Commonwealth. The recommendations in the audit report provide a sound basis for further enhancing the clarity and transparency around government advertising.

As you state, information on advertising requirements must be kept up to date to avoid any confusion by agencies regarding their obligations. As you acknowledge, DPC acted quickly to correct the minor inconsistencies identified within the NSW Government Advertising Handbook (the handbook) and supporting materials. I confirm that as you have recommended, specific advice has been issued by DPC to agencies to clarify the current advertising requirements. Where these may change from time to time, DPC will issue further specific advice to agencies.

The Department of Finance and Services, through NSW Procurement, has responsibility for the timeline to establish the new scheme for engaging creative advertising services. Once in place, DPC will ensure that agencies are clearly informed of the procurement rules associated with the scheme.

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Your report noted that where DPC initiates campaigns, it has already introduced specific processes to ensure the peer review is completely independent and is conducted without any risk of conflict of interest. Your suggestion to strengthen the approach; with the chair of the peer review reporting to me how any issues raised at the peer review have been addressed, has already been adopted as working practice. This has been formally implemented by inclusion in the handbook.

DPC has documented the criteria for determining whether a campaign estimated at \$1 million or less is approved by DPC or referred to the Cabinet Standing Committee on Communications and Government Advertising.

Finally I wanted to highlight your analysis of the trends in government advertising expenditure and the consistent decline in spending since 2010-11. As your report noted, in 2012-13, government agencies spent around \$60 million in the media, the lowest it has been for 14 years.

This demonstrates our strong commitment to the reduction in advertising expenditure and reflects our ongoing efforts to increase media buying efficiencies and encourage the use of new, lower cost communication technologies.

Once again thank you for the opportunity to respond to the audit.

Yours sincerely



Chris Eccles
Director General

Response from the Ministry of Health – Cancer Institute NSW



D13/773

Mr Peter Achterstraat
Auditor-General
Level 15, 1 Margaret Street
SYDNEY NSW 2000

Dear Auditor-General

Re: Performance Audit — Government Advertising

Thank you for providing your final report of the Audit on Government advertising and for the invitation to provide a formal NSW Health response.

The ability of the Cancer Institute NSW to deliver effective anti-tobacco campaigns is critical to achieving targets for reducing the burden of smoking on public health in NSW, and closing the gap in health outcomes for Aboriginal people in comparison with non-Aboriginal people.

It was pleasing to note the Audit findings on the Institute's *Break the Chain* anti-tobacco advertising campaign that the campaign strategy and approach were effective, and that the campaign was effectively, economically and efficiently undertaken.

As there are no recommendations for the Cancer Institute NSW or for NSW Health more generally, I will not be seeking to include any formal comment in the final report.

Thank you again for the opportunity to respond to the Audit. Should you require any further information the Cancer Institute contact is Professor David Currow, Chief Cancer Officer at the Cancer Institute NSW on 8374 5601 and the NSW Ministry of Health contact is Ms Deborah Hyland, Director, Strategic Relations and Communications on 9391 9642.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Mary Foley'.

Dr Mary Foley
Director General

9. 9. 13

NSW Ministry of Health
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Response from Transport for NSW – Rail Corporation NSW



Our Ref: DG13/14998

Mr Peter Achterstraat
Auditor-General
Audit Office of NSW
GPO Box 12
Sydney NSW 2001

Dear Mr Achterstraat

I write to you concerning the Performance Audit into Government Advertising, specifically regarding the Rail Corporation NSW activities in relation to the Fixing the Trains recruitment advertising campaign.

Transport for NSW welcomes the Audit Office of NSW's report's findings, showing the Rail Corporation of NSW used the approved budget efficiently and economically, while complying with the government advertising handbook.

The Fixing the Trains recruitment program is a crucial part of the NSW Government's plan to provide two customer-centred train operators, focussed on providing reliable safe and modern train services across the state. The recruitment process is well underway, with key appointments already placed within the two operators. Further personnel appointments will continue throughout the year as the operators become more established.

Transport for NSW supports the Performance Audit and will continue to work cooperatively with the Audit Office and the Department of Premier in Cabinet in accordance with the report's recommendations.

Yours sincerely

A handwritten signature in black ink that reads 'Les Wielinga'.

Les Wielinga
Director General
Transport for NSW

06.09.13

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Introduction

1.1 What is government advertising?

Government advertising is used to inform the community of government services and programs and any changes to them. It is also used to address social and health issues by influencing behaviours, such as anti-smoking campaigns.

A wide range of media, including television, radio, internet, telephone and print can be used for government advertising. Social media is also beginning to be used in government advertising campaigns. There has recently been a transfer of some types of government advertising, such as government tenders and job advertisements, from high cost print media to lower cost online services.

The *Government Advertising Act 2011* (the Act) defines government advertising campaigns as the dissemination to members of the public of information about a government program, policy or initiative, or about any public health or safety matter that is:

- funded by or on behalf of a government agency, and
- disseminated under a commercial advertising distribution agreement by means of radio, television, the Internet, newspapers, billboards, cinemas or other media.

The Act states that a government advertising campaign must not be designed so as to influence (directly or indirectly) support for a political party.

1.2 The government advertising requirements in New South Wales

Our performance audits in 2007 and 2009 found that government advertising guidelines applicable at the time were not adequate to prevent the use of public funds for party political purposes. This led to improvements in these guidelines, with the May 2010 version being the most robust. This version adopted most of the key recommendations of our 2009 performance audit report.

The Act commenced on 5 October 2012 and was accompanied by the government advertising regulations (the regulations), government advertising guidelines (the guidelines) and the government advertising handbook (the handbook). These requirements replaced the previous government advertising guidelines.

The intent of the Act is to ensure that government advertising spending is managed responsibly, is used for a proper public purpose, and to reduce the risk that taxpayer-funds would be used inappropriately for party political purposes.

The guidelines provide details of the requirements for peer reviews and cost benefit analyses. They establish principles on the style and content of government advertising campaigns. The handbook covers most of the remaining elements of the previous guidelines, including approval requirements.

See Appendix 1 for a list of the government advertising requirements contained in the Act, regulations, guidelines and handbook.

1.3 What has changed since our 2009 report on government advertising?

The following key events have occurred since our 2009 performance audit report on government advertising:

- our 2009 *Government Advertising* report recommendations were accepted in March 2010
- NSW Lotteries was sold in March 2010, reducing the government's average annual spend on media by approximately \$19 million (see Exhibit 1)
- more robust government advertising guidelines were issued in May 2010
- the NSW State election was held in March 2011, and the new Premier announced a 25 per cent reduction in government advertising spend over four years
- from October 2011, press advertising of government tenders ceased and went online using the government tenders website
- the *Government Advertising Act 2011* commenced on 5 October 2012
- new government advertising requirements were introduced by Premier's Memorandum M2012-12 on 5 October 2012.

