

# Government advertising: 2015-16 and 2016-17

2 NOVEMBER 2017



NEW SOUTH WALES AUDITOR-GENERAL'S REPORT

PERFORMANCE AUDIT

# 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.

As well as financial and performance audits, the Auditor-General carries out special reviews and compliance engagements.

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: campaigns for 2015-16 and 2016-17' - Office of Local Government, Department of Premier and Cabinet, and Department of Justice.**

A handwritten signature in black ink, appearing to read 'Margaret Crawford'.

**Margaret Crawford**

Auditor-General  
2 November 2017

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## **Section one**

Government advertising:  
Campaigns for 2015–16  
and 2016–17





# Executive summary

The *Government Advertising Act 2011* (the Act) requires the Auditor-General to conduct a performance audit in relation to at least one government advertising campaign in each financial year. The performance audit assesses whether advertising campaigns were carried out effectively, economically and efficiently and in compliance with the Act, the regulations, other laws and the Government Advertising Guidelines (the Guidelines). In this audit, we examined two campaigns:

- the 'Stronger Councils, Stronger Communities' campaign run by the Office of Local Government and the Department of Premier and Cabinet
- the 'Dogs deserve better' campaign run by the Department of Justice.

Section 6 of the Act details the specific prohibitions on political advertising. Under this section, material that is part of a government advertising campaign must not contain the name, voice or image of a minister, member of parliament or a candidate nominated for election to parliament or the name, logo or any slogan of a political party. Further, a campaign must not be designed so as to influence (directly or indirectly) support for a political party.



## Conclusion

We concluded that neither campaign breached the specific legislative prohibitions on political advertising in Section 6 of the Act. Both campaigns also complied with most other requirements of the Act, the regulations, other laws and the Government Advertising Guidelines.

We did identify shortcomings in both campaigns that potentially compromised value for money. These mostly resulted from the perceived urgency to advertise. The 'Stronger Councils, Stronger Communities' campaign chose a creative supplier based on a quote for only part of the work required. The 'Dogs deserve better' campaign gave potential suppliers a fixed budget, meaning they were not required to compete on price. Both campaigns did not meet all recommended timeframes to minimise media booking costs. Combined, the final cost of campaigns may have been greater than necessary had more time been allocated.

We also identified areas where requirements of the Guidelines were not met. Both campaigns completed a cost benefit analysis, as is required for campaigns above \$1.0 million. However, the cost-benefit analyses did not meet requirements to compare alternatives to advertising that could be used to achieve the same objectives. The department could not provide evidence of a compliance certificate for one phase of the 'Stronger Councils, Stronger Communities' campaign. For the 'Dogs deserve better' campaign, two statements used in Phase 1 advertisements were inaccurate and radio advertisements did not clearly identify that they were authorised by the New South Wales Government during the first few days on air.

In both campaigns, advertisements adopted subjective or emotive messages designed to build public support for government policy. Campaign research identified a wide range of community attitudes towards proposed policy changes. Planning documents argued that providing information through advertising would help reduce opposition to and build public support for both the prohibition of greyhound racing, and local government reforms. Some advertisements used subjective or emotive language to achieve these ends, which we consider inconsistent with the requirement for 'objective presentation' as set out in the Guidelines. However, both campaigns directed audiences to government websites for detailed information that was needed to meet the full range of identified campaign objectives.

We make four recommendations to the Department of Premier and Cabinet. The first recommendation will help agencies comply with the Guidelines by clarifying the meaning of 'objective presentation' in the context of advertising. The second will improve transparency by requiring the head of an agency to publicly report the reasons for 'urgency' where this is claimed. The third aims to improve the usefulness of the peer review process where advertising is expedited in 'urgent' circumstances. The final recommendation will align NSW Treasury advice on cost benefit analysis with the specific requirements of the Guidelines.



## Recommendations

**By July 2018, the Department of Premier and Cabinet should:**

1. clarify the meaning of 'objective presentation in a fair and accessible manner' as referenced in Section 2.1 (iii.) of the NSW Government Advertising Guidelines
2. require the head of an agency to publicly report the reasons why he/she is satisfied there is an 'urgent circumstance' to advertise before completing the relevant compliance processes
3. consider methods to adapt the peer review process to enable it to be conducted as close as possible to the release of advertisements where the need to commence advertising is deemed to be 'urgent'
4. work with the Treasury to ensure requirements for cost benefit analysis in Section 6 of the NSW Government Advertising Guidelines are fully reflected in the 'Cost-Benefit Analysis Framework for Government Advertising and Information Campaigns'.





# 1. Introduction

## 1.1 Background

### What is government advertising?

Government advertising is used to communicate information to the public about government policies, programs and initiatives. It can be delivered through various channels, including radio, television, the internet, newspapers, billboards and cinemas.

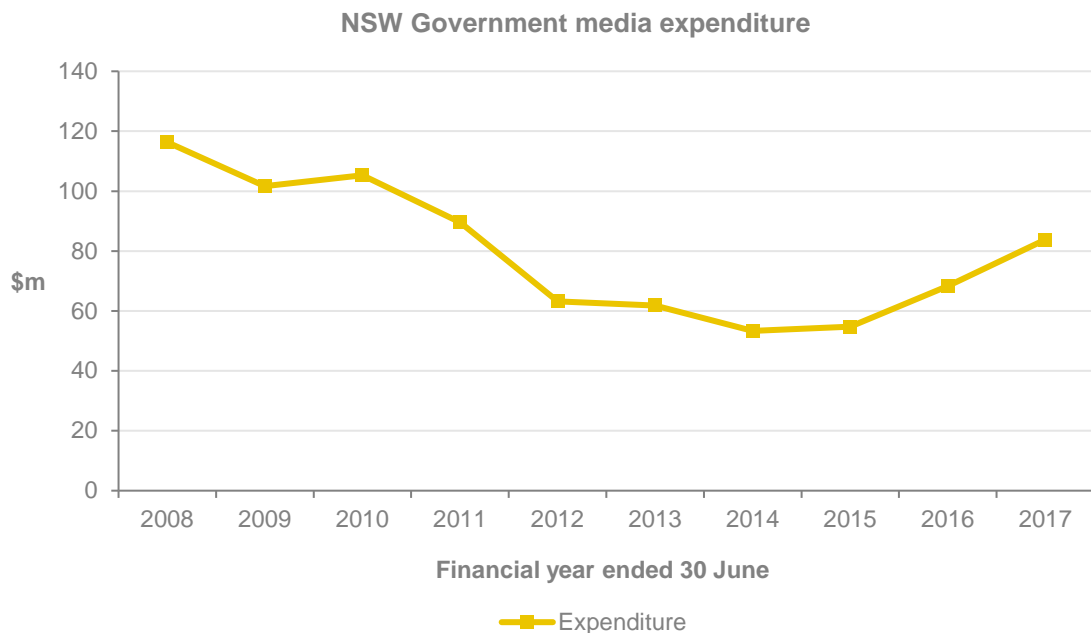
The NSW Government Advertising Handbook defines three broad categories of government advertising:

- Recruitment advertising – advertising which promotes job vacancies and employment opportunities across government
- Public notices – advertising which communicates simple messages or announcements and is generally short-term in nature. Examples include information about transport disruptions, safety announcements, election information and statutory appointments
- Public awareness advertising – this includes behavioural change campaigns (such as a public health or road safety) and campaigns which make the public aware of new government policies or initiatives.

