

# Government Advertising 2017-18

18 DECEMBER 2018



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* and the *Local Government Act 1993*.

We conduct financial or 'attest' audits of State public sector and local government entities' 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 entities to ensure sound financial management.

Following a financial audit the Audit Office issues a variety of reports to entities and reports periodically to parliament. In combination these reports give opinions on the truth and fairness of financial statements, and comment on entity 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 entity 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 entity's operations, or consider particular issues across a number of entities.

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.



GPO Box 12  
Sydney NSW 2001

The Legislative Assembly  
Parliament House  
Sydney NSW 2000

The Legislative Council  
Parliament House  
Sydney NSW 2000

In accordance with section 38E of the *Public Finance and Audit Act 1983*, I present a report titled **'Government Advertising 2017-18'**.

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

**Margaret Crawford**

Auditor-General  
18 December 2018

© Copyright reserved by the Audit Office of New South Wales. All rights reserved. No part of this publication may be reproduced without prior consent of the Audit Office of New South Wales. The Audit Office does not accept responsibility for loss or damage suffered by any person acting on or refraining from action as a result of any of this material.

# contents

---

## Government advertising 2017–18

### Section one – Government advertising 2017–18

Executive summary	1
Introduction	2
Green slip refund campaign	5
TAFE semester one 2018 campaign	10

### Section two – Appendices

Appendix one – Responses from agencies	17
Appendix two – About the campaigns	24
Appendix three – About the audit	28
Appendix four – Performance auditing	30

## **Section one**

Government advertising  
2017–18



# Executive summary

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. The performance audit assesses whether a government agency or agencies has carried out activities in relation to government advertising in an effective, economical and efficient manner and in compliance with the Act, the regulations, other laws and the Government Advertising Guidelines (the Guidelines). This audit examined two campaigns conducted in 2017–18:

- the 'Green slip refund' campaign run by the State Insurance Regulatory Authority (SIRA)
- the semester one component of the 'TAFE NSW 2018 Student Recruitment Annual Campaign Program' run by the NSW TAFE Commission (TAFE).

Section 6 of the Act prohibits 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 to influence (directly or indirectly) support for a political party.



## Conclusion

**Neither campaign breached the prohibition on political advertising contained in section 6 of the Act. Both campaigns also complied with most requirements of the Act, the regulations, other laws and the Guidelines. Neither agency could demonstrate that their campaigns were fully effective or economical.**

SIRA did not breach section 6 of the Act, which prohibits political advertising. However, SIRA used its post-campaign evaluation to ask the public whether they believe the government was helping to reduce the cost of living by making reforms in a variety of areas, including some that were not related to the green slip campaign. SIRA advised that these additional statements were included to provide a broader context for any change in the green slip campaign survey results. This is not an appropriate use of the post-campaign evaluation because the post-campaign evaluation should measure the success of the campaign against its stated objectives.

Neither campaign met all their key objectives, limiting the overall effectiveness of the campaigns. SIRA successfully increased awareness of the availability of green slip refunds and met the target for the proportion of people claiming their refunds online. However, it did not meet its objective to inform the public about the reforms to the green slip scheme, beyond the refunds available to motorists. While 62 per cent of surveyed people were aware of the reforms, there was little knowledge about many specific aspects of the reforms, which people largely associated with lower insurance prices and refunds. TAFE was successful in achieving targets for changing the public perception of TAFE. However, it failed to achieve its semester one enrolment target.

SIRA was not able to demonstrate that its campaign was economical as it directly negotiated with a single supplier for the campaign's creative materials. This is contrary to the NSW Government's and SIRA's own procurement guidance that advise it to seek quotes from suppliers on a prequalification scheme if available. SIRA had access to the Advertising and Digital Communication Services prequalification scheme, but still continued with direct negotiations. While SIRA sought to demonstrate value for money by comparing the supplier's quote to the expenditure on creative materials in other campaigns, it did not document this evaluation to ensure that decision makers were fully informed.

TAFE was not able to demonstrate that its campaign was economical as it did not compare the campaign with a zero-advertising scenario to demonstrate the exact benefits directly attributable to the campaign. TAFE's cost-benefit analysis also did not identify to what extent benefits could be achieved without advertising, nor did it consider alternatives to advertising which could achieve the same impact as the advertising campaign. All these elements should have been included in TAFE's cost benefit analysis.

Both agencies achieved some efficiencies in implementing their campaigns. SIRA booked all of its media placements in a cost-efficient manner. TAFE booked most of its media placements in a cost-efficient manner and achieved further efficiencies through the re-use of previous campaign material.



# 1. Introduction

## 1.1 Background

### What is government advertising?

The government uses advertising to communicate information about a government program, policy or initiative to members of the public. Government advertising is funded by or on behalf of a government agency and can be distributed through a variety of media, such as radio, television, the Internet, newspapers, billboards or cinemas.

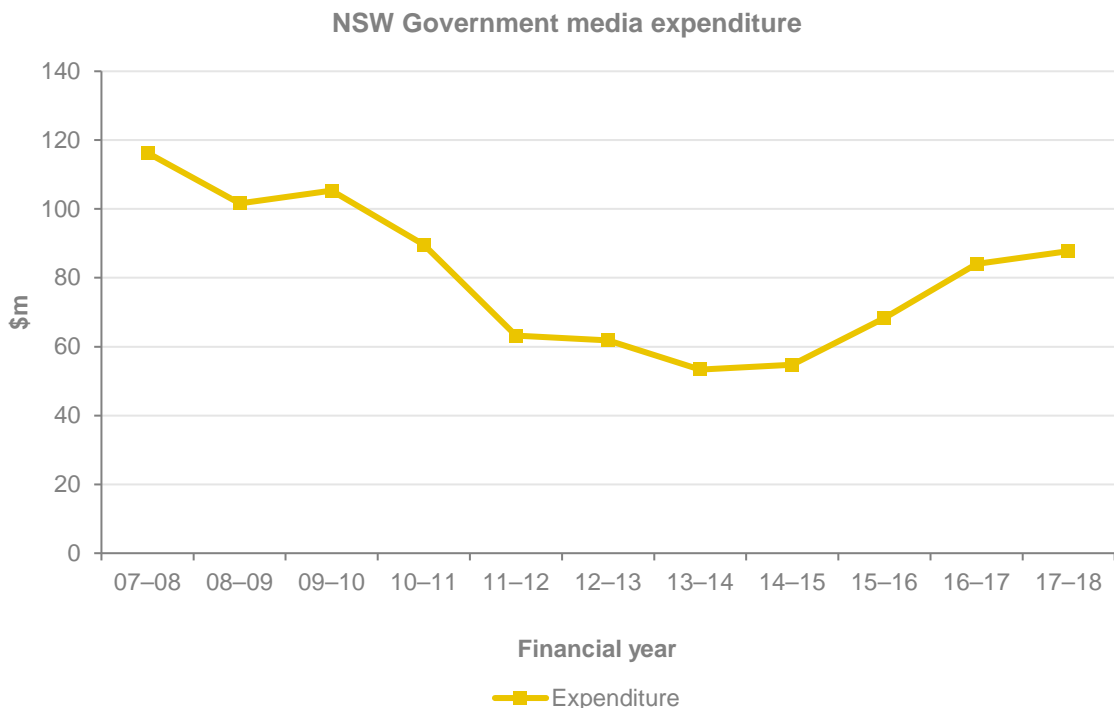
The NSW Government Advertising Handbook defines three broad categories of government advertising:

- **recruitment advertising** - advertising which promotes specific job vacancies and employment opportunities within a government agency
- **public notices** - advertising which communicates a clear, simple message or announcement and is generally one-off or short-term in nature
- **public awareness advertising** - coordinated communications to raise awareness of key issues, such as government initiatives, or encourage behaviour change.