1.4 How much is spent on government advertising in New South Wales?

In 2012-13, government agencies spent nearly \$62 million in the media. This is a significant amount of money, but is the lowest it has been for 14 years.

The annual cost of media expenditure peaked at \$116.3 million in 2007-08. Since then, media spending has steadily decreased. Exhibit 1 shows data on media placement expenditure across government agencies from 1999-2000 to 2012-13 with overlays indicating the timing of key events.

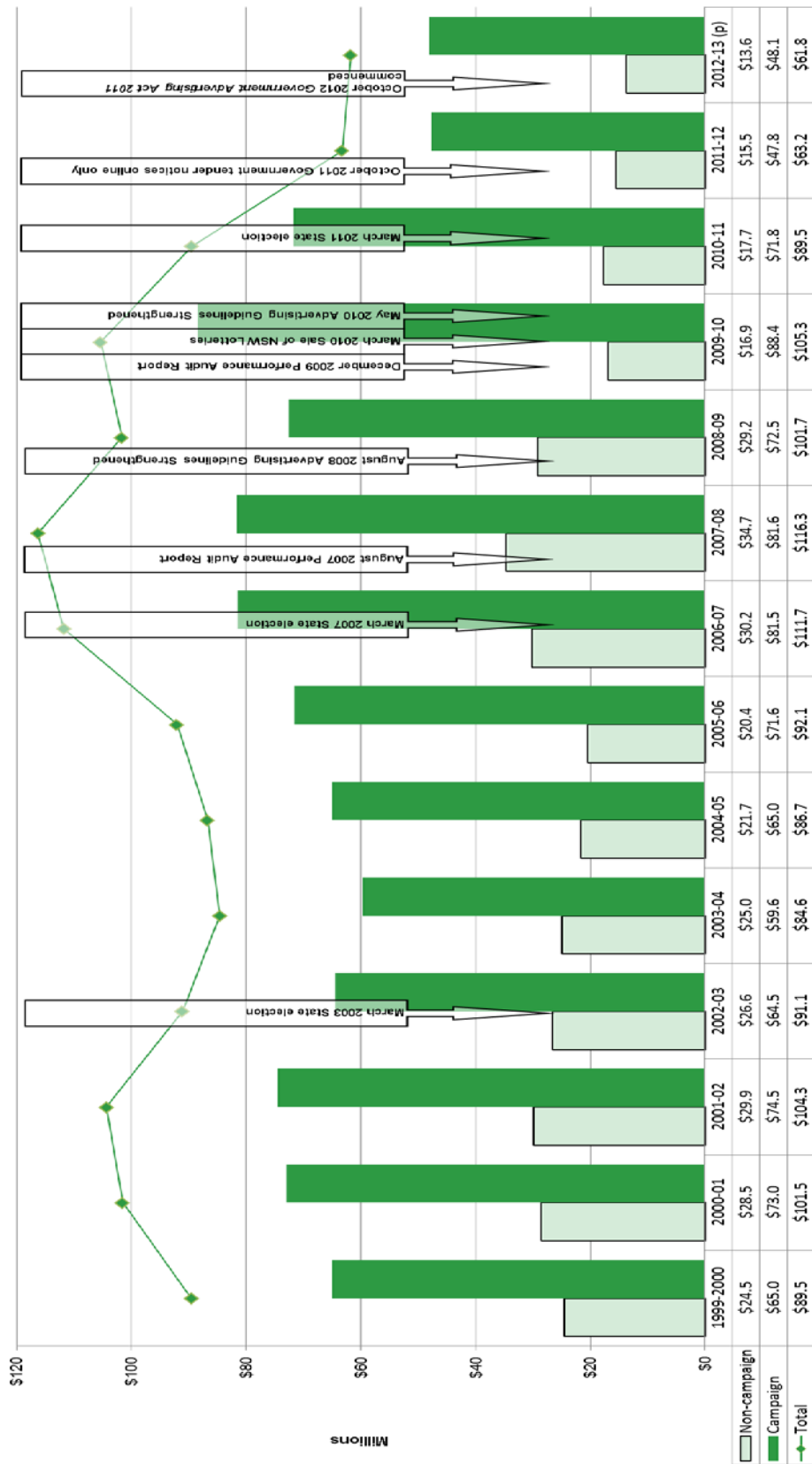
1.5 Is recruitment advertising covered by the requirements?

Recruitment advertising, where it appears under a commercial advertising distribution agreement, is covered by the government advertising requirements.

The guidelines and the handbook state that advertising may be used to achieve objectives such as recruiting staff.

Media placement spending of nearly \$62 million in 2012-13 is the lowest for 14 years

Exhibit 1: Government campaign and non-campaign media placement expenditure 1999–2000 to 2012–13



Source: Department of Premier and Cabinet and Audit Office Research 2013.

Notes: These costs do not include all costs to government agencies for advertising. That is, they do not include costs for development and production of the creative elements of advertising campaigns.

(p) Data is provisional for 2012-13.

Key findings

2. Assessment of the Cancer Institute NSW's activities in relation to the Break the Chain advertising campaign

Findings and conclusion:

The campaign strategy and approach was effective because it was evidence-based using extensive research and targeted media placement to achieve its objectives. The Cancer Institute NSW has used an economical and efficient approach by licensing this campaign, which was successfully conducted by a federal government agency, at no cost to New South Wales, rather than spending time, money and resources developing new campaign material.

The Cancer Institute NSW has complied with the government advertising requirements listed in Appendix 1 that apply to it and to the Break the Chain advertising campaign.

The peer review rated this campaign highly. It was endorsed by the Chief Executive of the Cancer Institute NSW and was approved by the Cabinet Standing Committee on Communication and Government Advertising.

The Cancer Institute NSW has carried out its activities in relation to the Break the Chain government advertising campaign effectively and has done so economically and efficiently. It has complied with the requirements of the *Government Advertising Act 2011*, the regulations, other laws and the government advertising guidelines.

The Break the Chain advertising campaign has not breached section 6 of the Act which prohibits political advertising.

The Cancer Institute NSW

The Cancer Institute NSW is Australia's first State-wide, government-funded cancer control agency. The Cancer Institute NSW was established in July 2003 through the *Cancer Institute (NSW) Act 2003* to lessen the impact of cancer in New South Wales.

