



PERFORMANCE AUDIT

28 FEBRUARY 2023

Government advertising 2021–22

NEW SOUTH WALES AUDITOR-GENERAL'S REPORT

THE ROLE OF THE AUDITOR-GENERAL

The roles and responsibilities of the Auditor-General, and hence the Audit Office, are set out in the *Government Sector 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 Consolidated State Financial Statements, a consolidation of all state public sector agencies' financial statements.

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 internal controls and governance, and 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, compliance engagements and audits requested under section 27B(3) of the *Government Sector Audit Act 1983*, and section 421E of the *Local Government Act 1993*.



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In accordance with section 38EC of the *Government Sector Audit Act 1983*, I present a report titled '**Government advertising 2021–22**'.

A handwritten signature in black ink, appearing to read 'I. Goodwin'.

Ian Goodwin

Deputy Auditor-General for New South Wales
28 February 2023

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RECONCILIATION COMMITMENT STATEMENT

The Audit Office of New South Wales pay our respect and recognise Aboriginal people as the traditional custodians of the land in NSW.

We recognise that Aboriginal people, as custodians, have a spiritual, social and cultural connection with their lands and waters, and have made and continue to make a rich, unique and lasting contribution to the State. We are committed to continue learning about Aboriginal and Torres Strait Islander peoples' history and culture.

We honour and thank the traditional owners of the land on which our office is located, the Gadigal people of the Eora nation, and the traditional owners of the lands on which our staff live and work. We pay our respects to their Elders past and present, and to the next generation of leaders.

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Section one

Government advertising
2021–22

Executive summary

The *Government Advertising Act 2011* (the Act) sets out requirements that must be followed by a government agency when it carries out a government advertising campaign. The requirements include an explicit prohibition on political advertising, as well as a need to complete a peer review and cost-benefit analysis before the campaign commences. The accompanying Government Advertising Regulation 2018 (the Regulation) and Government Advertising Guidelines (the Guidelines) address further matters of detail.

The Act also 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 must assess whether a government agency (or agencies) has carried out activities in relation to government advertising campaigns in an effective, economical and efficient manner. It also assesses compliance with the Act, the Regulation, other laws and the Guidelines.

This audit examined TAFE NSW's advertising campaign for the 2021–22 financial year. TAFE NSW is the NSW Government's public provider of vocational education and training. TAFE NSW carries out an advertising campaign every year. In 2021–22, it spent \$15.16 million on developing and implementing advertising. TAFE NSW used channels such as television, radio, internet and social media, press, and out of home advertising in public settings such as bus stops. The advertising aimed to increase the percentage of people considering TAFE NSW for training or education, grow the percentage of people who consider TAFE NSW to be the preferred education provider in NSW, and maintain the proportion of people who are aware of TAFE NSW more generally.

There are a range of private service providers helping to deliver vocational education and training in NSW.

Conclusion

TAFE NSW's advertising campaign for 2021–22 was for an allowed purpose under the Act and did not include political advertising. TAFE NSW complied with most of the requirements set out in the Act, the Regulation, and the Guidelines, but it failed to complete a cost-benefit analysis for the campaign or provide sufficient support for the compliance certificate signed by TAFE NSW's Managing Director.

TAFE NSW complied with the requirement to complete a peer review of its campaign, but it did not meet the requirement to complete a cost-benefit analysis, either before it launched the campaign or during its implementation throughout 2021–22. Some of TAFE NSW's advertising did not meet the requirement for statements to be clearly supported by evidence.

The Act requires the head of an agency to sign a compliance certificate stating that, among other things, the campaign complies with the Act, the Regulation, and the Guidelines, and that the campaign is an efficient and cost-effective means of achieving the public purpose. TAFE NSW's Managing Director signed a compliance certificate in May 2021. However, TAFE NSW had not prepared a cost-benefit analysis as required under the Act and therefore TAFE NSW's Managing Director could not validly sign the compliance certificate. TAFE NSW did not subsequently complete a cost-benefit analysis during the campaign.

The campaign achieved many of its objectives and other performance measures and is likely to have been impactful. It is also likely that TAFE NSW's advertising campaign in 2021–22 represented economical, efficient, and effective spend. However, the lack of a cost-benefit analysis meant that this could not be confidently demonstrated by TAFE NSW.

TAFE NSW used internal resources to create its advertising content, such as videos, radio scripts and press advertising, and relied upon a specialist partner to arrange and place its media in the appropriate advertising channel. TAFE NSW also adjusted the advertising campaign in response to performance data and in response to changes in the educational and advertising marketplaces.

TAFE NSW evaluated the impact of its advertising and tracked its brand performance using a survey which reflected the New South Wales general population aged between 16 and 60. However, this evaluation did not match TAFE NSW's advertising spend as TAFE NSW directed significantly more of its campaign budget to influencing younger people in this cohort.