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

The NSW Government spent \$87.7 million on advertising in 2017–18.

#### Exhibit 1: NSW Government media expenditure from 2007–08 to 2017–18



Source: Audit Office analysis.

## How is government advertising regulated?

A regulatory framework which includes both policy and legislation governs NSW Government advertising. Exhibit 2 contains an overview of this regulatory framework.

### Exhibit 2: NSW Government advertising regulatory framework

Regulation	Purpose
<i>Government Advertising Act 2011</i> (Act)	Sets out the legal requirements for government advertising.
Government Advertising Regulation 2012 (Regulation)	Sets out exemptions to the Act.
NSW Government Advertising Guidelines (Guidelines)	Sets out requirements in relation to the style and content, dissemination and cost of government advertising campaigns, as well as the requirements of cost benefit analyses and peer reviews.
NSW Government Advertising Handbook (Handbook)	Explains the legal and policy requirements of advertising. Sets out procedures for planning, preparing, managing and reporting of advertising activities.

Source: Audit Office analysis.

## Prohibition of political advertising

Section 6 of the Act prohibits political advertising as part of a government advertising campaign. Government advertising campaigns must not:

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

In addition, the Guidelines require government advertising campaigns to be politically neutral and clearly distinguishable from party political messages.

## Requirements prior to the commencement of a campaign

The Act states that a government advertising campaign must not commence unless the head of the agency has signed a compliance certificate for the campaign. This compliance certificate states that the head of the agency believes the government advertising 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 its public purpose.

The Act defines further requirements for campaigns which are likely to exceed a total cost of \$50,000 or \$1.0 million. These are summarised in Exhibit 3.

Government advertising campaigns likely to cost over \$50,000 are subject to peer review before the campaign commences. This involves two or three public sector employees with expertise in marketing and communications assessing the proposed advertising campaign according to a set of criteria outlined in the Guidelines. The Department of Premier and Cabinet (DPC) manages the peer review process.

The Act requires an agency wishing to run a government advertising campaign likely to cost over \$1.0 million to complete a cost-benefit analysis before the campaign commences. A cost-benefit analysis is a decision-making tool that assesses the impact of an advertising campaign on the welfare of society.

In addition, campaigns which are likely to cost over \$1.0 million require approval from the Cabinet Standing Committee on Communication and Government Advertising.

### 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 \$1.0 million	✓	✓		
>\$1.0 million	✓	✓	✓	✓

Source: Adapted from NSW Government Advertising Handbook (2017).

## The NSW Government Brand Guidelines

In August 2017, the NSW Government released the NSW Government Brand Guidelines (Brand Guidelines), which provide direction on when and how to use the NSW Government logo. The Brand Guidelines replaced the NSW Government Branding Style Guide which had been in place since September 2015. The aim of the Brand Guidelines is to ensure consistency across public sector communications and improve the recognition of NSW Government projects. The Brand Guidelines apply to all NSW Government agencies, statutory bodies and other government entities.

Agencies may apply to the Cabinet Standing Committee on Communication and Government Advertising for an exemption to the Brand Guidelines. The release of the new Brand Guidelines required agencies which were exempt from the requirements of the NSW Government Branding Style Guide to re-apply for a new exemption.

## About this audit

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 or agencies has carried out activities in relation to government advertising in an effective, economical and efficient manner and in compliance with the Act, the Guidelines and other laws.

The 2017–18 government advertising audit examined the following campaigns.

Campaign title	Responsible agency	Expenditure
Green slip refund	State Insurance Regulatory Authority (SIRA)	\$1.9 million
2018 student recruitment annual campaign program (semester one only)	NSW TAFE Commission (TAFE)	\$9.5 million

Appendix three contains further details about this audit.





## 2. Green slip refund campaign

The State Insurance Regulatory Authority (SIRA) conducted the 'Green slip refund' campaign between March and June 2018. SIRA ran this campaign to raise awareness of the Compulsory Third Party (CTP) refunds and reforms after the *Motor Accidents Injuries Act 2017* commenced in December 2017. SIRA's view is that the reforms include a reduced cost for CTP insurance, benefits for at-fault drivers, reduced opportunity for fraud and attempts to lower insurance company profits. Green slip holders are also able to claim partial refunds on their 2017 green slip insurance premium. The campaign aimed to make green slip holders aware of the refunds available, encourage them to claim online and to inform people about the changes to the green slip scheme. The campaign focused on the first two of these objectives. The total cost of the campaign was \$1.9 million. See Appendix two for more details on this campaign.



The 'Green slip refund' advertising campaign did not breach section 6 of the Act which prohibits political advertising. However, SIRA used its post-campaign evaluation to ask the public whether they believe the government was helping to reduce the cost of living by making reforms in a variety of areas, including some that were not related to the green slip campaign. SIRA advised that these additional statements were included to provide a broader context for any change in the green slip campaign survey results. This is not an appropriate use of the post-campaign evaluation because the post-campaign evaluation should measure the success of the campaign against its stated objectives.

The campaign met most of its objectives, including raising awareness of the green slip refunds and encouraging people to claim online. However, the campaign was not fully effective because it did not inform the public of the green slip reforms. This was one of the objectives of the campaign. Sixty-two per cent of people in the post-campaign survey stated that they were aware of the reforms, an increase from the baseline of 20 per cent. However, these people largely associated the reforms with lower insurance prices and had a low awareness of any other elements of the reforms, such as SIRA's view that the reforms introduced better support for people injured on the road. This indicates that the campaign did little to inform people about the green slip reforms beyond the price of insurance.

SIRA was able to ensure cost-efficient media purchases by signing its media booking authority within the timeframe advised by DPC.

SIRA could not demonstrate that the campaign was carried out economically. SIRA directly negotiated with a single supplier to procure the creative materials for this campaign. Direct negotiations make it difficult to ensure value for money due to the lack of competition. SIRA proceeded with direct negotiations despite being able to access a prequalification scheme which could increase competition. In doing so, SIRA did not follow government's or its internal procurement guidance. While SIRA sought to demonstrate value for money by comparing the supplier's quote to the expenditure on creative materials in other campaigns, it did not document this evaluation to ensure that decision makers were fully informed.