The Cancer Institute NSW outlines its goals and objectives for cancer control in the NSW Cancer Plan 2011–15. Under the NSW Cancer Plan, an overarching goal is to reduce tobacco smoking. To achieve this, a key activity is the development, implementation and evaluation of mass media public education campaigns.

Description of the Break the Chain advertising campaign

Break the Chain is an advertising campaign aimed at reducing smoking rates in the Indigenous community. This advertising campaign has an approved budget of \$1,968,000 (\$1,223,353 in 2012-13 and \$744,647 in 2013-14). The campaign commenced in February 2013 and will run to September 2013.

The following was used to support the need for the Break the Chain advertising campaign:

Tobacco is the largest cause of preventable death and disease in our community. Smoking increases the risk of many cancers, and causes many cardiovascular and respiratory diseases. In NSW, smoking causes 20 per cent of all cancer deaths (a total of more than 6,600 deaths each year), as well as about 150 public hospital admissions every day.

Since 2003, NSW has reported a 6.7 percentage point decline in smoking prevalence, representing approximately 156,000 fewer smokers; however, 14.7 per cent of NSW adults still smoke.

Tobacco smoking is responsible for 12.1 per cent of the total burden of disease among Aboriginal Australians, and one-fifth of deaths. In NSW, Aboriginal smoking rates are significantly higher than the state average, reported at 33.9 per cent versus 14.7 per cent. In 2010-11, there were also 1,587 smoking-attributable hospitalisations per 100,000 Aboriginal people; this rate was nearly three times higher than that of non-Aboriginal people.

According to the Cancer Institute NSW, research shows that mass media campaigns (with a television component) are still one of the most effective means to encourage quitting, especially when they are supported by back-up services and resources for smokers.

Exhibit 2: Image from the Break the Chain press advertisement



Source: Cancer Institute NSW 2013.

The Break the Chain advertising campaign was developed by the federal Department of Health and Ageing. The Cancer Institute NSW has licensed this campaign material for use in New South Wales at no cost. The campaign consists of a 45-second television commercial, two 30-second radio commercials and a press advertisement. The television campaign depicts a young Aboriginal woman reflecting on her own experiences of smoking, and how smoking has impacted on her life and the lives of those close to her. The woman is seen holding a family photograph and talking about how she quit smoking because she didn't want her kids growing up thinking death and disease were normal. The call to action is her encouraging others to quit smoking as she has, to break the chain in the high prevalence of smoking across generations.

The Break the Chain advertising campaign was under-way at the time of the audit.

Summary of findings and conclusion

The campaign strategy and approach was effective because it was based on research and targeted media placement to achieve its objectives. The Cancer Institute NSW used an economic and efficient approach by using existing campaign material developed by a federal government agency, at no additional cost to New South Wales, therefore saving time, money and resources.

The Cancer Institute NSW prepared an economic appraisal (cost benefit analysis) that assessed the cost effectiveness of its total \$9.25 million media spend covering all proposed advertising campaigns in 2012-13. This showed a minimum benefit to cost ratio of more than seven to one, was endorsed by NSW Treasury, and was used to support the Break the Chain campaign.

A core responsibility of the Cancer Institute NSW is the development, implementation and evaluation of mass media public education campaigns. Taking a strategic approach in preparing an economic appraisal that covers all proposed advertising campaigns that will be run from its annual media budget is effective and efficient. It demonstrated an integrated approach to its advertising activities and was undertaken once, at the beginning of the year for all its campaigns. This approach also enabled the Cancer Institute NSW to gain early approval of its budget for proposed campaigns to more effectively plan and purchase its advertising and ensure consistency of campaigning throughout the year.

The peer review rated this campaign highly. It was endorsed by the Chief Executive of the Cancer Institute NSW and was approved by the Cabinet Standing Committee on Communication and Government Advertising.

The Cancer Institute NSW and the Auditor-General have not received complaints about the advertising campaign breaching the Act, regulations, guidelines, handbook or other laws.

We note that this campaign was exempted from the government's ethnic and indigenous media advertising requirements as it targets Aboriginal smokers.

The Cancer Institute NSW has carried out its activities in relation to the Break the Chain advertising campaign effectively and has done so economically and efficiently. It has complied with the requirements of the *Government Advertising Act 2011*, the regulations, other laws and the government advertising guidelines.

The Break the Chain advertising campaign has not breached section 6 of the Act which prohibits political advertising. That is, the campaign:

- was not designed to influence (directly or indirectly) support for a political party
- did not contain the name, or give prominence to the voice or any image, of a Minister, any other member of Parliament or a candidate nominated for election to Parliament
- did not contain the name, logo or any slogan of, or any other reference relating to, a political party.

3. Assessment of Rail Corporation NSW's activities in relation to the Fixing the Trains recruitment advertising campaign

Findings and conclusion:

Rail Corporation NSW's management processes were effective in recognising weaknesses in the initial media strategy and quickly taking steps to place the advertisements in national newspapers to ensure that the target audience would be reached and the advertising effort was not wasted. This was achieved efficiently and economically within the approved budget.

Rail Corporation NSW has complied with the government advertising requirements listed in Appendix 1 that apply to it and to the Fixing the Trains advertising campaign.

The government advertising handbook contains additional requirements that are not in the Act, regulation or guidelines. They include addressing the needs of culturally and linguistically diverse communities by placing advertisements in ethnic and indigenous media.

We found that Rail Corporation NSW did not meet this requirement. Its campaign advertising submission did not address the needs of culturally and linguistically diverse communities and it did not place any advertisements in ethnic and indigenous media.

Rail Corporation NSW has carried out its activities in relation to the Fixing the Trains recruitment advertising campaign effectively and has done so economically and efficiently. It has complied with the requirements of the Act, the regulations, other laws and the government advertising guidelines.

The Fixing the Trains advertising campaign has not breached section 6 of the Act, which prohibits political advertising.

Rail Corporation NSW

Rail Corporation NSW (RailCorp) is a government entity constituted under the *Transport Administration Act 1988* (NSW) and is an agency under the Transport for NSW department portfolio. RailCorp's aims are to deliver a safe and reliable rail passenger service in New South Wales, and to ensure the rail network provides safe and reliable passenger and freight services.

In fulfilling its aims, RailCorp is required, under the *Passenger Transport Act 1990* (NSW), to contract with the Director General, Transport for NSW, who is responsible for the coordination of transport services, infrastructure, policy and planning in New South Wales. The goal is to support the government's objectives of delivering rail services. As part of this arrangement, a protocol is in place for the development and approval of campaign advertising.