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

The NSW Government spent approximately \$83.8 million on advertising in 2016–17, a 53 per cent increase from \$54.8 million in 2014–15. This represented a significant reversal in trend, after advertising expenditure fell by 53 per cent between 2007–08 and 2014–15.

#### Exhibit 1: NSW Government media expenditure from 2007–08 to 2016–17



Source: Audit Office analysis.

## How is government advertising regulated?

NSW Government advertising is governed by a regulatory framework which includes both policy and legislation. An overview of the regulatory framework is shown in Exhibit 2.

### Exhibit 2: NSW Government advertising regulatory framework

Regulation	Purpose
The <i>Government Advertising Act 2011</i>	Sets out the legal requirements of government advertising.
The <i>Government Advertising Regulation 2012</i>	Sets out exemptions and other special conditions.
The NSW Government Advertising Guidelines	Sets out requirements in relation to the style and content, dissemination of information and cost of government advertising campaigns.
The NSW Government Advertising Handbook	Explains the legal and policy requirements for advertising. Sets standards and procedures for planning, preparing, managing and reporting of advertising activities.

Source: Audit Office analysis.

## Prohibition of political advertising

Section 6 of the Act contains specific provisions to prohibit political advertising. Government advertising must not include the name, voice or image of a minister, member of parliament or a candidate for an election to parliament, or the name, logo or any slogan of a political party.

The Act also prohibits the use of advertising to 'influence (either directly or indirectly) support for a political party'. The Government Advertising Guidelines also require that government advertising materials 'must be clearly distinguishable from party political messages'.

## Requirements prior to the commencement of a campaign

Under the Act, before an advertising campaign is released, the head of a government agency is required to sign a 'compliance certificate' to certify that the campaign:

- complies with the Act, regulation 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.

In addition, government advertising with a total cost likely to exceed thresholds of \$50,000 or \$1.0 million are subject to further requirements prior to release.

Government advertising campaigns with a total cost over \$50,000 are subject to a peer review before the campaign commences. Peer review involves a panel of two or three public sector employees with expertise in marketing and communications assessing a proposed advertising campaign. The peer review process is managed by the Department of Premier and Cabinet.

Government advertising campaigns with a total likely cost over \$1.0 million are required to complete a cost benefit analysis before the campaign commences. A cost benefit analysis aims to calculate the net economic cost or benefit of a campaign and show decision makers how the campaign will affect the wellbeing of New South Wales residents.

The requirements before a government advertisement is released are shown in Exhibit 3.

### Exhibit 3: Requirements before an advertising campaign can commence

Advertising cost	Compliance certificate	Peer review	Cost benefit analysis	Approval from Cabinet Standing Committee
<\$50,000	✓			
\$50,000 to \$1 million	✓	✓		
>\$1 million	✓	✓	✓	✓

Source: Audit Office analysis.

### Exception for 'urgent' circumstances

The Act provides an exception to the requirements outlined above in the case of an 'urgent' matter. If the head of a government agency is satisfied that an advertising campaign relates to an 'urgent public health or safety matter or is required in other urgent circumstances', the compliance certificate, peer review and cost benefit analysis may be carried out after the campaign has commenced [Section 7(4) and Section 8(3)]. In introducing the Government Advertising Bill to parliament in 2011, the then Premier noted that exceptional circumstances would cover situations 'such as a civil emergency or sudden health epidemic'.

### About this audit

The *Government Advertising Act 2011* (the Act) requires the Auditor-General to conduct a performance audit on the activities of one or more government agencies in relation to government advertising campaigns in each financial year.

In conducting the audit, the Auditor-General must determine whether a government agency has carried out activities in relation to a government advertising campaign in an effective, economic and efficient manner and in compliance with the Act, the Guidelines and other laws.

The following campaigns were selected for the 2015–16 and 2016–17 financial years.

Year	Campaign title	Responsible agency(ies)	Expenditure
2015–16	Stronger Councils, Stronger Communities	Office of Local Government (Phases 1, 2 and 2 extension) Department of Premier and Cabinet (Phase 3)	\$4.5 million
2016–17	Dogs deserve better	Department of Justice	\$1.3 million

Appendix three contains further details about this Audit.



## 2. Campaign one: Stronger Councils, Stronger Communities

The 'Stronger Councils, Stronger Communities' government advertising campaign was run by the Office of Local Government and the Department of Premier and Cabinet in four phases from August 2015 to May 2016. The total cost of the campaign was over \$4.5 million. See Appendix 2 for more details on this campaign.



The 'Stronger Councils, Stronger Communities' advertising campaign has not breached the specific provisions of Section 6 of the Act which prohibits political advertising.

Two factors potentially compromised value for money for the campaign. The request for quotes for the design of the Phase 1 advertisement did not reflect the full scale of work to be undertaken, which was substantially greater than initially quoted. Further, the department did not meet all recommended timeframes to minimise media booking costs for all phases of the campaign.

The campaign did not comply with all administrative requirements in all phases. Advertising for Phase 1 commenced before the compliance certificate was signed. There was no evidence that a compliance certificate was signed for Phase 2 extension. The cost benefit analyses for Phase 2 and Phase 2 extension did not sufficiently consider alternatives to advertising, as is required by the Government Advertising Guidelines.

Advertisements adopted subjective messages designed to build public support for council mergers and directed audiences to websites for more detailed information. Campaign research identified statements that were most likely to reduce resistance to mergers. Some advertising content used subjective language, which we consider inconsistent with the requirement for 'objective presentation'. Evaluations of advertising effectiveness also measured the success of the advertisements in increasing public support for council mergers.

### No breach of specific prohibitions in the Act

Section 6 of the Act prohibits the use of government advertising for political advertising. A government advertising campaign must not:

- be designed to influence (directly or indirectly) support for a political party
- contain the name, voice or image of a minister, any other member of parliament or a candidate nominated for election to parliament
- contain the name, logo or any slogan of, or any other reference relating to, a political party.

We did not identify any breach of the specific prohibitions listed above in the advertising content of this campaign.

### Request for quotes to design advertisement did not reflect the full scope required

The request for quotes for the design of the Phase 1 advertisement did not reflect the full scale of work that was to be undertaken, and this created a risk to achieving value for money. The Office of Local Government sought quotes for design of a television advertisement only. It did not request an estimate for radio, online advertisements, or translation for linguistically diverse audiences, which were ultimately required for the campaign.

A full and fair assessment of which supplier could provide the best value for money could not be made given that the quotes obtained did not reflect the full scope of work. The final amount paid for the design of Phase 1 was 2.7 times the original quote. It is possible that another supplier that provided a quote could have provided overall better value for money.

The Office of Local Government continued to use the Phase 1 supplier for Phase 2 and Phase 2 extension (Exhibit 4). Where there are other suppliers that could feasibly compete for a contract, direct negotiation increases the risk the agency has not obtained the best value for money. The department advised that it continued with the same agency to avoid costs involved in briefing a new agency on the campaign.

#### Exhibit 4: Expenditure on creative design (including GST)

	Phase 1	Phase 2	Phase 2 extension	Phase 3	Total
Advertisement design	\$315,959	\$328,470	\$20,100	\$14,784	\$679,313

Source: Audit Office analysis.

#### Short notice did not allow for cost-efficient media booking for all phases

Placement of advertisements in various media channels was done through the State's Media Agency Services contract. This contract achieves savings as the government can use its aggregated media spend to gain discounts from the media supplier.





The Department of Premier and Cabinet provides guidance to ensure cost-efficient media booking. For example, media time for a television advertisement should be booked at least 6 to 12 weeks in advance. Radio advertisements should be booked at least 2 to 8 weeks in advance.