### Campaign materials we reviewed did not breach section 6 of the Act

Section 6 of the Act prohibits political advertising as part of a government advertising campaign. 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, a member of parliament or a candidate nominated for election to parliament
- contain the name, logo, slogan or any other reference to a political party.

The audit team found no breaches of section 6 of the Act in the campaign material we reviewed.

Before the start of the campaign, SIRA conducted a survey which asked people whether they agreed 'that the NSW Government is helping to reduce the cost of living by making positive reforms to:

- reduce the cost of green slips
- reduce the cost of health insurance
- increase the number of jobs
- increase investment in the state.'

SIRA's initial submission to peer review listed one of the campaign objectives as improving the perception of the government as a positive reformer. DPC advised SIRA that this should not be included. SIRA removed this objective.

Even though SIRA appropriately removed this objective, the post-campaign evaluation still measured agreement with the above statements, three of which did not relate to this campaign or SIRA's responsibilities. SIRA advised that these three additional statements were included to provide a broader context for any change in the green slip campaign survey results. For example, if all four measures reported an increase in positive responses of roughly the same size, then the increase may have been due to factors other than the advertising campaign.

This is not an appropriate use of the post-campaign evaluation, which should measure the success of the campaign against its stated objectives. The Guidelines list the purposes that government advertising may serve and none of these relate to improving the perception of the government. The inclusion of the above questions in SIRA's post-campaign evaluation creates a risk that the results may be used for party political purposes.

### **The campaign met most targets, however some were not challenging to achieve**

The post-campaign evaluation demonstrated that the campaign met the targets for 12 of its 13 objectives including the targets relating to raising awareness of the refunds and the proportion of people claiming their refunds online. A fourteenth objective, the percentage of people aware that they should contact SIRA after a road accident injury, did not have a target set, meaning that it is not possible to say whether the campaign had the desired impact in this case.

In August 2017, before the campaign commenced, SIRA conducted a survey to determine the baselines for some of its objectives. This is a good practice to support an effective post-campaign evaluation process. The survey found that 20 per cent of people were aware of the green slip reforms. SIRA's objective was to raise this to 25 per cent, which represents a small gain relative to the proposed campaign expenditure. The campaign aimed for 40 per cent of motorists to be aware of refunds, which is very low given that this was the primary focus of the campaign. SIRA followed the advice of its survey provider when setting these targets.

In the survey carried out after the campaign, 66 per cent of people were aware of the availability of green slip refunds for most motorists. The campaign also aimed to get 83 per cent of motorists to claim their refunds via online channels. It met this target, with a total of 84 per cent. Finally, 62 per cent of people in the post-campaign survey were aware of the green slip reforms. This result is discussed further below.

The overall target for total number of refunds claimed is 85 per cent of eligible drivers, that is to say CTP holders. SIRA will evaluate the results of this objective after the conclusion of the refund period in June 2019.

### **The campaign did little to inform the public about the broader green slip reforms**

One objective of the green slip refund campaign was to inform the public about the green slip reforms. The final campaign creative material focused almost entirely on the green slip refunds rather than the range of other reforms. This was because the peer review raised concerns that the creative material was attempting to deliver too many messages.

The campaign submission stated that the advertising campaign would raise awareness of the broader reforms to the CTP scheme, citing several examples such as reduced opportunities for fraud and reduced insurer profits. SIRA also advised the Minister for Finance, Services and Property that secondary messaging in the campaign would benefit public understanding of the reforms.

Some of the television and radio advertisements referred to 'more protection' or 'better protection' for people injured on New South Wales roads, however advertisements did not refer to other elements of the reforms. Other campaign creative materials contained messages solely relating to the green slip refund and made no further reference to the broader reforms. SIRA used other communication channels, such as giving wallet cards to health service providers, to spread these messages to people, particularly those who had been injured.

Sixty-two per cent of people in the post-campaign survey were aware of the green slip reforms. SIRA asked these people which benefits they associated with the reforms. The results of this survey are in Exhibit 4. Seventy-one per cent of this sample identified the reduced costs of green slips as one of the changes, but awareness of other elements of the reforms remains low. Though 29 per cent of people perceive the reforms to make the green slip scheme 'fairer', no more than 15 per cent of people could list a specific benefit which did not relate to insurance prices.

#### **Exhibit 4: Perceived benefits associated with the changes to the CTP green slip scheme**

Perceived benefit	Percentage aware of this benefit
Reduced costs of green slips for vehicle owners	71%
A fairer scheme for all people	29%
Reduced costs of comprehensive vehicle insurance	20%
Better support for people injured on our roads	15%
Less chances of fraudulent claims	15%
Lowering insurance company profits	13%
Quicker payment of claims to injured people	10%

Source: State Insurance Regulatory Authority.

Another campaign target was to ensure that people understood that they should contact SIRA in case of an injury. None of the campaign creative materials contained this information. SIRA did some limited work to inform the public about this through its social media channels. One of the pieces of creative material directed the reader to SIRA's website for further information on the reforms, which contained this information. During the campaign period, there was an increase in the number of calls received by SIRA's CTP Assist phone line. However, in the post-campaign evaluation, only two per cent of surveyed people identified that they should contact SIRA in case of an injury.

#### **The media plan allowed sufficient time for cost-efficient media placement**

During the peer review process, DPC provides advice to agencies about the time they should allow to ensure cost-efficient media placement. For example, DPC advise that agencies book television advertising six to 12 weeks in advance and that agencies book radio advertising two to eight weeks in advance.

SIRA allowed sufficient time between the completion of the peer review process and the commencement of the first advertising. SIRA signed the agreement with the approved Media Agency Services provider eight weeks before the campaign started, meaning that it could achieve cost-efficient media placement for all types of media used in this campaign.

## **SIRA directly negotiated with a single supplier, making it difficult to demonstrate value for money**

SIRA directly negotiated with a single supplier to procure the campaign's creative material. A direct negotiation occurs when an agency negotiates with a proponent without first undergoing a competitive process. It is difficult to demonstrate value for money using direct negotiation due to the lack of competition.

ICAC's 'Guidelines for managing risks in direct negotiations' (ICAC Guidelines) provide guidance on how to undertake direct negotiations. SIRA has a direct negotiation checklist that aligns to the ICAC Guidelines. The SIRA checklist advises that staff should confirm that existing New South Wales prequalification schemes cannot provide the procurement before undertaking a direct negotiation. SIRA did not do this.

To procure creative materials, agencies can access the Advertising and Digital Communication Services prequalification scheme (the prequalification scheme). Using the prequalification scheme allows agencies to quickly seek quotes from suppliers who have a demonstrated track record and expertise. While agencies are not required to use the prequalification scheme, the NSW Procurement Board advises that agencies should use prequalification schemes where they are available to promote competition.

By using direct negotiation when the prequalification scheme was available, and by not seeking quotes from other suppliers, SIRA was acting in a way that reduced competition. This increases the risk that SIRA did not achieve value for money in its procurement of creative materials.

SIRA advised that it sought to ensure value for money by comparing the quote from its selected supplier with the amount spent on creative materials in other campaigns of similar size. SIRA did not document this analysis at the time or include it as part of the briefing note staff used to seek approval for undertaking direct negotiation. As a result, decision-makers were not fully informed when approving this engagement.