1. Key findings

Campaign materials we reviewed did not contain political content and were for an allowable purpose

The audit team reviewed campaign materials developed as part of TAFE NSW's paid advertising campaign including radio transcripts, digital videos, and display. The audit found no breaches of Section 6 of the Act, which prohibits advertising as part of a government advertising campaign.

TAFE NSW's advertising was also consistent with Section 4 of the Act and Section 1.2 of the NSW Government Advertising Guidelines, which define the nature of, and set out the allowable purposes for, government advertising.

TAFE NSW completed a peer review for its annual advertising campaign, but it did not complete a cost-benefit analysis

Section 7 of the Act and Section 4 of the Regulation require the head of a government agency to ensure, before the start of the campaign, that:

- a peer review of the proposed campaign is carried out if the cost of the campaign is likely to exceed \$250,000
- a cost-benefit analysis is carried out if the cost of the campaign is likely to exceed \$1 million.

The peer review is an independent review of the need for the advertising campaign, the creative and media strategy and how the agency will manage the campaign. The Department of Customer Service (DCS) manages the peer review process. In May 2021, DCS confirmed that TAFE NSW had met the peer review requirements and advised TAFE NSW that a cost-benefit analysis was required as the planned campaign budget exceeded the \$1 million threshold. However, TAFE NSW did not complete a cost-benefit analysis before or during its annual advertising campaign for 2021–22. The absence of a cost-benefit analysis meant that TAFE NSW did not comply with the Act.

TAFE NSW's Managing Director signed an Advertising Compliance Certificate without full supporting evidence

Section 8 of the Act requires the head of an agency to certify that the planned campaign complies with the Act, the Regulation, and the Guidelines.

In May 2021, TAFE NSW's Managing Director signed a compliance certificate for the campaign. The certificate was accompanied by a submission which highlighted key metrics from an evaluation of the previous year's advertising. However, the submission did not include the required cost-benefit analysis and did not meet the requirement in the Guidelines to consider options other than advertising to achieve the campaign's objectives. As a result, the Managing Director could not validly certify that the campaign complied with the Act, the Regulation, and the Guidelines.

DCS recommended this campaign proceed without sighting key documentation required under the NSW Government's regulatory framework

DCS is the central government agency responsible for overseeing government advertising. It prepares the annual consolidated submission of all advertising proposals for consideration by the Expenditure Review Committee (ERC) of NSW Cabinet. DCS recommended this advertising campaign without sighting a cost-benefit analysis and without requiring TAFE NSW to subsequently forward to DCS a copy of a completed cost-benefit analysis.

DCS considers the completion of a cost-benefit analysis to be an agency responsibility and does not follow up to ensure they are completed. Previous audits have found that some agencies had not satisfactorily completed cost-benefit analyses or other documentation required under the Government's regulatory framework. This lack of oversight on key documentation required under the regulatory framework (particularly cost-benefit analyses) reduces the ability of the Government to be confident that advertising expenditure is:

- consistent with regulatory requirements
- an efficient, effective, and economical use of funds.

TAFE NSW's advertising did not always comply with requirements to present information accurately and objectively

The Guidelines require that all facts, statistics, comparisons, and other arguments are presented accurately, and all statements and claims of fact in Government advertising must be able to be substantiated.

TAFE NSW operates in a competitive environment and needs to market its educational services to current and prospective students. However, to meet the Government's advertising guidelines, TAFE NSW's advertising must also be evidence-based. The audit considers that TAFE NSW's advertising did not meet this need when it claimed to be Australia's leading training provider, as opposed to one of Australia's leading training providers or Australia's largest training provider.

TAFE NSW established relevant objectives and measures for the campaign, achieving slightly over half of its targets in outputs and outcomes, and all its impact targets

TAFE NSW complied with the NSW Government evaluation framework. It prepared a one-page summary of the campaign's objectives and its links to organisational and government objectives, the target audience and key messages, and the planned inputs, activities, outcomes and impacts. It also prepared a 'Campaign Objectives Table' that sets out detailed information on baseline and targeted performance, measurement milestones and evaluation methods.

The campaign met 16 of 32 output targets, seven of ten outcome targets and all four of the impact targets. The campaign only narrowly failed to achieve some of its intended targets. In some instances, TAFE NSW's performance against these targets was affected by events such as lockdowns related to the COVID-19 pandemic, which led to the closure of cinemas and some newspapers, which had an impact on TAFE NSW's intended levels of cinema and print advertising.

The absence of a cost-benefit analysis for this campaign means the decision to invest in this campaign was made without a clear view of potential value for money

TAFE NSW's approved advertising campaign budget was \$15.25 million in 2021–22, which significantly exceeded the legislative threshold of \$1 million that requires a cost-benefit analysis to be carried out before the start of the campaign. TAFE NSW prepared a rationale to support its advertising investment but did not prepare the required cost-benefit analysis. A cost-benefit analysis was also not completed for the prior year's campaign. This limited the information that the Government had available to it when it decided to invest in the campaign.