In Phase 1, Phase 2 and Phase 2 extension the television media booking did not meet these timeframes. The radio and digital media bookings did not meet these timeframes for Phase 2 and Phase 2 extension respectively, or for Phase 3 for both radio and digital. The cost of media placement may have been less if the booking was done within the recommended timeframes.

#### Only two phases met the requirements in the Act for a compliance certificate

Under Section 8 of the Act, an advertising campaign must not commence until the head of the agency has given an advertising compliance certificate. This section allows for the head of the agency to give a compliance certificate after a campaign has commenced if he or she is 'satisfied that the campaign relates to an urgent public health or safety matter or is required in other urgent circumstances'. Exhibit 5 details which phases met the compliance certificate requirements.

#### Exhibit 5: Advertising compliance certificate dates for each phase of the campaign

	Phase 1	Phase 2	Phase 2 extension	Phase 3
Date compliance certificate signed	26 August 2015	7 October 2015	No evidence of a signed certificate	23 June 2016
Date advertising commenced	16 August 2015	11 October 2015	7 January 2016	8 May 2016
Requirements under Section 8 of the Act met?				

\* Phase 3 met requirements under Section 8 of the Act as it was deemed urgent by the head of the agency.

Source: Audit Office analysis.

There is no requirement for the head of the agency to explain or justify the urgency of the campaign. This provision was originally intended for exceptional circumstances like civil emergencies or a sudden health epidemic. There is a risk that this provision could be misunderstood and misused by government agencies to avoid or delay compliance processes until advertising has commenced and therefore the value of compliance processes in improving advertising efficiency, effectiveness and economy is diminished.

#### Peer review process completed two months after advertising commenced in one phase

The Act requires government agencies to complete a peer review of an advertising campaign before advertising commences if it is expected to cost more than \$50,000. Under the peer review process, experienced government marketing practitioners assess the need, strategy and management of the proposed campaign and make recommendations for improvement.

The Act allows for peer review to be completed after advertising has commenced where the head of the agency is satisfied there is an 'urgent circumstance'. For Phase 2 extension, the peer review process was completed more than two months after advertising commenced. A longer time between advertising commencing and peer review limits the usefulness of recommendations to later phases and post-campaign evaluation.

### **Cost benefit analysis did not sufficiently consider alternatives to advertising**

The Act requires an agency to carry out a cost benefit analysis prior to the commencement of a campaign if the total cost of the campaign is likely to exceed \$1.0 million. The Government Advertising Guidelines specify the requirements for the cost benefit analysis (Exhibit 6).

A cost benefit analysis was completed for Phase 2 and Phase 2 extension. However, these did not meet the requirements to specify the extent to which expected benefits could be achieved without advertising, and to outline options other than advertising that could be used to successfully implement the program.

The Office of Local Government sought advice from Treasury on the cost benefit analyses. Treasury advised that each cost benefit analysis was consistent with Treasury Policy Paper 07-5 (NSW Government Guidelines for Economic Appraisal). This does not have the same requirements for cost benefit analysis as in the Government Advertising Guidelines.

It is the responsibility of the advertising agency to ensure that the cost benefit analysis complies with the Government Advertising Guidelines. Treasury was not asked whether the cost benefit analyses were consistent with the requirements of the Advertising Guidelines.

### **Exhibit 6: Government Advertising Guidelines – requirements for cost benefit analysis**

#### **6. Cost benefit analysis**

**6.1** Where a cost benefit analysis of a government advertising campaign is required under the Act, the analysis must:

- i) define the objective of the campaign;
- ii) assess options to achieve the objective;
- iii) identify and assess costs and benefits, including non-quantifiable aspects, of all reasonable options; and
- iv) consider the best option to achieve the objective.

**6.2** The cost benefit analysis must isolate the additional costs and benefits attributable to the advertising campaign itself compared to the base-case of not advertising.

**6.3** The cost benefit analysis must specify the extent to which the expected benefits could be achieved without advertising.

**6.4** The cost benefit analysis must outline what options other than advertising could be used to successfully implement the program and achieve the program benefits and a comparison of their costs.

**6.5** If advertising is required, the cost benefit analysis should identify the likely effectiveness of the advertising campaign by quantifying the expected additional costs and benefits that the advertising campaign will generate.

Source: NSW Government Advertising Guidelines.

### **Advertisements focused on building the level of community support for reform**

There is evidence to suggest that the advertisements were designed to build support for council mergers. Pre-campaign research focused on community attitudes and the level of support for the reform. Council districts were ranked as 'apathetic', 'apostles' or 'combatants' based on their level of support or opposition to council mergers. The research found that 'effective communication by the State government will serve to reduce the level of resistance to council reform'. The campaign adopted some of the key messages the research found would help build support. For example, that it was time to make the system 'simpler'.

Cost benefit analyses relied on advertising reducing opposition and increasing support for the reforms and its impact on the likelihood of the reform being implemented. Advertising was expected to 'increase confidence of Members of the Legislative Assembly and Members of the Legislative Council to support the reform legislation'. Other benefits identified included reduced risks of public disruptions and reduced enquiries to the NSW Government.

Post-campaign evaluation reports for each phase of the campaign tracked and reported on community attitudes and the level of support for council mergers. This was measured throughout each phase of the campaign even though increased community support was only established as an objective for Phase 2 extension.

### **Some advertisements used vague and subjective terms**

The Guidelines require 'objective presentation in a fair and accessible manner'. Neither the Guidelines or Handbook explain what objective presentation means in the context of advertising. We have used an ordinary definition of this term as 'not influenced by personal feelings or opinions in considering and representing facts'. This is synonymous with terms like 'impartial', 'neutral', and 'dispassionate' and opposite to 'subjective'. We consider that to meet the current requirements in the Guidelines for objectivity, advertising content should contain accurate statements or facts, and avoid subjective language.

Some advertisements used subjective and vague statements like 'the system is broken', and terms such as 'stronger councils' and 'brighter future'. Similarly, there was no explanation of how 'stronger councils' would deliver better services or infrastructure. The only facts presented in Phases 1 and 2 were that there are 152 councils in New South Wales and this system was designed over 100 years ago.

### **Advertisements relied on referral to websites to meet overarching campaign aims**

This campaign aimed to increase public awareness about the reasons for Local Government reform. Each campaign phase had slightly different overarching objectives. These were:

- Phases 1 and 2 – to increase awareness of the reasons for the reform and provide a timeframe for implementation
- Phase 2 extension – to remind the community about reasons for reform and direct people to the website to have a voice in the community debate
- Phase 3 – to address misinformation and highlight the benefits of the reform.

Messages in the advertising content did not directly meet the overarching objectives identified above. For example, the advertising content in Phases 1 and 2 did not explain timeframes.

Advertisements directed audiences to government websites for more detailed information about the reasons for reform and timeframes. Phase 2 extension identified directing people to the website as an overarching objective but did not measure this as a target. There were over 370,000 unique page views to the Council Boundary Review website and over 260,000 unique page views to the Stronger Councils website.

### **Campaign evaluations did not measure achievement of the overarching objectives**

Post-campaign evaluations were carried out for Phase 1, Phase 2 extension and Phase 3. Evaluations reported against targets such as prompted and unprompted awareness of the reform and the advertisement. While most of the campaign's targets were met, it is unclear if the campaign successfully improved awareness of the rationale for reform. In the final evaluation report, 37 per cent of respondents stated they did not know much about council mergers.