SIRA reported in a briefing note that it engaged in direct negotiations because:

- it believed that the original timeframe did not allow for a competitive tender process
- the supplier had done previous work on a related campaign for SIRA
- the supplier provided sample work which received positive feedback from focus groups.

In July 2017, when peer review commenced, SIRA planned to launch the campaign in November 2017 to coincide with the beginning of the green slip reforms. SIRA believed that this timeframe was narrow enough to warrant entering direct negotiations. The ICAC Guidelines advise that a narrow timeframe is not a valid reason to enter into a direct negotiation. In late October 2017, the campaign launch was delayed until March 2018 to stagger the demand on the resources of Service NSW, which is administering the refund.

The ICAC Guidelines also advise against re-appointing a supplier because it has performed previous work. Instead, agencies could consider previous experience as one of several factors when deciding between quotes. In cases where an agency asks a supplier to provide sample work, the ICAC Guidelines advise that agencies should request sample work from multiple potential suppliers to promote competition.

## **The campaign's cost benefit analysis complied with the Act and Guidelines**

The Act requires a cost benefit analysis (CBA) for any government advertising campaign likely to exceed \$1.0 million in value. Section six of the Guidelines set out the requirements for a government advertising CBA. The campaign's CBA complied with the requirements of the Act and the Guidelines.

The campaign CBA could have demonstrated further cost effectiveness if it considered alternative media mixes as outlined in NSW Treasury's 'Cost Benefit Analysis Framework for Government Advertising and Information Campaigns'. This would also have been consistent with the Handbook.

### **The cluster Secretary signed the compliance certificate instead of the head of SIRA**

The Act requires the head of the agency running the campaign to sign a compliance certificate.

The Secretary of the Department of Finance, Services and Innovation, the cluster to which SIRA belongs, signed the campaign's compliance certificate. However, section 17(2) of the *State Insurance and Care Governance Act 2015* states that SIRA is 'for the purposes of any Act, a NSW Government agency.' Given this, the Chief Executive of SIRA was responsible for signing the compliance certificate for this campaign.

This is a minor non-compliance with the Act because the Chief Executive had reviewed the campaign and recommended that the Secretary sign the compliance certificate.



### 3. TAFE semester one 2018 campaign

The NSW TAFE Commission (TAFE) ran the 'TAFE NSW 2018 Student Recruitment Annual Campaign Program' from November 2017 to September 2018. The aim of the campaign was to assist TAFE in achieving its 2018 student enrolment target by improving the perception of TAFE's brand and generating student enquiries. This is the first state-wide campaign run by TAFE operating under the One TAFE model. Previously, each TAFE Institute ran its own campaigns. The total budget of the campaign was \$19.5 million. This audit examined only the semester one 2018 component of the campaign, which ran from November 2017 to April 2018 at a total cost of \$9.5 million. See Appendix two for more details on this campaign.



The semester one component of the 'TAFE NSW 2018 Student Recruitment Annual Campaign Program' did not breach the specific provisions of section 6 of the Act which prohibits political advertising.

The campaign was not fully effective because it did not achieve its objective of reaching TAFE's semester one enrolment target. The campaign was successful at achieving the campaign's targets which related to changing the public perception of TAFE.

TAFE was able to place most of its campaign media within cost-efficient timeframes. TAFE also achieved efficiencies by re-using many creative materials from a previous campaign.

TAFE could not demonstrate this campaign was carried out economically. TAFE's cost benefit analysis (CBA) for this campaign did not comply with three requirements of the Guidelines. For example, TAFE did not compare the campaign to a baseline case of not advertising.

The Guidelines require government advertising to be accurate in all statements. TAFE breached this requirement. The campaign material included one statement that was inaccurate and one that was overstated.

The revision of the Brand Guidelines in August 2017 impacted this campaign. TAFE re-used many creative materials that were created when TAFE was not required to include the NSW Government logo on its advertising material. DPC appears to have directed agencies that were launching advertising campaigns to immediately comply with the Brand Guidelines, however we could not find evidence that this advice was given to TAFE. As such, 59 per cent of TAFE's materials were not compliant with the Brand Guidelines at the launch of the campaign in November 2017. TAFE had made most of this campaign's creative materials compliant by June 2018.

#### **The campaign materials we reviewed did not breach section 6 of the Act**

Section 6 of the Act prohibits political advertising as part of a government advertising campaign. 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, a member of parliament or a candidate nominated for election to parliament
- contain the name, logo, slogan or any other reference to a political party.

The audit team found no breaches of section 6 of the Act in the campaign material we reviewed.

#### **The campaign achieved 16 of 24 objectives, but did not reach its enrolment target**

The campaign had 24 objectives which had a target for semester one. TAFE set these targets using a combination of previous experience, corporate objectives and brand surveys.

The overall objective of the combined semester one and two campaigns was to support TAFE achieving its 2018 total enrolment target of 549,636. TAFE's semester one target was 361,350, which it did not achieve. This indicates that the campaign was not fully effective.



The campaign achieved 11 of its 16 output objectives. The output targets related to TAFE's media placements and ability to reach an audience efficiently. TAFE tracked progress against many of the campaign's output objectives daily. TAFE altered its media channels throughout the campaign meaning that some of the output objectives were not met because TAFE decided to focus on alternative media channels. The campaign also achieved all seven of its outcome objectives. The outcome objectives related to changing the public perception of TAFE.

### **TAFE's initial media plan allowed for efficient media placement**

During the peer review process, DPC provides advice to agencies about the time they should allow to ensure cost-efficient media placement. For example, DPC advise that agencies book television advertising six to 12 weeks in advance and that agencies book radio advertising two to eight weeks in advance.

While TAFE's initial media plan allowed sufficient time between the approval of the campaign and its launch, a delay in receiving final approval for the campaign meant TAFE could not purchase media placements until two months later than planned. Most purchases still remained within DPC's recommended timeframes, but Indigenous television advertisements and metropolitan out of home advertisements both fell outside DPC's recommended time periods by one week. These delays did not impact on TAFE's efficiency.

### **TAFE re-used many creative materials, achieving some cost-savings**

Rather than commissioning new creative materials, TAFE re-used many creative materials from the previous campaign and supplemented these with a selection of new creative materials. TAFE advised that this led to a cost saving of approximately \$130,000.

TAFE sought quotes from suppliers on the government's Advertising and Digital Communication Services prequalification scheme for two creative material contracts. These contracts covered updates to existing materials and a selection of new materials.

### **The campaign's cost-benefit analysis did not comply with three requirements of the Guidelines**

The Act requires an agency to conduct a cost-benefit analysis (CBA) if the cost of an advertising campaign is likely to exceed \$1.0 million. The Guidelines set out the requirements of this CBA. TAFE did not comply with three of these requirements, outlined in Exhibit 5.

#### **Exhibit 5: Guideline requirements for CBAs with which TAFE did not comply**

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.