Description of the Fixing the Trains advertising campaign

In May 2012, the Minister for Transport announced the Fixing the Trains initiative which splits RailCorp into two organisations - Sydney Trains and NSW Trains - effective from 1 July 2013. To accomplish this, around 450 management positions were created in the two new organisations to be filled by both internal (RailCorp) and external personnel following a recruitment program.

The Fixing the Trains advertising campaign was developed to promote the recruitment program and the reform of RailCorp.

The campaign advertising material listed five organisational categories where positions were available, being customer service, operations, corporate, safety, environment, quality and risk, and maintenance. In some advertisements, the types of roles in each of the organisational categories were also outlined in more detail. Those interested in getting detailed information on individual positions were directed to a purpose built website, where position descriptions were provided for each available position and applications could be lodged. While the advertising campaign was relatively inexpensive (\$160,000) when compared to the overall budget for the recruitment program (\$8 million), it was a key element for attracting the right candidates.

Exhibit 3: Image from Fixing the Trains press advertisement

Yours
Future
Ours
Change here.

A once in a generation reform

There's a bright new future for railways in NSW and you can be part of it. We're creating two world-class organisations with one shared goal – to give customers the service they deserve, every day, without fail. Sydney Trains and NSW Trains represent real and exciting change.

To realise this vision, we're recruiting literally hundreds of passionate, committed leaders and senior managers from across the public and private sectors to join Sydney Trains and NSW Trains. We will select the very best managers and staff to 'fix the trains', put customers first, and make a very real difference.

As part of our Senior Management teams, you will play a key role in bringing our vision to life and making it work. We have openings now for skilled and experienced leaders and senior managers in each of our five business areas. Go to www.yourfuture.transport.nsw.gov.au now to find your future career with us.

Customer Service

At the heart of our organisational reform is the customer. They come first. In every way. Our new customer service division is poised to spearhead big changes – from the station platform to head office. We are asking with both hands the chance to raise the customer service benchmark to new levels.

There are an unprecedented number of openings for senior managers with experience in leading large-scale cultural change in a customer environment. We are looking for seasoned professionals who can drive customer improvement initiatives, and skilled senior people managers who have what it takes to guide our staff to meet customer expectations.

SEQ & Risk

We will drive best practice standards in Safety, Environment, Quality and Risk management by integrating our SEQ and Risk management into all areas of our business. SEQ and Risk disciplines will drive business excellence and become a benchmark to which all other organisations will aspire.

We're looking for seasoned SEQ and Risk leaders and professionals – people with experience in human performance, workplace and rail operational safety, integrated systems and assurance management, who support sound risk-based business decisions.

Operations

Every single day we operate thousands of train services that have to run like clockwork. Our customers expect and deserve safe, frequent, reliable and clean train services. We require operational excellence, whether planning or delivering these services.

To be successful, your career should demonstrate experience in large-scale operations, industrial production, or transport management and logistics. You should have a commitment to excellence, a capacity to think laterally and an ability to drive continuous improvement in a complex operational environment. You will have a demonstrated ability to work as part of a team, to show initiative and to challenge, motivate and lead a large and diverse workforce.

Maintenance

We deliver more than a million rail journeys each day, with a fleet of nearly 1500 electric and diesel carriages, travelling on more than 1500 kilometres of mainline track, and stopping at more than 370 stations. With an annual maintenance spend of over \$1.2 billion, we are determined to become the leader of our industry.

We need experienced senior leaders and managers from the public and private sectors with commercial, engineering, planning and project skills; people with a commitment to best practice and the ability to lead a geographically dispersed team. We are seeking senior managers from all Engineering and Asset Management disciplines including systems and control, civil, electrical, signalling and design.

Corporate

We also need to reform how we do business by changing the way we do things, re-inventing our approach to business, thinking differently and being responsive. Injecting new thinking and driving organisational improvement and efficiency are key to these roles.

We are looking for senior leaders and managers to lead and manage Finance, IT, Legal, Communications, Procurement and Plant Hire, Internal Audit, Workforce Management and Culture, and support our operating divisions.

APPLY NOW!

Be part of this unique transformation. To see the diverse range of roles now available at Sydney Trains and NSW Trains. Closing date: Saturday 23 February 2013.

NSW Transport Sydney Trains

www.yourfuture.transport.nsw.gov.au

NSW Transport NSW Trains

Source: Rail Corporation NSW 2013.

The advertising campaign ran from 2 February 2013 to 2 March 2013 and appeared in regional, Sydney metropolitan and national newspapers. Advertisements were also placed on two career-specific (engineering and finance) private sector websites over a two-week period in February 2013.

Summary of findings and conclusion

The campaign strategy, including choice of media channels, changed after the Chief Executive approved the campaign submission and after the campaign had commenced.

RailCorp recognised a weakness in the initial media strategy because it did not include national newspapers. It quickly changed the media mix to ensure that the target audience would be reached. This was achieved efficiently and economically within the approved budget.

The Department of Premier and Cabinet provided RailCorp with a simplified submission template and peer review process which it developed for recruitment and public notice advertising. However, this process did not meet all the government advertising requirements and has been withdrawn by DPC. For example, the submission template provided to RailCorp did not require it to address campaign management issues or alert it that it should seek an exemption if not complying with some requirements. As a result, the documents supporting RailCorp's advertising proposal did not provide a budget breakdown, an assessment of the risk of running the advertising campaign, and did not address stakeholder consultation and consideration of culturally and linguistically diverse audiences.

RailCorp and the Auditor-General have not received complaints about the advertising campaign breaching the Act, regulations, guidelines, handbook or other laws.

RailCorp failed to comply with the government's ethnic and indigenous media advertising requirements, and did not seek an exemption for placing advertisements in ethnic and indigenous media.

Rail Corporation NSW has carried out its activities in relation to the Fixing the Trains recruitment advertising campaign effectively and has done so economically and efficiently. It has complied with the requirements of the Act, the regulations, other laws and the government advertising guidelines.

The Fixing the Trains advertising campaign has not breached section 6 of the Act, which prohibits political advertising. That is, the campaign:

- was not designed to influence (directly or indirectly) support for a political party
- did not contain the name, or give prominence to the voice or any image, of a Minister, any other member of Parliament or a candidate nominated for election to Parliament
- did not contain the name, logo or any slogan of, or any other reference relating to, a political party.

4. Have the new government advertising requirements been effectively introduced?

Finding: The government advertising requirements were released at the same time as the *Government Advertising Act 2011* commenced on 5 October 2012. However, some inconsistencies were found in the guidance and supporting material to agencies.