Each evaluation report also measured the level of support for and opposition to the reform, although increased community support was only established as an objective for Phase 2 extension. The baseline level of support for council mergers in August 2015 was 34 per cent, which had increased to 46 per cent by June 2016.





### 3. Campaign two: Dogs deserve better

The 'Dogs deserve better' government advertising campaign was run by the Department of Justice from August 2016, after the government announced its decision to prohibit greyhound racing, and was terminated in October 2016 after a change of government policy. The campaign had a budget of \$1.6 million, with an actual spend of \$1.3 million. See Appendix 2 for more details on this campaign.



The 'Dogs deserve better' advertising campaign has not breached the specific provisions of Section 6 of the Act which prohibits political advertising.

The Secretary of the department determined that urgent circumstances existed that required advertising to commence prior to completing a cost benefit analysis and peer review. There was a concern that industry participants may make impulse decisions to destroy greyhounds without further information on support services; there was also an identified need to promote public greyhound adoptions.

Phase 1 advertisements focused on explaining the reasons for the prohibition on greyhound racing with a reference to a website for further information. While industry participants were identified as the primary audience, media expenditure was not specifically targeted to this group. Phase 2 advertisements more effectively addressed the originally identified 'urgent needs' of providing information on support services for greyhound owners and information on how the public could adopt a greyhound.

The urgency to advertise potentially compromised value for money. The department did not use price competition when selecting a creative supplier due to a concern this would add to timeframes. Further, the department did not meet recommended timeframes to minimise media booking costs.

We identified three other areas in Phase 1 advertisements that were inconsistent with government advertising requirements. Advertisements used provocative language and confronting imagery, which we consider to be inconsistent with the requirement for 'objective presentation'. Two statements presented as fact based on the Special Commission's Inquiry report were inaccurate; one of these was due to a calculation error. Radio advertisements did not clearly identify that they were authorised by the New South Wales Government for the first few days of the campaign.

#### No breach of specific prohibitions in the Act

Section 6 of the Act prohibits the use of government advertising for political advertising. A government advertising campaign must not:

- be designed to influence (directly or indirectly) support for a political party
- contain the name, voice or image of a minister, any other member of parliament or a candidate nominated for election to parliament
- contain the name, logo or any slogan of, or any other reference relating to, a political party.

We did not identify any breach of the specific prohibitions listed above in the advertising content of this campaign.

#### Animal welfare concerns were identified as the reason for urgent advertising

A brief prepared by the department in July 2016 raised concerns about the welfare of greyhounds following the NSW Premier's announcement that the government would prohibit greyhound racing. The brief raised the risk that industry members may make impulse decisions to destroy their greyhounds without information on support that was being offered.

The department used the provisions in Sections 7(4) and 8(3) of the Act to expedite the release of advertising due to 'other urgent circumstances'. This provision allows advertising to commence prior to completing the peer review process and cost benefit analysis.



In introducing the Government Advertising Bill to parliament in 2011, the then Premier noted that exceptional circumstances would cover situations 'such as a civil emergency or sudden health epidemic'. There is no other guidance on when it is appropriate to use this section. It is at the discretion of a government agency head to determine whether a campaign is urgent.

### **Phase 1 advertisements did not focus on the urgent needs**

This advertising campaign had three overarching objectives:

1. to increase public awareness of the animal welfare reasons for the closure of the greyhound racing industry
2. to change the behaviour of dog owners from potentially harming their greyhounds to treating them humanely, by accessing the support options and packages available
3. to promote greyhound adoptions by the public.

Alongside advertising, the department took other steps to engage with the greyhound racing industry. This included direct mail, face to face meetings around the State, setting up a call centre and community consultation through an online survey. Other government agencies and animal welfare agencies were also engaged to reach out to affected stakeholders.

Phase 1 advertising content focused on providing information about the reasons for the closure of the industry. The department's radio and television advertisements did not refer to support packages or encourage the public to adopt a greyhound. While print advertisements did mention these things, this was only presented in fine print. In all advertisements, audiences were referred to a website for further information.

The focus of advertisements on the reasons for industry closure was not consistent with the identified needs to urgently commence advertising to influence the behaviour of dog owners and encourage the public to adopt a greyhound.

The content in Phase 2 advertisements, which began around four weeks after the first phase, was more explicit in highlighting the services and support for industry members such as offering business and retraining advice. These advertisements also referred audiences to a call centre number as well as the website.

### **Peer review process limited to influencing second phase of advertisements**

In urgent circumstances, the Act allows for peer review to be completed after advertising has commenced. For this campaign, the peer review process was completed on 19 August 2016, two weeks after advertising had commenced. Where advertising commences before the peer review process is completed, the usefulness of peer reviewers' recommendations is limited to informing subsequent phases of advertising and the post-campaign evaluation.

The peer review report found the messages in Phase 1 advertisements were not clearly defined, and the role of advertising was not clearly defined amongst other campaign activities. These recommendations informed the second phase of advertising, which ran from 27 August 2016 until the campaign was terminated in October 2016.

### **The department could not demonstrate value for money was achieved for creative work**

The department provided a fixed budget for creative work when requesting quotes from creative agencies to develop advertising material. This is not consistent with the quotation requirements in the government's Guidelines for Advertising and Digital Communication Services. This approach creates risks to achieving value for money as creative agencies are not required to compete on price for their services. The department advised that it had pre-set the creative costs based on a comparative government campaign of a similar size. This was done due to a concern that requiring agencies to compete on price would affect the short timeframe given to develop creative material.

Three creative agencies accepted the opportunity to present design ideas for the campaign. The department was unable to provide evidence of how it chose the preferred supplier out of these three agencies. Records are important for accountability and allow a procurement decision to be audited after an urgent decision.

### **Short notice did not allow for cost-efficient media booking for all phases**

Placement of advertisements in various media channels was done through the State's Media Agency Services contract. This contract achieves savings as the government can use its aggregated media spend to gain discounts from the media supplier.

The Department of Premier and Cabinet provides guidance to ensure cost efficient media booking. For example, media time for a television advertisement should be booked at least 6 to 12 weeks in advance. Radio advertisements should be booked at least 2 to 8 weeks in advance.

The peer review report noted that the department did not have adequate time to look for the most cost-efficient way to advertise. In its response to the peer reviewers, the department acknowledged this to be due to the urgency to start advertising. The media booking authority was signed by the department one day before the campaign commenced.

### **The department used a wide public campaign for a narrow target audience**

The campaign identified greyhound industry participants as the primary target audience. In 2015–16 there were 1,342 greyhound trainers, 1,695 owner/trainers, 983 attendants and 1,247 breeders in New South Wales. The department's advertising submission identified 'concerns that industry members could make impulsive decisions, potentially jeopardising the welfare of a large number of dogs, prior to the shutdown of the industry'.

The submission's evidence of advertising effectiveness focused on increasing the level of wider community support for the ban rather than stopping industry members from making impulse decisions. It used an early opinion poll to show that total support for the ban on greyhound racing rises by 17 points and opposition drops by four points following explanation of the findings of the Special Commission of Inquiry report.

The peer review report noted that the role of advertising was not clearly defined amongst the department's range of other direct and targeted communications and consultations held with industry members.

### **No demonstrated basis for use of confronting imagery and provocative language**

The Guidelines require 'objective presentation in a fair and accessible manner'. Neither the Guidelines or Handbook further explain what objective presentation means. We have used an ordinary definition of this term as 'not influenced by personal feelings or opinions in considering and representing facts'. This is synonymous with terms like 'impartial', 'neutral', and 'dispassionate' and opposite to 'subjective'. We consider that to meet the current requirements in the Guidelines for objectivity, advertising content should contain accurate statements or facts, and avoid subjective language.