Source: NSW Government Advertising Guidelines (2012).

In this circumstance, section 6.2 of the Guidelines required the CBA to identify the number of enrolments TAFE would expect if it did not advertise. TAFE advised us that it is not possible to say what this scenario would look like because there had always been some degree of advertising, however, this argument is not reflected in the CBA.

TAFE used 2017 as the baseline in the CBA. In 2017, TAFE spent \$13.2 million on advertising. As such, the CBA was only able to isolate the impact of the increased expenditure rather than the impact of the campaign's entire \$19.5 million expenditure. TAFE advised that 2017 had the most reliable state-wide data and this contributed to the decision to use it as the baseline.

During the audit, TAFE sought advice from NSW Treasury regarding whether a 2017 baseline was appropriate and NSW Treasury advised that it was. Regardless, TAFE did not receive this advice prior to writing the CBA and did not put commentary around this in the CBA. This would also not be sufficient for fulfilling the requirements of the Guidelines.

The CBA did not comply with sections 6.3 and 6.4 of the Guidelines. The CBA briefly considered the impact of spending the campaign budget directly on new training courses, however there was no sustained analysis of this option. TAFE staff advised that there are no realistic alternatives to advertising for achieving the campaign's objectives. However we did not see analysis to support this conclusion in documents provided to us.

The campaign CBA could have better demonstrated cost effectiveness if it considered alternative media mixes as outlined in NSW Treasury's 'Cost Benefit Analysis Framework for Government Advertising and Information Campaigns'. This would also have been consistent with the Handbook.

### **TAFE made one inaccurate claim in its advertising and overstated a second**

The Guidelines set out rules regarding the content of a government advertising campaign. Exhibit 6 sets out one of the principles with which agencies must comply.

#### **Exhibit 6: Guidelines' requirement for accuracy**

The following principles apply to the style and content of government advertising campaigns:

- Accuracy in the presentation of all facts, statistics, comparisons and other arguments. All statements and claims of fact included in government advertising campaigns must be able to be substantiated.

Source: NSW Government Advertising Guidelines (2012).

TAFE made one inaccurate claim in its advertising and overstated a second.

In some campaign creative material, TAFE claimed that 78 per cent of its own graduates are employed after training (Exhibit 15 in Appendix 2). According to the National Centre for Vocational Education Research, 78 per cent of New South Wales Vocational Education and Training (VET) graduates (i.e. from all training providers) are employed after training. The result for TAFE graduates is 70.4 per cent.

One of the campaign's television advertisements refers to TAFE as 'Australia's most reputable education provider'. This statement referred to a survey of current TAFE students who were asked where they would consider studying in future: TAFE, University or a private college. The current TAFE students selected TAFE by a large margin. The limited scope of TAFE's student survey and its results do not support the claim that it is 'Australia's most reputable education provider'.

### **DPC did not consistently communicate the transitional arrangements for the Brand Guidelines and as such much of TAFE's creative material did not comply at campaign launch**

On 7 August 2017, the government released the NSW Government Brand Guidelines (Brand Guidelines), setting out how agencies use the NSW Government logo. The Brand Guidelines replaced the Branding Style Guide which had been in place since September 2015. Some agencies were exempt from using the Branding Style Guide and the introduction of the new Brand Guidelines required these agencies to apply for a new exemption.

TAFE had recently commenced the peer review process for this campaign when the Brand Guidelines were released. TAFE was exempt from the requirements of the Branding Style Guide and as such the material which TAFE was planning to re-use in the new campaign did not contain the NSW Government logo.

Communication about how long agencies had to make themselves compliant with the Brand Guidelines was unclear. On 11 August 2017, the Chair of the Cabinet Standing Committee on Communication and Government Advertising (the Committee) sent a letter to the Secretary of the Department of Industry informing him that the Department must update all its material to be compliant with the Brand Guidelines 'as soon as practicable within an 18-month transition period'. The Department of Industry advised TAFE that new advertising would need to be immediately compliant, however it was not clear if this included materials which agencies were re-using from previous campaigns. DPC advised the audit team that it expected re-used materials to be compliant when agencies launched new campaigns. DPC provided this advice to some agencies but did not communicate it more broadly. We could not source evidence that DPC provided this advice to TAFE.



DPC ran workshops to explain the transitional arrangements in September 2017 for the changes in the Brand Guidelines, however these did not specifically address the transitional timeframes for new advertising campaigns.

The Department of Industry, on behalf of TAFE, applied to the Committee for approval to co-brand the TAFE logo with the NSW Government logo. This was approved in October 2017. The requirements for co-branding are in Exhibit 7.

#### **Exhibit 7: Co-branding in the NSW Government Brand Guidelines**

Co-branding partners the agency logo with the NSW Government logo. The NSW Government logo must always be presented as the dominant or lead brand. The Brand Guidelines provide the following template:



The NSW Government logo is on the left and the agency logo is placed on the right, with a dividing line between them.

Source: NSW Government Brand Guidelines (2017).

The audit examined 119 pieces of creative material used when the campaign launched in November 2017. Fifty-nine per cent contained only TAFE branding and gave no indication that they were from the NSW Government. TAFE updated its advertising material throughout the first two quarters of 2018. By June 2018, the only advertising materials that TAFE had not updated were six television advertisements and its radio advertising. TAFE had corrected seven television advertisements at a total cost of \$70,000 and did not believe that it was economical to update the other advertisements at similar total cost.

## **Section two**

### Appendices



# Appendix one – Responses from agencies

---

## Response from Department of Premier and Cabinet



Ref: A2776641

Ms Margaret Crawford  
Auditor General of NSW  
GPO Box 12  
SYDNEY NSW 2001

Dear Ms Crawford,

The Department of Premier and Cabinet (DPC) thanks you for your recent letter regarding the Performance Audit of Government Advertising for 2017-18, together with the report. I note there are no recommendations for action and welcome your findings that the two campaigns assessed comply with requirements of the *Government Advertising Act*, the Regulation and the Guidelines.

DPC is committed to ensuring all agencies comply with the Government's advertising regulatory framework. Our leadership and guidance to all agencies enables effective governance and implementation of government advertising including branding, peer reviews, cost-benefit analyses and evaluation of campaigns.

Once again, DPC thanks the Audit Office for an efficient audit process.

Should you require any further information or comment, please contact Ms Isobel Scouler, Director Government Communications, on 02 9228 3820 or at [isobel.scouler@dpc.nsw.gov.au](mailto:isobel.scouler@dpc.nsw.gov.au).

Yours sincerely

**Tim Reardon**  
**Secretary**

17 December 2018

# Response from State Insurance Regulatory Authority



State Insurance  
Regulatory Authority

Our reference: D18/215162

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

Via email: [daniel.irwin@audit.nsw.gov.au](mailto:daniel.irwin@audit.nsw.gov.au)

Dear Ms Crawford

## Report on Performance Audit of Government Advertising 2017-18

Thank you for your letter of 16 November 2018 and the opportunity to respond to the Report on the Performance Audit of Government Advertising 2017-18 which examined the CTP Green Slip refund campaign.