Parts of the handbook were not consistent with the Act and the Premier's Memorandum which introduced the new requirements. The Department of Premier and Cabinet (DPC) also had not updated some supporting material to ensure it was consistent with the new requirements. This caused minor confusion about the requirements for peer review, approval and procurement. In response to us raising these issues, DPC has revised the handbook and supporting material.

In regard to recruitment and public notice advertising, since it generally requires little or no creative design and production work, DPC developed a simplified approach to reduce the administrative burden on agencies and DPC. However, the simplified process did not include all government advertising requirements and has been withdrawn. We support DPC's current proposal to develop a more efficient process for the review of some types of advertising campaigns as long as the requirements are met.

We found that while the procurement rules in the handbook for engaging creative agencies comply with government procurement policy, they are different to the general government procurement requirements. The handbook requires agencies to seek quotes from three creative agencies if the estimated cost of the campaign is more than \$150,000, irrespective of the cost of the creative work.

Campaigns estimated to cost more than \$1 million must be approved by the Cabinet Standing Committee on Communication and Government Advertising. DPC approves campaigns estimated to cost \$1 million or less or may refer them to the Cabinet Standing Committee for approval. The criteria used to make these decisions, while well understood by DPC staff, are not documented. Clarifying criteria for these decisions would ensure consistency in decision making when key staff are on leave.

We also found that the Executive Director Strategic Communications Branch in DPC had approved two DPC campaigns (estimated at \$148,000 and \$518,532). Since both of these campaigns were below \$1 million they did not require approval by the Cabinet Standing Committee. DPC has recognised that there is a risk of a potential conflict of interest in this arrangement and its approach has been to implement an independent peer review for any advertising campaigns initiated by the Strategic Communication Branch. We think that this is an appropriate approach, but could be further strengthened by giving the chair of the peer review panel the role to review how DPC has addressed any issues raised by the peer review.

In June 2013, the government advertising regulations were amended to allow compliance certificates to be issued by a delegate of the agency head for selected routine campaigns where the estimated cost is not likely to exceed \$50,000. This provides a more efficient way to approve routine campaigns.

The role of the Department of Premier and Cabinet

The Department of Premier and Cabinet (DPC) is the lead agency for government advertising policy and requirements. The Strategic Communications Branch in DPC:

- coordinates and oversees planning, review and approval of government advertising
- manages the peer review and approvals process including preparing the agenda for meetings of the Cabinet Standing Committee on Communication and Government Advertising
- coordinates media buying and placements
- provides guidance on advertising processes and policies
- provides advice and assistance to agencies regarding use of advertising suppliers, research and evaluation approaches and reviews of costs of production
- manages the panel of approved creative advertising agencies.

The operation of the *Government Advertising Act 2011*, the government advertising regulations (the regulations), and the government advertising guidelines (the guidelines) commenced on 5 October 2012. Premier's Memorandum M2012-12 was released the same day to advise agencies of the new government advertising requirements and the release of the government advertising handbook (the handbook). These requirements replaced the previous government advertising guidelines.

Recent change: Agency head compliance certification

The Act requires agency heads to issue a certificate stating that in their opinion the advertising campaign complies with the Act, regulations and guidelines before the campaign can commence, no matter what its purpose or cost. Recruitment and public notice advertisements are also captured by this requirement of the Act.

In June 2013, the government advertising regulations were amended to allow compliance certificates to be issued by a delegate of the agency head for selected, routine campaigns where the estimated cost is not likely to exceed \$50,000. The amendment introduces the definition of "routine campaigns", such as notices of service changes, community announcements, recruitment and tender/procurement notices.

This provides a more efficient process for agencies to gain approval of these types of routine campaigns. We support this change.

Summary of findings

Published information

The handbook contained some information that was inconsistent with the Act and guidelines and DPC had not updated some supporting material, including the peer review and website information that agencies rely on.

For example, the handbook stated that peer reviews were required for new advertising campaigns over \$50,000 rather than all campaigns over \$50,000. It also stated that the Executive Director Strategic Communications Branch retained the discretion to determine not to conduct a peer review on repeat campaigns as was previously the case. This discretion was removed under the Act and the document was not updated accordingly. The Act requirement is unconditional.

DPC has advised that all submissions over \$50,000 in the period since the Act commenced have been peer reviewed.

In response to the Audit Office raising these issues with DPC, it has revised the handbook and all supporting material. DPC should now advise agencies of the updates and the key changes to clarify requirements.

Recommendation

The Department of Premier and Cabinet should by October 2013 advise agencies of key changes to the handbook and supporting material.

Simplified process for recruitment and public notice campaigns

Following the commencement of the Act, DPC introduced a simplified submission template and peer review process for recruitment and public notice advertising.

In regard to recruitment and public notice advertising, since it generally requires little or no creative design and production work, DPC developed a simplified approach to reduce the administrative burden on agencies and DPC. However, the simplified process did not include all government advertising requirements and has been withdrawn.

For example, the submission template did not require agencies to:

- seek an exemption if not complying with some requirements
- provide a budget breakdown
- assess the risk of running the advertising campaign
- address stakeholder consultation
- consider culturally and linguistically diverse audiences.

We support DPC's current proposal to develop a more efficient process for the review of some types of advertising campaigns as long as the requirements are met.

Procurement rules for engaging creative agencies are different to the general government procurement rules

The handbook requires agencies to seek quotes from at least three creative agencies that are part of the Strategic Communications Branch prequalification scheme where the estimated total campaign cost exceeds \$150,000, irrespective of the cost of the creative work.

In contrast, the general government procurement requirements use the estimated cost of the consultancy (creative work) as the threshold, requiring one quotation if the estimated cost is less than \$30,000, three quotations if the estimated cost is between \$30,000 and \$150,000, and open tenders if the estimated cost is more than \$150,000.

DPC advised that it has reviewed the procurement approach to ensure it is consistent with general government procurement reforms in readiness for the release of a new creative advertising agency prequalification scheme. Agencies need to be made aware of the differences in the procurement approach for advertising, particularly when the new scheme commences.

Recommendation

The Department of Premier and Cabinet should by October 2013 advise agencies of the advertising procurement rules as part of the launch of the new creative advertising agency prequalification scheme.

Criteria for submission to the Cabinet Standing Committee

All campaigns estimated at more than \$1 million must be approved by the Cabinet Standing Committee on Communication and Government Advertising.

DPC approves campaigns estimated at \$1 million or less or may refer them to the Cabinet Standing Committee for approval. The criteria used to make these decisions, while well understood by DPC staff, are not documented. Clarifying criteria for these decisions would ensure consistency in decision making when key staff are on leave.