Phase 1 focussed on the ongoing consequences if no action was taken to close the industry. The advertisements used provocative language, for example 'Up to 70 per cent of dogs are deemed wastage by their own industry. Wastage! Slaughtered just for being slow'. Advertisements used confronting imagery like gravestones, blood smears and gun targets.

Our literature review into this area highlighted mixed findings on the effectiveness of confrontational advertising materials. In some cases, shock campaigns may cause an audience to reject or ignore the message, and may even encourage people to do the opposite of the intended behaviour. In other cases, such as in road safety campaigns, this style of advertising can be successful. This shows the importance of conducting pre-campaign research before adopting a confrontational or emotive approach in advertising.

The Government Advertising Handbook recommends that an agency explain the rationale and the evidence for their chosen advertising approach. There was no evidence that the department researched the effectiveness of its advertising approach with its target audience. The department had planned to undertake creative concept testing as part of a strategy to ensure the creative material was understood by its audience. The department advised that due to the urgency of the campaign, it did not have time to conduct this testing.

### **Not all Phase 1 radio advertisements clearly identified that they were authorised by the New South Wales Government**

For the first few days on air, Phase 1 radio advertisements ended by referring the audience to a government website, instead of clearly identifying that it had been authorised by the New South Wales Government. Government authorisations and logos ensure the work and the programs of the NSW Government are easily identifiable by the community.

### **The department's cost benefit analysis did not consider alternatives to advertising**

For government advertising campaigns that cost over \$1.0 million, the Act requires the advertising agency to carry out a cost benefit analysis and obtain approval from the Cabinet Standing Committee on Communications, prior to commencing the campaign.

The department engaged with audiences through direct mail, face to face forums, and a telephone helpline in addition to advertising. However, the department's cost benefit analysis did not meet the requirements in the Guidelines to specify the extent to which expected benefits could be achieved without advertising, and to compare costs of options other than advertising that could be used to successfully implement the program (see Exhibit 6).

The cost benefit analysis made optimistic assumptions about the impact of the campaign on greyhound adoptions. It estimated that 2,360 greyhounds would be adopted if the campaign was run. This is significantly higher than the 'most optimistic outcome' of re-homing in the Special Commission Inquiry report (we calculated this to be 1,467 greyhounds). There was insufficient evidence to support the higher number of adoptions in the cost benefit analysis.

The sensitivity analysis shows that using the Special Commission's 'most optimistic outcome' figure of re-homing would reduce the net present value of advertising to be negative. Further, the cost benefit analysis also assumed that increased government funding would be made available to animal welfare and rehoming organisations to support more adoptions, but did not estimate or include this cost when calculating the net present value of advertising.

### **There were two factual inaccuracies in key messages used for Phase 1 advertisements**

Section 8(2) of the Act requires the head of a government agency to certify that the proposed campaign 'contains accurate information'. The Secretary of the Department of Justice signed the compliance certificate on 29 July 2016, before advertisements commenced.

We examined the accuracy of factual claims in this advertising campaign, by comparing the key statements to the report of Special Commission of Inquiry into the Greyhound Racing Industry (the Commissioner report). The Commissioner report was quoted by the NSW Government as the basis for its policy to transition the greyhound racing industry to closure.

We identified that two of the key statements used in Phase 1 advertisements to support the animal welfare reasons for industry closure were inaccurate (Exhibit 7).

## Exhibit 7: Accuracy of two key statements used in advertisements

Statement in advertisement	Audit Office comment
<p><b>Average lifespan:</b>  <b>Racing dog – 1.5 years vs</b>  <b>Greyhound – 9 years</b></p>	<p><b>Both statements are inaccurate</b></p> <p><b>Racing dog average lifespan – 1.5 years</b></p> <p>The department, using a method that refers to various sections of the Commissioner report, calculated the average lifespan as 0.74 years. We found a mistake in the department's calculation. Correcting this mistake shows an average lifespan of 3.7 years.</p> <p>The department chose to use 1.5 years for the advertising campaign, which it thought to be above its calculated figure. However, when properly calculated, 1.5 years is less than half of the estimated average age using the department's method.</p> <p><b>Non-racing dog average lifespan – 9 years</b></p> <p>Section 11.1 of the Commissioner report states that 'greyhounds that do not participate in the greyhound racing industry have a life expectancy of between approximately 12 and 15 years'. The figure used in advertisements does not reflect this finding.</p>
<p><b>Greyhound racing is only legal in eight countries worldwide</b></p>	<p><b>Statement is inaccurate</b></p> <p>Section 5.4 of the Commissioner report states there are only eight countries that host a commercial greyhound racing industry. The department has used this finding as a basis of saying that greyhound racing is only legal in eight countries. The department told us that 'legal' means 'operating within a legal framework'.</p> <p>We do not agree with this interpretation and do not consider the distinction would be clear to the identified target audience.</p> <p>The Commissioner report noted that greyhound racing takes place in several other countries including Denmark, Finland, Germany and Sweden. Each of these countries are members of the Continental Greyhound Racing Confederation, which organises meetings and sets rules for participants. Greyhound racing is not illegal in these countries, it just does not operate on a commercial basis as it does in Australia.</p>

## **Section two**

### Appendices





# Appendix one – Response from agencies

## Response from Department of Premier and Cabinet



Reference: A2262680

Margaret Crawford  
Auditor-General  
Audit Office of NSW  
GPO Box 12  
SYDNEY NSW 2001

Dear Ms Crawford

Thank you for the opportunity to respond to the Performance Audit of Government Advertising campaigns 2015-16 and 2016-17 dated 18 September 2017.

The Department recognises its leadership role in the sector in relation to government advertising, through the management of peer reviews and guidance on the effective implementation of the *Government Advertising Act 2011*, and we welcome your findings as part of our continuous improvement approach.

We accept the recommendations put forward to the Department of Premier and Cabinet in the report and will continue to work collaboratively with your office and other agencies to ensure the regulatory framework for government advertising is as robust as possible.

Please find below a table setting the Department's response on each of your four recommendations. The Department will ensure the appropriate changes are made to guidance material and that these are communicated clearly to agencies in a timely manner.

I would like to thank the Audit Office for consulting with the Department throughout the Audit process and believe that our response and intended actions will help drive effective Government advertising.

Yours sincerely

Blair Comley PSM  
Secretary

10 October 2017

52 Martin Place, Sydney NSW 2000 ■ GPO Box 5341, SYDNEY NSW 2001  
Tel: (02) 9228 5555 ■ [www.dpc.nsw.gov.au](http://www.dpc.nsw.gov.au)