I note the Audit Office finding that the CTP Green Slip refund advertising campaign conducted by the State Insurance Regulatory Authority (SIRA), had one minor non-compliance with the *Government Advertising Act 2011*.

While the Report did not make specific recommendations for SIRA, I have considered the Report carefully and will ensure that SIRA incorporates the insights into future advertising campaigns.

I would like to provide information in relation to some of the observations made in the report.

Information was provided to the Audit Office demonstrating the legislation passed by the Parliament in 2017 delivered reductions in average premium prices of over \$120, greater benefit entitlements for approximately 7,000 at-fault drivers per year, reduced the opportunity for fraud and strengthened regulatory powers to control insurer profits, compared to the previous scheme.

SIRA notes the Audit Office observations regarding direct negotiation to procure creative materials. SIRA notes the cost of the CTP Green Slip refund campaign creative materials was \$202,000, which represents 10.5 percent of the total campaign spend. This is well below the 30 percent level provided by the Department of Premier and Cabinet as a guide. Although negotiation was with a single supplier, at this cost it is reasonable SIRA considered the proposal constituted good value for money and therefore does not agree with the observation that direct negotiation with a single supplier made "it difficult to demonstrate value for money".

SIRA conducted this campaign to inform people about the CTP Green Slip refunds. The scope of the campaign was reduced following peer review, in response to concerns that the original proposal for the campaign was attempting to deliver too many messages to be an effective campaign. The Audit Office observation that the campaign did little to inform the public about the broader green slip reforms does not align with this refocused scope.

SIRA implemented advice to limit the campaign messaging to the primary objectives, because explaining the benefits of the new scheme in addition to the refund and how to claim it, was not possible within the constraints of a 30 second TV and radio advertisement. The campaign messaging did link the refunds to the new scheme and lower premium prices.

---

GPO Box 2677, Sydney NSW 2001 | [www.sira.nsw.gov.au](http://www.sira.nsw.gov.au) | ABN 19 241 815 442

Once Service NSW was engaged to return the refunds to policy holders, it was decided that the campaign messaging should direct people to the Service NSW website to claim their refund. Direction to both Service NSW and SIRA risked creating confusion and reducing the success of the campaign.

SIRA notes the Audit Office observation that the campaign was effective in raising awareness of CTP Green Slip refunds. The campaign achieved its primary objectives, resulting in an increase in awareness of CTP reforms from 20 percent (pre-campaign) to 62 percent (post-campaign).

SIRA also undertook a communication strategy to promote benefits available for injured people. This communication strategy recognised that injured people require information at the time of their injury and will be in contact with a trusted medical practitioner at that time. It included:

- promotion of the benefits available to injured people, the availability of the SIRA CTP Assist service and how to lodge a claim, in over 145 hospitals across NSW,
- updated health service provider software and publication of articles in medical and allied health journals, with a readership of over 180,000,
- providing over 35,000 wallet cards and 45,000 fact sheets and issuing an insert with CTP policy renewal notices,
- development of website content which led to significant increases in website visits, and
- social media including posts on the SIRA Facebook page which reached more than 400,000 people, videos and an animation on how to lodge a claim on Facebook and YouTube, with over 20,000 views.

As noted in the Report, some broader questions were included in the campaign surveys as 'control' measures. The additional questions enabled a benchmark assessment of unrelated background fluctuations in public attitudes to inform accurate evaluation of the impact of this specific campaign.

SIRA does not agree with the Audit Office observation that some of the campaign targets were not challenging to achieve. In the absence of previous similar campaigns by SIRA, the targets were established in consultation with the research agency, consideration of industry benchmarks, and insights from Service NSW. The targets were also peer reviewed.

SIRA is working to enable all 4.2 million eligible policy holders to receive their refunds. As of 14 December 2018, \$205.6 million has been paid out to eligible individuals and businesses, representing 84.3% of the refund pool. The deadline to claim the refund has been extended to 30 June 2019.

SIRA greatly appreciated the opportunity to be part of this audit and acknowledges the important role of the Performance Audit of Government Advertising.

Thank you to you and your team for conducting the audit. SIRA strongly supports the opportunity to enhance our ability to provide benefits to the citizens of NSW.

Yours sincerely,



**Carmel Donnelly**  
Chief Executive

14 December 2018

## Response from TAFE NSW



**TAFE**NSW

PO BOX 707  
BROADWAY NSW  
2007 AUSTRALIA

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

DOC18/195199

Dear Ms Crawford

Thank you for your letter dated 16 November 2018, providing a copy of the *"NSW Auditor-General's Report to Parliament: Government Advertising 2017-18."*

TAFE NSW appreciates the opportunity to respond to the Report and notes the findings in relation to the Semester One component of the *"TAFE NSW 2018 Student Recruitment Annual Campaign Program"*.

While the Report does not provide specific recommendations, TAFE NSW has addressed the key points raised in the attached document.

Feedback provided by the Audit Office during the audit process and the findings of the Report will help TAFE NSW to drive continuous improvement in future advertising campaigns.

Yours sincerely

Caralee McLiesh  
**Managing Director**  
**TAFE NSW**

12 December 2018

*Encl. Attachment A: TAFE NSW Response to the NSW Audit Office's Report*

TAFENSW.EDU.AU



## Attachment A: TAFE NSW Response to the NSW Audit Office's Report

TAFE NSW operates in a deregulated and competitive industry, vying for market share against universities and private sector training providers. To be successful in this competitive market, TAFE NSW is focused on delivering high quality education and training for customers underpinned by a sustainable business model.

Supporting these efforts is a once in a generation government reform program: 'One TAFE'. When complete, these reforms will see the formation of a single public training provider focused on addressing the key skills challenges facing New South Wales, both now and in the future. As part of this modernisation program, TAFE NSW has had the complex task of merging ten TAFE NSW Institutes while establishing a new Communications & Marketing (C&M) Branch to deliver innovative campaigns to meet aggressive enrolment targets.

The release of recent National Centre for Vocational Education Research (NCVER) data demonstrates TAFE NSW is now successfully capturing additional market share in key areas, including full qualifications that enhance student job outcomes and deliver a sustained benefit to the NSW economy. TAFE NSW has expanded its market position in a declining market supported by its advertising efforts. This is consistent with goals of the advertising campaign to change TAFE NSW brand perceptions and increase enrolments in areas requiring additional skilled labour.

TAFE NSW is confident that the expertise and systems in its C&M Branch will support future revenue growth targets. TAFE NSW is encouraged by recent feedback from Google which suggests that TAFE NSW now leads the education industry for the volume of online queries about educational products, and feedback from Facebook stating that TAFE NSW is best practice in brand uplift results.

As part of One TAFE, TAFE NSW recently finalised the structure of the C&M Branch and implemented new systems and processes. This will ensure that future TAFE NSW advertising campaigns will be consistent with the Government Advertising Act 2011 and supporting regulations and guidelines.