TAFE NSW evaluated performance by surveying a population that was significantly broader than its target audience

TAFE NSW evaluated the effect of its advertising using a twice-yearly survey of consumer preferences and views. The sample population for this survey included:

- 20% of respondents aged 16 to 24, despite TAFE NSW directing 45% of its planned spending at people in that age group
- 33% of respondents aged 45 to 60, despite TAFE NSW targeting 10% of its planned advertising spend at this age group.

TAFE NSW states that it tracks the performance of its advertising by surveying a population that reflects the age profile of New South Wales residents aged between 16 and 60. TAFE NSW considers that this approach provides insight into its brand performance more generally. It further states that the survey's proportion of people over 40 is appropriate as these people will frequently influence education decisions made by younger people.

During this audit, TAFE NSW re-calculated its survey results from June 2022 using an age profile that reflects its current student population, which is significantly younger than New South Wales general population and closer to TAFE NSW's planned spend by audience age. TAFE NSW stated that the recalculated survey found the proportion of people who would consider TAFE NSW for future study was reduced from 69% to 65%.

TAFE NSW adjusted the delivery of its annual advertising campaign throughout the year in response to business data, which assisted with more efficient expenditure

TAFE NSW prepared an annual advertising plan which was reviewed by DCS to ensure the planned advertising had evidence of its likely effectiveness, appropriately used government communication channels, and was informed by customer and behavioural insights. TAFE NSW then worked with its media partner to execute the advertising plan by placing media throughout the year.

TAFE NSW also adjusted its investment in various advertising channels throughout the year in response to changes in:

- business performance measures, such as lower-than-expected student enrolments in specific localities
- operational performance measures, such as when digital advertising resulted in too many users clicking through to a website but then rapidly leaving it, known as a high 'bounce factor'.

The combination of a peer reviewed overall annual advertising plan and appropriate adjustments to events and data throughout the year means that TAFE NSW's spend on advertising is likely to be efficient.

TAFE NSW used in-house capability to develop the creative content, and whole-of-government arrangements to ensure it paid market rates, which improving the overall economy of the campaign

TAFE NSW spent just over 79% of its total advertising spend in 2021–22 to buy advertising media, such as social media advertisements, out of home advertising, and print advertising. It used its media partner to arrange and place this media, using prices which had been negotiated by another communications agency on behalf of all NSW Government. TAFE NSW developed the creative content for the campaign, with still photography and video shot on campus using staff and students in normal contexts.

The advertising rates paid by TAFE NSW under the whole-of-government contract were reviewed annually throughout the life of the contract and were independently market tested in 2018–19. TAFE NSW also states that some of its advertising spend was at prices significantly lower than the whole-of-government contract. Consequently, the prices paid by TAFE NSW for advertising in 2021–22 were likely to have been market rates.

2. Recommendations

By 30 June 2023, TAFE NSW should:

1. implement processes that ensure:
 - a) cost-benefit analyses are completed before the launch of a government advertising campaign over \$1 million
 - b) advertising compliance certificates are completed by the Managing Director only after all regulatory requirements have been met
2. consider adding to its current evaluation methods by surveying a population which closely reflects the age profile of its intended target audience.

By 30 June 2023, the Department of Customer Service should:

3. improve whole-of-government reporting and monitoring processes to provide the NSW Government with a central view of compliance across all aspects of the government advertising regulatory framework, including the completion of agency cost-benefit analyses.

1. Introduction

1.1 Background

What is government advertising?

Governments use 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 is disseminated under a commercial advertising distribution agreement through a variety of media, such as radio, television, the internet, newspapers, billboards or cinemas.