DPC's response to recommendations		
Recommendation		DPC's response and proposed actions
<b>By July 2018, the Department should:</b>		
1	<ul style="list-style-type: none"> <li>clarify the meaning of 'objective presentation in a fair and accessible manner' as referenced in Section 2.1 (iii.) of the NSW Government Advertising Guidelines</li> </ul>	<p><b>Accepted.</b></p> <p>DPC will develop agency guidance to explain 'objective presentation in a fair and accessible manner' as referenced in the NSW Government Advertising Guidelines.</p>
2	<ul style="list-style-type: none"> <li>require the head of an agency to publicly report the reasons why he/she is satisfied there is an 'urgent circumstance' to advertise before completing the relevant compliance processes</li> </ul>	<p><b>Accepted.</b></p> <p>DPC will liaise with the Audit Office further and develop guidance for appropriate agency reporting related to 'urgent' campaigns.</p>
3	<ul style="list-style-type: none"> <li>consider methods to adapt the peer review process to enable it to be conducted as close as possible to the release of advertisements where the need to commence advertising is deemed to be 'urgent'</li> </ul>	<p><b>Accepted in principle.</b></p> <p>DPC believes the current peer review process is appropriate for urgent advertising but will consult agencies about peer reviews conducted under 'urgent circumstances' and develop guidance and educate agencies about ensuring peer reviews are completed prior to campaign end.</p>
4	<ul style="list-style-type: none"> <li>work with the Treasury to ensure requirements for cost benefit analysis in Section 6 of the NSW Government Advertising Guidelines are fully reflected in the 'Cost-Benefit Analysis Framework for Government Advertising and Information Campaigns'.</li> </ul>	<p><b>Accepted.</b></p> <p>DPC will liaise with Treasury to ensure guidance for cost benefit analysis of government advertising is consistent in the requirements specified.</p>



## Response from Office of Local Government



### Office of Local Government

5 O'Keefe Avenue NOWRA NSW 2541  
Locked Bag 3015 NOWRA NSW 2541

Our Reference:  
Your Reference:  
Contact:  
Phone:

A565824  
0006-00161  
Chris Presland  
02 4428 4100

Ms Margaret Crawford  
Auditor-General  
Audit Office of NSW  
Level 15  
1 Margaret Street  
SYDNEY NSW 2000

Dear Ms Crawford

Thank you for your letter of 18 September 2017, providing a copy of the report "*Government Advertising: Campaigns for 2015-16 and 2016-17*" following the performance audit of the *Stronger Councils, Stronger Communities* advertising campaign.

The Office of Local Government (OLG) appreciates the opportunity to respond to the report and notes the findings in relation to the *Stronger Councils, Stronger Communities* advertising campaign.

OLG also notes the recommendations of the audit and would welcome the Department of Premier and Cabinet (DPC) providing additional guidance in relation to 'objective presentation in a fair and accessible manner' and requirements for cost benefit analysis. Future advertising campaigns conducted by OLG will continue to be implemented consistent with the *Government Advertising Act 2011* and supporting regulations and guidelines.

Thank you once again for the opportunity to respond to the report and for engaging with OLG throughout the audit process.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'TH'.

**Tim Hurst**  
**Acting Chief Executive**  
**Office of Local Government**

16/10/17

T 02 4428 4100 F 02 4428 4199 TTY 02 4428 4209  
E [olg@olg.nsw.gov.au](mailto:olg@olg.nsw.gov.au) W [www.olg.nsw.gov.au](http://www.olg.nsw.gov.au) ABN 44 913 630 046



## Response from Department of Justice



Office of the Secretary  
150 Phillip St  
SYDNEY  
[www.justice.nsw.gov.au](http://www.justice.nsw.gov.au)

Ms Margaret Crawford  
Auditor-General of NSW  
Audit Office of NSW  
Level 15, 1 Margaret St  
SYDNEY NSW 2000

Your Ref: 006-00161

Dear Ms Crawford

Thank you for the opportunity to respond to your Performance Audit on Government Advertising dated 18 September 2017. The Department of Justice appreciated the opportunity to be part of this audit.

Your report notes that the Department of Justice was compliant with the Government Advertising Act 2011, and I confirm that we will continue to comply with the Act in any future advertising. I note the recommendations made for the Department of Premier and Cabinet (DPC). The Department will comply with any changes DPC may seek to implement in the Act as a result of the recommendations made in this audit.

While the review makes no specific recommendation for the Department, I would like to address the key points raised.

### **Phase 1 advertisements did not focus on the urgent needs**

The Department disagrees with this statement. As the audit report notes, public advertising was just one channel of communication in a comprehensive communication strategy. All advertising and community engagement activities were activated at the same time to meet urgent need. Phase 1 advertising directed people to websites where they could find more detailed information on support services and how to adopt a dog.

### **Peer review process**

The Department agrees that the usefulness of peer review is diminished if it cannot be implemented before a campaign commences. However, the audit report notes that the Act allows for peer review to be completed after advertising has commenced in urgent circumstances. Your recommendation to 'adapt the peer review process to enable it to be conducted as close as possible to the release of advertisements where the need to commence advertising is deemed to be urgent' is noted and the Department will ensure they comply with any new requirements under the Act. In extremely contracted timelines, the ability of a Department to develop a campaign, participate in peer review

and then implement the campaign would be extremely difficult without consideration being given to a simpler format for peer review in urgent cases.

**Value for money**

The Department acknowledges the audit concern that a pre-set budget for creative and short timeframes for media booking may mean value for money is not achieved. However, in this instance, agencies were competing on the basis of their ability to communicate a clear message that met the campaign objectives and also meet the urgent timeframes. As you have noted, the Department had set an amount based on a similar size campaign. The Department has comprehensive procurement policies and procedures in place to guide our decision making in all circumstances.

**The Department used a wide public campaign for a narrow target audience**

The Department disagrees with this statement. The advertising campaign targeted multiple audiences including those directly impacted by the ban and those who might be able to offer assistance and support. As already noted, the advertising was only one channel of communication used as part of a comprehensive community communication and engagement strategy.

**No demonstrated basis for use of confronting imagery and provocative language**

The Department disagrees with this statement. The use of the facts and of emotive imagery is in line with advertising guidelines and the Audit Office has already noted that the Department complied with the guidelines at all stages. Emotive language is an effective tool to engage audiences. The Department notes your recommendation to DPC to clarify the meaning of 'objective presentation in a fair and accessible manner'.

**Not all Phase 1 radio advertisements clearly identified that they were authorised by the NSW Government.**

The Department notes that the radio advertisements were compliant as they directed listeners to the NSW Government website for information. Under the *Broadcasting Services Act 1992* (Cth), only advertisements that contain political matter are required to conclude with a spoken authorisation statement. Nevertheless, we agree that links to government are made clearer by having an authorisation statement. The advertisements were amended within a few days of going to air.

**The Department's cost benefit analysis (CBA) did not consider alternatives to advertising.**

The Department agrees that conducting a CBA is more useful during the development of a campaign. Given the urgent timeframes, the Department aimed to mitigate this by ensuring multiple communication and engagement actions were implemented along with advertising as we had predicted that the CBA would come to the conclusion that other non-advertising strategies add significant value.

**There are two factual inaccuracies in key messages used for Phase 1 Advertisements.**

The Department agrees that there was a mathematical error in calculating average lifespan at 1.5 years rather than the 3.7 years calculated by the Audit Office. In regard to the statement that 'Racing is only legal in eight countries worldwide', the Department disagrees that this is inaccurate. Only eight countries have greyhound racing industries that operate within a legal framework.

I would like to thank the Audit Office for consulting with the Department throughout the Audit process and believe that the findings and recommendations will help drive continuous improvement in government advertising.

Yours sincerely

A handwritten signature in black ink, consisting of several overlapping loops and a long horizontal stroke extending to the right.