### 1. The campaign achieved 16 of 24 objectives, but did not reach its enrolment target

*TAFE was successful in achieving targets for changing the perception of TAFEs. However, it failed to achieve its Semester One enrolment target.*

TAFE NSW does not currently use semester-based enrolment targets due to a number of unique features of the TAFE NSW enrolment model. Importantly, the Communication and Government Advertising Committee (CGA) approval of TAFE NSW's Semester 1, 2018 advertising campaign was not premised on a Semester 1, 2018 enrolment target as no such target was included in TAFE NSW's CGA Submission or considered as part of the DPC Peer Review Process.

The Semester 1, 2018 enrolment target quoted in the report is a notional 'stretch' target provided to the TAFE NSW media agency Universal McCann (UM) for planning purposes. The figure provided to the agency was set high so as to motivate performance from UM and should not be interpreted as an official target.

Instead of semester-based targets, TAFE NSW uses annual enrolment targets. TAFE NSW will be able to assess the success of its campaigns against those targets when annual enrolment figures are finalised in March 2019.

## **2. The campaign's cost benefit analysis did not comply with three requirements of the Guidelines**

*TAFE was not able to demonstrate that its campaign was economical as it did not compare the campaign with a zero-advertising scenario to demonstrate the exact benefits directly attributable to the campaign. TAFE's CBA also did not identify to what extent benefits could be achieved without advertising, nor did it consider alternatives to advertising which could achieve the same impact as the advertising campaign. All these elements should have been included in TAFE's cost benefit analysis.*

It was not possible for TAFE NSW to disaggregate the enrolment figures to establish a zero-advertising scenario. Consequently, TAFE NSW used an alternative method to estimate the benefit-to-cost ratio which was in turn used to establish 2017 as the baseline for all future campaigns. TAFE NSW consulted NSW Treasury for the previous campaign and the same methodology was used for the 2018 campaign. TAFE NSW is undertaking a program of work to increase visibility within its financial systems to support the cost-benefit analysis of its future marketing campaigns.

TAFE NSW considered alternative media mixes in both the Peer Review submission and when developing and executing the campaign. TAFE NSW selected the current advertising mix based on the impact analysis (including survey findings) of previous campaigns. The 2018 campaign program media mix was optimised based on learnings from the 2017 campaigns. During the media planning process, TAFE NSW, together with media agency Universal McCann, analysed previous media performance. The analysis reviewed audience, channel and investment mixes and was used to determine the optimum media mix for the 2018 campaign program. The recommendation was endorsed by the Department of Premier and Cabinet's (DPC) Peer Review Panel. This assessment was conducted outside of the cost-benefit analysis. TAFE NSW will include the alternative media mix analysis in its future campaign cost-benefit analysis.

## **3. TAFE made one inaccurate claim in its advertising and overstated a second.**

*The Guidelines require government advertising to be accurate in all statements. TAFE breached this requirement. The campaign material included one statement that was inaccurate and one that was overstated.*

TAFE NSW misinterpreted data provided by the National Centre for Vocational Education Research regarding the statement that '78% of TAFE NSW graduates are employed after training.' TAFE NSW mistakenly used the NSW VET total of 78%. The correct data for TAFE NSW graduates is 70.4%.

In regard to the statement that TAFE NSW is Australia's most reputable education provider, TAFE NSW should have used the statement that it is the largest education provider in Australia instead of the most reputable.

A more rigorous process for the selection of proof points in campaign materials was implemented ahead of the Semester 2, 2018 advertising campaign, including quarterly reviews to confirm the accuracy of all proof points. These reviews are conducted by the TAFE NSW Research and Insight Unit, a specialist team within C&M Branch.



**4. DPC did not consistently communicate the transitional arrangements for the Brand Guidelines and as such much of TAFE's creative material did not comply at campaign launch.**

*59 per cent of TAFE's materials were not compliant with the Brand Guidelines at the launch of the campaign in November 2017. TAFE had made most of this campaign's creative materials compliant by June 2018.*

The production of the majority of Semester 1, 2018 campaign materials was completed prior to the announcement of the new NSW Government Brand Guidelines on 7 August 2017. With a goal to deliver campaign cost savings, TAFE NSW elected to re-use many previously compliant campaign materials which had featured in its 2017 campaigns.



## Appendix two – About the campaigns

### 'Green slip reform' campaign summary

Campaign summary	
<b>Objectives</b>	<ul style="list-style-type: none"><li>• make green slip holders aware of the refunds available</li><li>• encourage green slip holders to claim online</li><li>• inform people about the changes to the green slip scheme</li></ul>
<b>Timing</b>	March to June 2018
<b>Target audiences</b>	<ul style="list-style-type: none"><li>• all CTP policy holders in NSW (excluding motor cycle riders)</li><li>• wider NSW population</li></ul>
<b>Media channels</b>	<ul style="list-style-type: none"><li>• Television</li><li>• Digital display and social media</li><li>• Radio</li><li>• Out of home</li></ul>
<b>Total planned budget (excl. GST)</b>	\$1,943,545
<b>Actual media and other spend (excl. GST)</b>	Actual media spend \$1,659,149 Creative and other services \$202,000 Research and evaluation \$71,200
<b>Total cost (excl. GST)</b>	\$1,932,349

#### Exhibit 8: Example 30 second television and radio script from the 'Green slip reform' campaign

Most motorists in New South Wales can claim a refund on their CTP green slip.  
Our State's new CTP scheme has more protection for people injured on our roads, and cheaper green slips for most vehicles.  
And the owners of four point two million vehicles can now get money back on their twenty seventeen green slip.  
Claiming your refund is easy. Go to [service.nsw.gov.au/greensliprefund](http://service.nsw.gov.au/greensliprefund).  
Don't let your green slip refund slip away.

Source: State Insurance Regulatory Authority.

#### Exhibit 9: Example ten second radio live read scripts from the 'Green slip reform' campaign

Most New South Wales vehicle owners are now eligible for a refund on their twenty seventeen green slip.  
Claim yours at the Service NSW website today.

Source: State Insurance Regulatory Authority.

**Exhibit 10: Example digital advertisement from the 'Green slip reform' campaign**



Source: State Insurance Regulatory Authority.

**Exhibit 11: Example social media advertisement from the 'Green slip reform' campaign**



Source: State Insurance Regulatory Authority.