The reason for the decision is not routinely advised to the affected agency, but is available on request.

Recommendation

The Department of Premier and Cabinet should by October 2013 document the criteria for determining whether a campaign estimated at \$1 million or less is approved by DPC or referred to the Cabinet Standing Committee.

Reducing perceived conflicts of interest

The Executive Director Strategic Communications Branch has approved nine campaigns since the Act commenced, including two campaigns (estimated at \$148,000 and \$518,532) initiated by DPC. Since both of these campaigns were below \$1 million they did not require approval by the Cabinet Standing Committee.

In relation to the two DPC campaigns, the Executive Director Strategic Communications Branch advised the audit team that an independent peer review panel was engaged to oversee the peer reviews.

The Strategic Communication Branch has a dual role in DPC. It is the regulator for government advertising across government. It is also the initiator for some DPC advertising campaigns, such as those that have a whole of government focus. This dual role may give rise to a potential conflict of interest and was an issue that was raised in our 2009 report on government advertising. When the Strategic Communication Branch was part of the former Department of Services, Technology and Administration, it had addressed the issue by removing the initiator role from Strategic Communication Branch. Since then, the Strategic Communication Branch has been moved into DPC and again given the occasional role to initiate DPC advertising campaigns.

DPC has recognised that there is a risk of a potential conflict of interest in this arrangement and its approach has been to implement an independent peer review for any advertising campaigns initiated by the Strategic Communication Branch. All peer review members are independent of DPC and one member of the panel is independent of government. We think that this is an appropriate approach, but could be further strengthened by giving the chair of the panel the role to review how DPC has addressed any issues raised by the peer review.

In its regulatory role for other agencies, Strategic Communication Branch ensures that any issues raised in peer review are appropriately addressed by the agency and that the acquittal of these issues is documented.

Recommendation

The Department of Premier and Cabinet should by October 2013 for all advertising campaigns initiated by DPC that are peer reviewed, ensure that the peer review chair reviews its acquittal of any issues raised in peer review and provides an independent written assurance of the appropriateness of the campaign to the Director General.

Appendices

Appendix 1: Government advertising requirements

Requirement	Responsibility	Act	Regulations	Guidelines	Handbook	Is the requirement applicable to the agency and / or the selected campaign?	
						Cancer Institute NSW - Break the Chain	RailCorp NSW – Fixing the Trains
Do the agency's procedures in relation to government advertising activities comply with requirements of the <i>Government Advertising Act 2011</i> , regulations, guidelines and the handbook?	Agency					✓	✓
Is the selected campaign a government advertising campaign?	Agency	✓	✓	✓	✓	✓	✓
Is the agency subject to the government advertising requirements?	Agency	✓			✓	✓	✓
The selected campaign has not breached section 6 of the Act, which prohibits political advertising, because it: <ul style="list-style-type: none"> was not designed to influence (directly or indirectly) support for a political party did not contain the name, or give prominence to the voice or any image, of a Minister, any other member of Parliament or a candidate nominated for election to Parliament did not contain the name, logo or any slogan of, or any other reference relating to, a political party. 	Agency	✓			✓	✓	✓
Did the agency seek costed proposals from at least 3 creative agencies from the Strategic Communications Branch panel where the total campaign cost is estimated at more than \$150,000?	Agency				✓	✓	✓
If the cost of the campaign is likely to exceed \$50,000, has a peer review been carried out?	Agency	✓			✓	✓	✓
If a peer review has been carried out, does it comply with the requirements of the guidelines?	Peer reviewers			✓		✓	✓
If the campaign was for a whole of government initiative, did the peer review panel include a member independent of the public sector?	SCB				✓	na	na
If the cost of the campaign is likely to exceed \$1 million, has a cost benefit analysis been carried out prior to the peer review?	Agency	✓			✓	✓	na
If a cost benefit analysis has been carried out, does it comply with the requirements in the guidelines?	Agency			✓		✓	na
Does the likely cost of the campaign include: <ul style="list-style-type: none"> research production and carrying out the campaign media distribution evaluation of likely and actual effectiveness? 	Agency	✓				✓	✓
Has the agency: <ul style="list-style-type: none"> demonstrated the specific need being addressed and rationale of approach allowed reasonable timeframes ensured content is accurate and in approved formats after campaign completion provided SCB with expenditure and outcomes evaluation? 	Agency			✓	✓	✓	✓
In setting timeframes for the campaign, has the agency allowed for the impacts of any State pre-election period which may occur?	Agency	✓			✓	na	na

Requirement	Responsibility	Act	Regulations	Guidelines	Handbook	Is the requirement applicable to the agency and / or the selected campaign?	
						Cancer Institute NSW - Break the Chain	RailCorp NSW - Fixing the Trains
Has the agency complied with Premiers Memoranda 98-06 and 98-17 regarding placement quotas in ethnic and indigenous media?	Agency SCB				✓	Exempt	✓
Has the agency incorporated captioning in relevant advertising videos?	Agency				✓	✓	na
Has the agency included an appropriate NSW Government logo on campaign material? (If required.)	Agency			✓	✓	✓	✓
Has the agency accounted for all comments made by a peer review carried out in accordance with CI 5 of the guidelines in its submission for approval?	Agency				✓	✓	✓
Has the appropriate agency head certified before commencement that in their opinion the campaign: <ul style="list-style-type: none"> complies with the Act, regulations and guidelines contains accurate information is necessary to achieve a public purpose and is supported by analysis and research is an efficient and cost effective means of achieving the public purpose? 	Agency Head	✓			✓	✓	✓
Has the appropriate agency head ensured the campaign complies with all government policies, including financial management and procurement policies?	Agency Head				✓	✓	✓
Where required, has the portfolio Minister of the agency brought to the Cabinet Standing Committee a proposal for any new campaign for its approval?	Minister				✓	✓	na
Has the portfolio Minister of the agency brought to the Cabinet Standing Committee a proposal for any campaign valued at over \$1 million for its approval?	Minister				✓	✓	na
Has the agency brought to the Executive Director, Strategic Communications Branch a proposal for any campaign valued at \$1 million or less for their approval?	Agency				✓	na	✓
Has the Cabinet Standing Committee approved the campaign valued at over \$1 million before its commencement?	Cabinet Standing Committee				✓	✓	na
Has the Executive Director Strategic Communications Branch approved the campaign before its commencement?	Executive Director SCB				✓	na	✓
Has the agency fully addressed conditions (if any) attached to approvals given by Executive Director, Strategic Communications Branch or the Cabinet Standing Committee before its commencement?	Agency					✓	✓
Has the agency conducted a post campaign evaluation to measure success against stated objectives?	Agency				✓	na	na

Source: Audit Office research 2013.

na – not applicable.