**Andrew Cappie-Wood**  
**Secretary**

16 OCT 2017



## Appendix two – About the campaigns

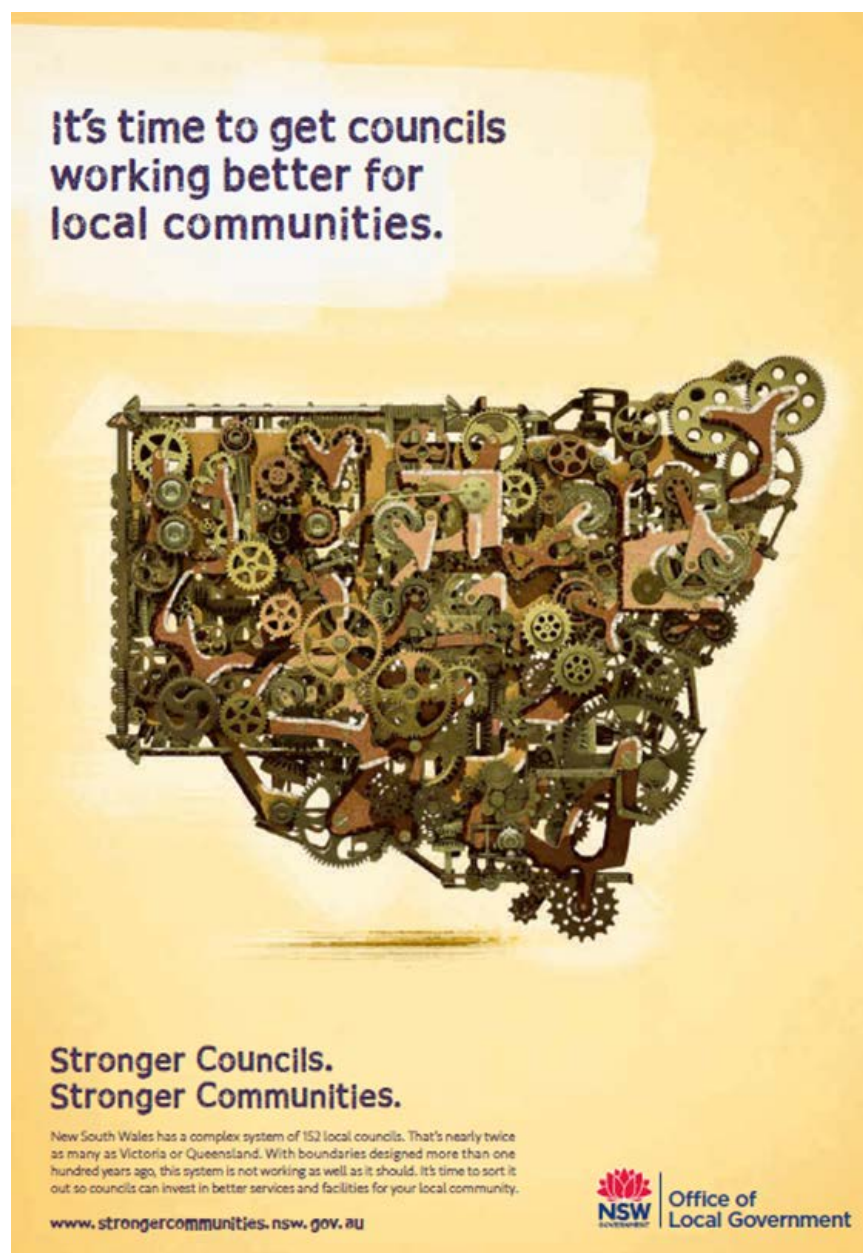
### ‘Stronger Councils, Stronger Communities’ campaign summary

Campaign summary		
<b>Objectives</b>	<p><b>Phase 1 and Phase 2</b></p> <p>To increase awareness of information on the reasons for local government reform and timeframes for implementation.</p> <p><b>Phase 2 extension</b></p> <p>To remind the community of the government’s rationale for these local government reforms, direct the community to the council boundary review website to learn how they can have their say and ensure the government has a voice in the inevitable community debate.</p> <p><b>Phase 3</b></p> <p>To address misinformation that people will be worse off under new councils and highlight the benefits that will result from local government reform including funding for better services, improved roads and footpaths.</p>	
<b>Timing</b>	August 2015 – May 2016	
<b>Target audiences</b>	<p><b>Phase 1</b></p> <ul style="list-style-type: none"> <li>• NSW people over the age of 35 years old</li> <li>• Including culturally and linguistically diverse (CALD) people.</li> </ul> <p><b>Phase 2 extension</b></p> <p>People over 35 years old specifically:</p> <ul style="list-style-type: none"> <li>• Ratepayers in NSW</li> <li>• Communities impacted by potential mergers</li> <li>• Including CALD people.</li> </ul>	<p><b>Phase 2</b></p> <p>People over 35 years old specifically:</p> <ul style="list-style-type: none"> <li>• Ratepayers in NSW</li> <li>• Communities impacted by changes to local government</li> <li>• Customers using council services and facilities</li> <li>• Including CALD people.</li> </ul> <p><b>Phase 3</b></p> <p>Over 25-year-old age group specifically:</p> <ul style="list-style-type: none"> <li>• Rate payers in NSW</li> <li>• Communities impacted by changes to local government</li> <li>• Including CALD people.</li> </ul>
<b>Media channels</b>	<ul style="list-style-type: none"> <li>• TV</li> <li>• Radio</li> <li>• Print</li> </ul>	<ul style="list-style-type: none"> <li>• Digital</li> <li>• Search</li> </ul>
<b>Total planned budget</b> (exclusive of GST)	Approximately \$4,839,717	
<b>Actual media and other spend</b> (exclusive of GST)	<p>Actual media spend \$3,584,985</p> <p>Creative \$617,558</p> <p>Research and evaluation \$280,917</p>	
<b>Total cost</b> (exclusive of GST)	\$4,483,460	

Note: Approximate figures have been used as complete records of the total advertising costs are not available.



**Exhibit 8: Print advertisement from the 'Stronger Councils, Stronger Communities' advertisement (Phase 1)**



Source: Office of Local Government.

**Exhibit 9: Print advertisement from the 'Stronger Councils, Stronger Communities' advertisement (Phase 2)**



Source: Office of Local Government.

**Exhibit 10: 30 second radio advertisement from the ‘Stronger Councils, Stronger Communities’ advertisement (Phase 2 extension)**

NSW has a complicated system of 152 local councils designed over 100 years ago, the system is broken. After listening to the community and councils the NSW Government is sorting it out. It's taking action to lock in rates and create stronger councils meaning better services and better infrastructure. Stronger councils mean a brighter future for your local community. Visit [councilboundaryview.nsw.gov.au](http://councilboundaryview.nsw.gov.au) for more information. Authorised by the NSW Government Sydney.

Source: Office of Local Government.

**Exhibit 11: 30 second radio advertisement from the ‘Stronger Councils, Stronger Communities’ advertisement (Phase 3)**

The NSW Government has created new stronger councils to provide better local services and infrastructure. That's more money for important projects like roads and footpaths. Residents will be protected from future rate rises for 4 years and your community will receive funding from the State government to kick start exciting new projects - like parks or pool upgrades. Because stronger councils mean stronger communities. To find out more visit [strongercouncils.nsw.gov.au](http://strongercouncils.nsw.gov.au). Authorised by the NSW Government Sydney.

Source: Office of Local Government.

**Exhibit 12: Digital banners from the ‘Stronger Councils, Stronger Communities’ advertisement (Phase 3)**



Source: Department of Premier and Cabinet.