## 'TAFE NSW semester one 2018' campaign summary

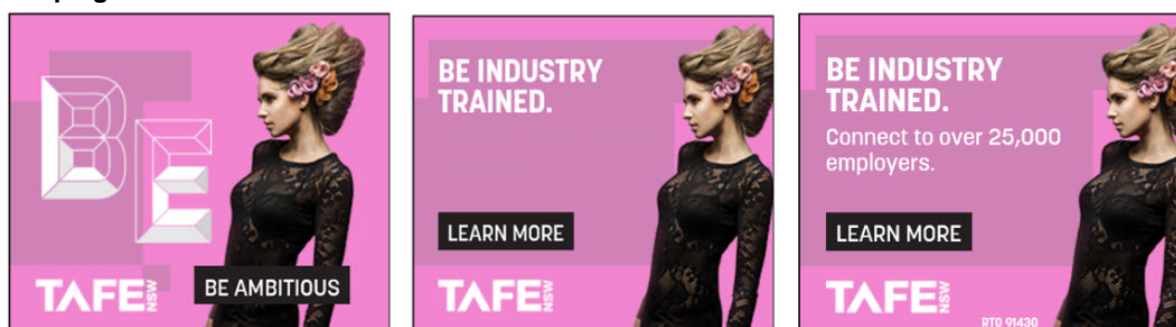
Campaign summary	
<b>Objectives - semester one and two</b>	<ul style="list-style-type: none"> <li>achieve TAFE NSW 2018 total enrolment target of 549,636 (6.37% year on year growth)</li> <li>implement NSW Government Vision for TAFE NSW</li> </ul>
<b>Timing - semester one and two</b>	November 2017 to September 2018
<b>Target audiences</b>	<ul style="list-style-type: none"> <li>School students</li> <li>Career starters</li> <li>Career changers/upskillers</li> <li>NSW businesses</li> </ul>
<b>Media channels</b>	<ul style="list-style-type: none"> <li>Television</li> <li>Out of home</li> <li>Social media</li> <li>Cinema</li> <li>Radio</li> <li>Keyword search</li> </ul>
<b>Total planned budget (excl. GST)</b>	\$19,500,002 for semester one and two combined
<b>Actual media and other spend - semester one (excl. GST)</b>	<p>Actual media spend \$8,437,170</p> <p>Creative and other services \$827,180</p> <p>Research and evaluation \$229,250</p>
<b>Total cost - semester one (excl. GST)</b>	\$9,493,550

### Exhibit 12: Example 15 second television script from the 'TAFE NSW semester one 2018' campaign

Be whatever you want to be.  
 Be fulfilled.  
 Be in demand.  
 Be clinically trained in aged care at Australia's most reputable education provider.  
 Aged care courses are now enrolling at TAFE.  
 Be ambitious.

Source: TAFE NSW.

### Exhibit 13: Example digital display advertisement from the 'TAFE NSW semester one 2018' campaign



Source: TAFE NSW.

Exhibit 14: Example out of home advertisement from the 'TAFE NSW semester one 2018' campaign



Source: TAFE NSW.

Exhibit 15: Example print out from the 'TAFE NSW semester one 2018' campaign



Source: TAFE NSW.





## Appendix three – About the audit

---

### 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 criteria

We addressed the audit objective with the following audit criteria:

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 and focus

In assessing the criteria, we checked the following aspects:

1. Were the selected advertising campaigns carried out effectively, economically and efficiently?
  - a) campaign documentation is complete
  - b) the agency has complied with procurement requirements and guidelines
  - c) the agency complied with all relevant Acts, policies and guidelines in creating their documentation
  - d) a cost-benefit analysis was undertaken and demonstrated that the campaign represented value for money
  - e) the campaign objectives were set reasonably and met
  - f) the campaign was delivered on budget
  - g) the post-campaign evaluation was undertaken.
2. Did the selected advertising campaigns comply with the *Government Advertising Act 2011*, relevant regulations, laws and the NSW Government Advertising Guidelines?
  - a) the campaign is compliant with the *Government Advertising Act 2011*, the Government Advertising Regulation 2012, the NSW Government Advertising Guidelines and the NSW Government Advertising Handbook
  - b) the campaign is compliant with any other relevant laws, regulations and requirements
  - c) the agency has followed a documented risk management plan for this campaign.

This audit focused on two advertising campaigns:

- 2018 semester one enrolment advertising campaign run by NSW TAFE (Department of Industry)
- the CTP Green Slip Reform advertising campaign run by the State Insurance Regulatory Authority (Department of Finance, Services and Innovation).

### Audit exclusions

The audit did not seek to question the merits of government policy objectives.

## Audit approach

Our procedures included:

1. Interviewing:
  - key staff responsible for campaign development
  - DPC staff (e.g. peer review chair) to assess their views on campaign submission.
2. Examining:
  - actual media buys
  - campaign budgets and actual expenditure
  - campaign compliance certificate
  - campaign effectiveness report
  - campaign submissions
  - campaign timelines and key milestones
  - cost-benefit analysis
  - documents evidencing internal processes designed to ensure compliance
  - documents relating to monitoring of campaign progress
  - final campaign creative materials
  - legal advice relevant to campaign
  - media plans
  - peer review documentation
  - post-campaign evaluations
  - pre-campaign research
  - relevant policies and procedures
  - supporting documentation for all statements made in the advertising
  - tendering and procurement documentation, including evidence of the use of approved suppliers and value-for-money assessments.

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 Standard ASAE 3500 Performance Engagements and other professional standards. The standards require 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 requirements specified in the *Public Finance and Audit Act 1983* and the *Local Government Act 1993*.

## Acknowledgements

We gratefully acknowledge the co-operation and assistance provided by staff at the Department of Premier and Cabinet, the State Insurance and Regulatory Authority and TAFE NSW.

## Audit cost

The audit was undertaken at a total cost of \$122,403.



## Appendix four – Performance auditing

---

### What are performance audits?

Performance audits determine whether State or local government entities carry out their activities effectively, and do 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 an audited entity, or more than one entity. They can also consider particular issues which affect the whole public sector and/or the whole local government 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* for state government entities, and in section 421D of the *Local Government Act 1993* for local government entities.

### Why do we conduct performance audits?

Performance audits provide independent assurance to the NSW Parliament and the public.

Through their recommendations, performance audits seek to improve the value for money the community receives from government services.

Performance audits are selected at the discretion of the Auditor-General who seeks input from parliamentarians, State and local government entities, other interested stakeholders 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.

During the planning phase, the audit team develops an understanding of the audit topic and responsible entities 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 audited entity, program or activities are assessed. Criteria may be based on relevant legislation, internal policies and procedures, industry standards, best practice, government targets, benchmarks or published guidelines.

At the completion of fieldwork, the audit team meets with management representatives 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 management representatives to check that facts presented in the draft report are accurate and to seek input in developing practical recommendations on areas of improvement.

A final report is then provided to the head of the audited entity who is invited to formally respond to the report. The report presented to the NSW Parliament includes any response from the head of the audited entity. The relevant minister and the treasurer are also provided with a copy of the final



report. In performance audits that involve multiple entities, there may be responses from more than one audited entity or from a nominated coordinating entity.

## **Who checks to see if recommendations have been implemented?**

After the report is presented to the NSW Parliament, it is usual for the entity's audit committee to monitor progress with the implementation of recommendations.

In addition, it is the practice of Parliament's Public Accounts Committee 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 received by the NSW Parliament. These reports are available on the NSW Parliament website.

## **Who audits the auditors?**

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

The Public Accounts Committee appoints an independent reviewer to report on compliance with auditing practices and standards every four years. The reviewer's report is presented to the NSW Parliament and available on its website.

Periodic peer reviews by other Audit Offices test our activities against relevant standards and better practice.

Each audit is subject to internal review prior to its release.

## **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 PURPOSE

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.