Appendix 2: About the audit

Audit objective

To conduct a statutory performance audit under section 14 of the *Government Advertising Act 2011*.

The audit will also assess whether the new government advertising requirements have been effectively introduced.

Audit lines of inquiry and criteria

This is the first performance audit conducted under section 14 of the Act. We have developed a specific methodology to assess performance in order to form a conclusion under section 14(3) against four criteria: effectiveness, economy, efficiency and compliance. We also examined the advertising campaign material for the selected campaigns to determine whether there was a breach of section 6 of the Act, which prohibits political advertising. This forms the first line of inquiry.

Line of inquiry 1: Have the selected government agencies carried out activities in relation to government advertising campaigns effectively and done so economically and efficiently and in compliance with the *Government Advertising Act 2011*, the regulations, other laws and the government advertising guidelines?

We assessed the activities of two agencies in relation to their government advertising campaigns in 2012-13, and tested compliance by tracking a campaign through from development to dissemination.

In forming our conclusion against the criteria, we reviewed all documentation relating to the selected advertising campaign and the agency's procedures in conducting advertising activities.

We relied on the results of the independent peer review, the agency head certification, and where prepared, the results of the cost benefit analysis. We did not retest the information relied on to make judgements, although we checked that all necessary data had been obtained before a decision was made.

Line of inquiry 2: Have the government advertising requirements been effectively introduced?

Audit scope

The Department of Premier and Cabinet (DPC) provided a list of government advertising campaigns submitted to and approved by the Cabinet Standing Committee on Communication and Government Advertising or by DPC since the Act commenced on 5 October 2012.

We selected one campaign to review from this list: the Cancer Institute NSW's Break the Chain smoking awareness (indigenous community) advertising campaign.

Of the 14 government advertising campaigns that had been approved since the Act commenced, we chose the agency (Ministry of Health) that had the most campaigns approved. The Cancer Institute NSW's Break the Chain advertising campaign was selected because it was the highest cost of this agency's campaigns and therefore more likely to be required to address all the government advertising requirements.

The Auditor-General decided to select the second campaign through public consultation. A survey was released on the Audit Office website on 19 March 2013 with the list of eligible government advertising campaigns. Members of the public were invited to select up to three of these campaigns they would like the Auditor-General to review. We received 60 responses to the survey. The Rail Corporation NSW Recruitment advertising campaign Fixing the Trains received the highest number of votes and became the second campaign selected for review.

Audit Assumptions

For the purpose of this audit, we made the following assumptions:

- the government advertising requirements are contained in four documents - the *Government Advertising Act 2011*, the government advertising regulations, the government advertising guidelines, and the government advertising handbook
- we only reviewed government advertising campaigns submitted for approval after 5 October 2012, which was the date the Act commenced.

Audit exclusions

We did not assess:

- the success of any government advertising campaign outcomes
- government advertising campaigns that were not required to undergo a peer review according to the Act and guidelines
- any government advertising campaigns that were submitted for approval before 5 October 2012.

Audit approach

We collected evidence by:

- interviewing:
 - Strategic Communications Branch personnel responsible for:
 - development and maintenance of procedures relevant to government advertising campaigns
 - day to day administration of government advertising campaigns including peer reviews and approvals.
 - Selected agency personnel responsible for:
 - development and maintenance of procedures relevant to government advertising campaigns
 - day to day management of government advertising campaigns
 - Selected agency senior managers associated with the selected advertising campaigns
 - Other stakeholders as appropriate
- examining:
 - government advertising requirements contained in the *Government Advertising Act 2011*, the regulations, the guidelines, and the handbook)
 - Strategic Communications Branch procedures relevant to managing government advertising
 - selected agency procedures relevant to managing advertising campaigns
 - relevant documents on the selected advertising campaigns held by agencies and Strategic Communications Branch
 - the selected advertising campaign media and other material
 - agency cost benefit analysis on the selected advertising campaigns (where applicable)
 - peer review reports on the selected advertising campaigns
 - agency head compliance certificate for the selected advertising campaigns
 - submissions to the Executive Director, Strategic Communications Branch, for the selected advertising campaign (where applicable)
 - submissions to the Cabinet Standing Committee on Communication and Government Advertising for the selected advertising campaigns (where applicable).

Audit selection

This is a statutory performance audit under section 14 of the *Government Advertising Act 2011*. Section 14 of the Act requires a performance audit to be conducted on the activities of one or more government agencies in relation to government advertising campaigns of the agency in each financial year. The Auditor-General selects the agency/ies and advertising campaigns to be reviewed.

Audit methodology

Our performance audit methodology is designed to satisfy Australian Audit Standards ASAE 3500 on performance auditing, and to reflect current thinking on performance auditing practices. Our processes have also been designed to comply with the auditing requirements specified in the *Public Finance and Audit Act 1983*.

Acknowledgements

We gratefully acknowledge the co-operation and assistance provided by the Department of Premier and Cabinet, Strategic Communications Branch, the Cancer Institute NSW, the Ministry of Health, Transport for NSW and Rail Corporation NSW.

Audit team

Giulia Vitetta and Edward Shestovsky conducted the performance audit. Jane Tebbatt provided direction and quality assurance.

Audit cost

Including staff costs, printing costs and overheads, the estimated cost of the audit is \$185,000.

Performance auditing

What are performance audits?

Performance audits determine whether an agency is carrying out its activities effectively, and doing so economically and efficiently and in compliance with all relevant laws.

The activities examined by a performance audit may include a government program, all or part of a government agency or consider particular issues which affect the whole public sector. They cannot question the merits of government policy objectives.

The Auditor-General's mandate to undertake performance audits is set out in the *Public Finance and Audit Act 1983*.

Why do we conduct performance audits?

Performance audits provide independent assurance to parliament and the public.

Through their recommendations, performance audits seek to improve the efficiency and effectiveness of government agencies so that the community receives value for money from government services.

Performance audits also focus on assisting accountability processes by holding managers to account for agency performance.

Performance audits are selected at the discretion of the Auditor-General who seeks input from parliamentarians, the public, agencies and Audit Office research.

What happens during the phases of a performance audit?

Performance audits have three key phases: planning, fieldwork and report writing. They can take up to nine months to complete, depending on the audit's scope.

During the planning phase the audit team develops an understanding of agency activities and defines the objective and scope of the audit.