## ‘Dogs deserve better’ campaign summary

Campaign summary		
<b>Objectives</b>	<ul style="list-style-type: none"> <li>• Increase the awareness and understanding of the animal welfare reasons for the closure of the greyhound racing industry.</li> <li>• Increase the number of people impacted by the ban on greyhound racing who make contact with support services to seek help and advice through the transition.</li> <li>• Increase the proportion of people who volunteer to adopt a greyhound.</li> </ul>	
<b>Timing</b>	August 2016 – October 2016	
<b>Target audiences</b>	Primary target audience: <ul style="list-style-type: none"> <li>• Greyhound racing participants</li> </ul>	Secondary target audience: <ul style="list-style-type: none"> <li>• Members of racing clubs</li> <li>• Animal welfare organisations</li> <li>• Wider NSW community</li> </ul>
<b>Media channels</b>	<ul style="list-style-type: none"> <li>• Radio</li> <li>• Print</li> </ul>	<ul style="list-style-type: none"> <li>• TV</li> <li>• Digital</li> </ul>
<b>Total planned budget</b> (exclusive of GST)	Approximately \$1.6 million	
<b>Actual media and other spend</b> (exclusive of GST)	Actual media spend \$1,018,609 Creative \$222,055 Research and evaluation \$0	
<b>Total cost</b> (exclusive of GST)	\$1,257,928	

Note: Approximate figures have been used as complete records of the total advertising costs are not available.

### Exhibit 13: 30 second radio advertisement from the ‘Dogs deserve better’ advertisement (Phase 1)

We’ve all had a bet before, but what’s the real cost of greyhound racing?  
 Up to 70 per cent of dogs are deemed ‘wastage’ by their own industry.  
 Wastage! Slaughtered just for being slow.  
 So while other greyhounds enjoy 9 years.  
 A racing dog’s average life span is just 18 months.  
 That’s not fun.  
 And that’s why it’s only legal to race greyhounds in just eight countries worldwide.  
 It has to stop, because dogs deserve better.  
 Go to [greyhounds.justice.nsw.gov.au](http://greyhounds.justice.nsw.gov.au) for more.

Source: Department of Justice.



Exhibit 14: Image from the 'Dogs deserve better' advertisement (stage one)




Source: Department of Justice.


Exhibit 15: Image from the 'Dogs deserve better' advertisement (stage two)

THE FACTS ABOUT

# THE GREYHOUND RACING TRANSITION




WE'RE **WORKING** WITH YOU ON THE  
**TRANSITION PLAN**




TO HELP WITH THE **TRANSITION**, JOIN  
**THE CONVERSATION**

OR




**VOLUNTEER TO  
ADOPT A DOG**

OR



WE'RE **TALKING** TO  
**INDUSTRY**




WE'RE **TALKING** TO  
**COMMUNITIES**


OR

GET  
**BUSINESS AND  
RETRAINING  
ADVICE**


VISIT



**GREYHOUNDS.JUSTICE.NSW.GOV.AU**



**1800 812 115**



**DOGS DESERVE BETTER.**

The NSW Government is committed to helping Industry participants with support packages and information during the transition to closure. For more information on how to get help (including emotional and mental health support), or to volunteer to adopt a dog go to [www.greyhounds.justice.nsw.gov.au](http://www.greyhounds.justice.nsw.gov.au).

Source: Department of Justice.



## Appendix three – About the audit

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### Audit objective

This audit assessed whether the selected government advertising campaigns were carried out effectively, economically and efficiently and in compliance with the *Government Advertising Act 2011*, the regulations, other laws and the Government Advertising Guidelines.

### Audit questions

We addressed the audit objective by asking the following questions:

1. Were the selected advertising campaigns carried out effectively, economically and efficiently?
2. Did the selected advertising campaigns comply with the *Government Advertising Act 2011*, relevant regulations, laws and the NSW Government Advertising Guidelines?

### Audit scope

In assessing the criteria, we checked the following aspects:

1. Effectiveness
  - a) Whether the campaign achieved impact or outcomes indicating effectiveness, verified through evaluation.
  - b) Whether the impact or outcomes of the campaign aligned with what the campaign intended to achieve.
2. Efficiency
  - a) Whether the campaign's impact or outcomes could have been achieved more efficiently.
  - b) Whether the campaign was conducted with an efficient ratio of output to inputs.
  - c) Whether the campaign was well-targeted at its intended audience.
3. Economy
  - a) Whether the campaign represented value for the expenditure and resources devoted to it.
4. Compliance with the *Government Advertising Act 2011*, Guidelines and other relevant regulation and laws
  - a) Whether the campaign complied with the prohibition on political advertising (s.6).
  - b) Peer review and cost benefit analysis obligations (s.7).
  - c) The requirement for an advertising compliance certificate to be issued by the head of the agency (s.8).

### Audit exclusions

The audit did not seek to question the merits of NSW Government policy or objectives.

### Audit approach

Our procedures included:

1. Interviewing
  - a) select agency staff involved in campaign development and approval to discuss government advertising procedures and assess agency views on the effectiveness, efficiency and economy of the campaign
  - b) Department of Premier and Cabinet staff to discuss their observations of the campaign, role in the campaign approval process, and understanding of the application of the Government Advertising Guidelines.

2. Examining
  - a) campaign materials and documentation
  - b) documents evidencing internal processes designed to ensure compliance with government advertising legislation and guidelines
  - c) peer review reports
  - d) cost benefit analyses
  - e) materials supporting any factual claims in the advertisement
  - f) compliance certificates
  - g) post-implementation evaluations
  - h) business case submissions to DPC
  - i) documentation regarding satisfaction of internal clients, including feedback/interviews
  - j) key documentation regarding targeting of intended audience, including selection of medium and message
  - k) evidence of use of Advertising and Digital Communications Suppliers and Media Agency Services
  - l) evidence related to recent selections of Advertising and Digital Communications Suppliers and Media Agency Services, including value-for-money assessments.
3. Analysing statistics/evidence of monitoring and consultation regarding quality of advertising and public awareness of subject matter.

The audit approach was complemented by quality assurance processes within the Audit Office to ensure compliance with professional standards.

## **Audit methodology**

Our performance audit methodology is designed to satisfy Australian Audit Standards ASAE 3500 on performance auditing. The Standard requires the audit team to comply with relevant ethical requirements and plan and perform the audit to obtain reasonable assurance and draw a conclusion on the audit objective. 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 staff at the Department of Premier and Cabinet, the Office of Local Government and the Department of Justice. We also thank the other stakeholders that made the time to speak to us during the audit.

## **Audit team**

Kevin Hughes, Laura Benecke and XinYin Ooi conducted this audit. Claudia Migotto and Rod Longford provided oversight and quality assurance.

## **Audit cost**

Including staff costs, travel and overheads, the estimated cost of the audit is \$147,341.



## Appendix four – Performance auditing

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### 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 section 38B of 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.

### How are performance audits selected

When selecting and scoping topics, we aim to choose topics that reflect the interests of parliament in holding the government to account. Performance audits are selected at the discretion of the Auditor-General based on our own research, suggestions from the public, and consultation with parliamentarians, agency heads and key government stakeholders. Our three year performance audit program is published on the website and is reviewed annually to ensure it continues to address significant issues of interest to parliament, aligns with government priorities, and reflects contemporary thinking on public sector management. Our program is sufficiently flexible to allow us to respond readily to any emerging issues.

### 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 agency head 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 agency head 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](http://www.audit.nsw.gov.au) or contact us on 9275 7100.



## OUR VISION

Our insights inform and challenge government to improve outcomes for citizens.

## OUR MISSION

To help parliament hold government accountable for its use of public resources.

## 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.

Level 15, 1 Margaret Street  
Sydney NSW 2000 Australia

**PHONE** +61 2 9275 7100

**FAX** +61 2 9275 7200

[mail@audit.nsw.gov.au](mailto:mail@audit.nsw.gov.au)

Office hours: 8.30am-5.00pm,  
Monday to Friday.