The planning phase also identifies the audit criteria. These are standards of performance against which the agency or program activities are assessed. Criteria may be based on best practice, government targets, benchmarks or published guidelines.

At the completion of fieldwork the audit team meets with agency management to discuss all significant matters arising out of the audit. Following this, a draft performance audit report is prepared.

The audit team then meets with agency management to check that facts presented in the draft report are accurate and that recommendations are practical and appropriate.

A final report is then provided to the CEO for comment. The relevant minister and the Treasurer are also provided with a copy of the final report. The report tabled in Parliament includes a response from the CEO on the report's conclusion and recommendations. In multiple agency performance audits there may be responses from more than one agency or from a nominated coordinating agency.

Do we check to see if recommendations have been implemented?

Following the tabling of the report in parliament, agencies are requested to advise the Audit Office on action taken, or proposed, against each of the report's recommendations. It is usual for agency audit committees to monitor progress with the implementation of recommendations.

In addition, it is the practice of Parliament's Public Accounts Committee (PAC) to conduct reviews or hold inquiries into matters raised in performance audit reports. The reviews and inquiries are usually held 12 months after the report is tabled. These reports are available on the parliamentary website.

Who audits the auditors?

Our performance audits are subject to internal and external quality reviews against relevant Australian and international standards.

Internal quality control review of each audit ensures compliance with Australian assurance standards. Periodic review by other Audit Offices tests our activities against best practice.

The PAC is also responsible for overseeing the performance of the Audit Office and conducts a review of our operations every four years. The review's report is tabled in parliament and available on its website.

Who pays for performance audits?

No fee is charged for performance audits. Our performance audit services are funded by the NSW Parliament.

Further information and copies of reports

For further information, including copies of performance audit reports and a list of audits currently in-progress, please see our website www.audit.nsw.gov.au or contact us on 9275 7100.

Performance audit reports

No	Agency or Issues Examined	Title of performance Audit Report or Publication	Date Tabled in Parliament or Published
236	Department of Premier and Cabinet Ministry of Health – Cancer Institute NSW Transport for NSW – Rail Corporation NSW	<i>Government Advertising 2012–13</i>	23 September 2013
235	NSW Treasury NSW Police Force NSW Ministry of Health Department of Premier and Cabinet Department of Attorney General and Justice	<i>Cost of alcohol abuse to the NSW Government</i>	6 August 2013
234	Housing NSW NSW Land and Housing Corporation	<i>Making the best use of public housing</i>	30 July 2013
233	Ambulance Service of NSW NSW Ministry of Health	<i>Reducing ambulance turnaround time at hospitals</i>	24 July 2013
232	NSW Health	<i>Managing operating theatre efficiency for elective surgery</i>	17 July 2013
231	Ministry of Health NSW Treasury NSW Office of Environment and Heritage	<i>Building energy use in NSW public hospitals</i>	4 June 2013
230	Office of Environment and Heritage - National Parks and Wildlife Service	<i>Management of historic heritage in national parks and reserves</i>	29 May 2013
229	Department of Trade and Investment, Regional Infrastructure and Services – Office of Liquor, Gaming and Racing Independent Liquor and Gaming Authority	<i>Management of the ClubGRANTS scheme</i>	2 May 2013
228	Department of Planning and Infrastructure Environment Protection Authority Transport for NSW WorkCover Authority	<i>Managing gifts and benefits</i>	27 March 2013
227	NSW Police Force	<i>Managing drug exhibits and other high profile goods</i>	28 February 2013
226	Department of Education and Communities	<i>Impact of the raised school leaving age</i>	1 November 2012
225	Department of Premier and Cabinet Division of Local Government	<i>Monitoring Local Government</i>	26 September 2012
224	Department of Education and Communities	<i>Improving the literacy of Aboriginal students in NSW public schools</i>	8 August 2012
223	Rail Corporation NSW Roads and Maritime Services	<i>Managing overtime</i>	20 June 2012
222	Department of Education and Communities	<i>Physical activity in government primary schools</i>	13 June 2012
221	Community Relations Commission For a multicultural NSW Department of Premier and Cabinet	<i>Settling humanitarian entrants in NSW services to permanent residents who come to NSW through the humanitarian migration stream</i>	23 May 2012
220	Department of Finance and Services NSW Ministry of Health NSW Police Force	<i>Managing IT Services Contracts</i>	1 February 2012

No	Agency or Issues Examined	Title of performance Audit Report or Publication	Date Tabled in Parliament or Published
219	NSW Health	<i>Visiting Medical Officers and Staff Specialists</i>	14 December 2011
218	Department of Family and Community Services Department of Attorney General and Justice Ministry of Health NSW Police Force	<i>Responding to Domestic and Family Violence</i>	8 November 2011
217	Roads and Traffic Authority	<i>Improving Road Safety: Young Drivers</i>	19 October 2011
216	Department of Premier and Cabinet Department of Finance and Services	<i>Prequalification Scheme: Performance and Management Services</i>	25 September 2011
215	Roads and Traffic Authority	<i>Improving Road Safety: Speed Cameras</i>	27 July 2011
214	Barangaroo Delivery Authority Department of Transport NSW Treasury	<i>Government Expenditure and Transport Planning in relation to implementing Barangaroo</i>	15 June 2011
213	Aboriginal Affairs NSW Department of Premier and Cabinet	<i>Two Ways Together - NSW Aboriginal Affairs Plan</i>	18 May 2011
212	Office of Environment and Heritage WorkCover NSW	<i>Transport of Dangerous Goods</i>	10 May 2011
211	NSW Police Force NSW Health	<i>The Effectiveness of Cautioning for Minor Cannabis Offences</i>	7 April 2011
210	NSW Health	<i>Mental Health Workforce</i>	16 December 2010
209	Department of Premier and Cabinet	<i>Sick leave</i>	8 December 2010
208	Department of Industry and Investment	<i>Coal Mining Royalties</i>	30 November 2010
207	Whole of Government electronic information security	<i>Electronic Information Security</i>	20 October 2010
206	NSW Health NSW Ambulance Service	<i>Helicopter Emergency Medical Service Contract</i>	22 September 2010

Performance audits on our website

A list of performance audits tabled or published since March 1997, as well as those currently in progress, can be found on our website www.audit.nsw.gov.au.

Our vision

To make the people of New South Wales proud of the work we do.

Our mission

To perform high quality independent audits of government in New South Wales.

Our values

Purpose – we have an impact, are accountable, and work as a team.

People – we trust and respect others and have a balanced approach to work.

Professionalism – we are recognised for our independence and integrity and the value we deliver.

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