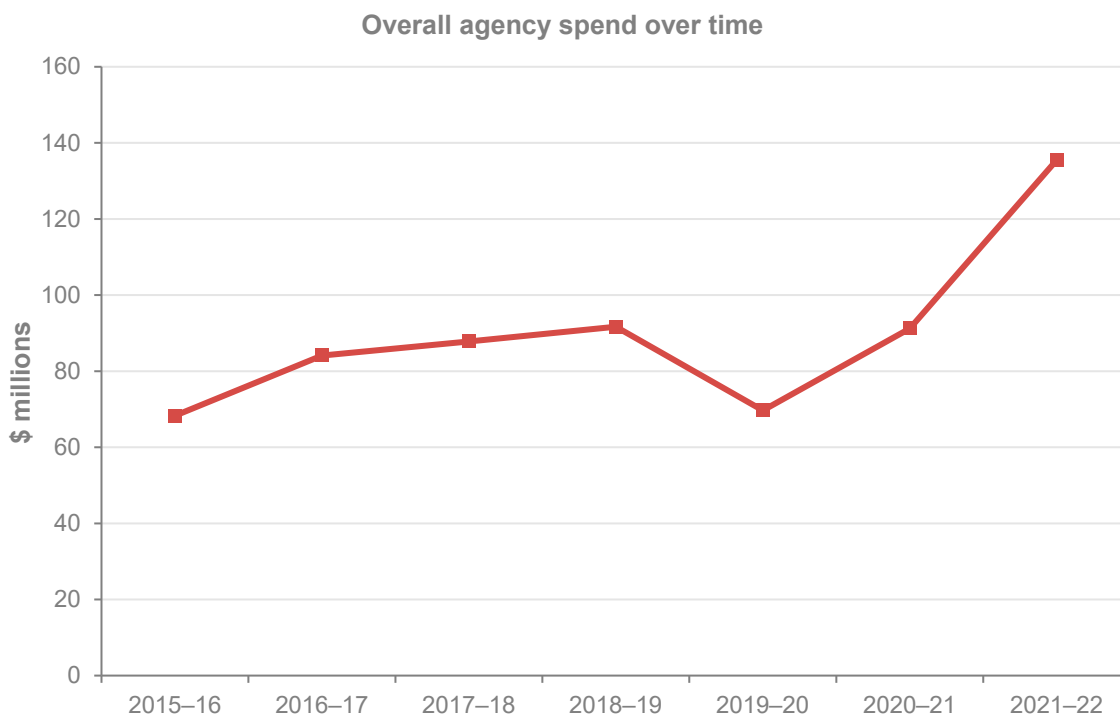
There are three broad categories of government advertising:

- 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 to encourage behaviour change.

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

The NSW Government spent \$135.46 million on advertising in 2021–22. The overall expenditure across previous financial years is provided in Exhibit 1.

Exhibit 1: NSW Government media expenditure from 2015–16 to 2021–22



Source: Audit Office analysis.

How is government advertising regulated?

There is a regulatory framework that includes both policy and legislation governing NSW Government advertising. Exhibit 2 contains an overview of this regulatory framework.

Exhibit 2: Overview of the government advertising regulatory framework

Element	Purpose
<i>Government Advertising Act 2011</i> (the Act)	Sets out legal requirements for government advertising.
Government Advertising Regulation 2018 (the Regulation)	Sets out a threshold for the requirement to complete a peer review and defines exemptions to the Act.
NSW Government Advertising Guidelines 2012 (the Guidelines)	Sets out requirements in relation to the style and content, dissemination and cost of government advertising campaigns, as well as guidance on cost-benefit analyses and peer reviews.

Source: Audit Office analysis.

DCS has policy responsibility for government advertising. The heads of each government agency are responsible for their own agency's compliance with the regulatory framework.

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 \$250,000 or \$1 million.

Exhibit 3 summarises the key legislative and policy requirements that agencies must meet before commencing an advertising campaign.

Exhibit 3: Requirements before an advertising campaign can commence

Advertising cost	Compliance certificate	Budget approval by Cabinet committee	Campaign review	Cost-benefit analysis
<\$250,000	✓	--	--	--
\$250,000 to \$1 million	✓	✓	✓	--
>\$1 million	✓	✓	✓	✓

Source: Audit Office analysis.

Government advertising campaigns likely to cost over \$250,000 are subject to peer review by DCS before the campaign commences. Peer review involves DCS employees assessing the proposed advertising campaign against criteria outlined in the Guidelines.

Peer review is a two-stage process:

1. Budget approval – government agencies submit an advertising budget proposal to the DCS Campaign Effectiveness Team. The Campaign Effectiveness Team reviews the budget proposal and makes recommendations to the Expenditure Review Committee (ERC) of Cabinet. ERC is responsible for approving campaign budgets.
2. Campaign review – the DCS Campaign Effectiveness Team assesses the need for the proposed advertising campaign, the creative and media strategy (including objectives and target audiences) and how the agency will manage the campaign. Specifically, the campaign review considers:
 - alignment with government priorities and commitments, and the life of NSW customers
 - effectiveness of approach to regional customers, Aboriginal customers and Culturally and Linguistically Diverse (CALD) customers
 - creative strategy and its alignment to campaign objectives
 - media strategy and its alignment to campaign objectives, including effectiveness of consideration of digital channels
 - how the advertising integrates with other communication approaches
 - clarity and appropriateness of output, outcome and impact objectives, measures and targets, and proposed campaign evaluation approaches
 - likely effectiveness of the campaign based on previous campaign performance (if repeat) and campaign research.

Peer reviews are an important step in a campaign as they provide independent assurance for the agency regarding the campaign's compliance with some legislative and policy obligations. Peer reviews assess that government advertising campaigns are necessary, are likely to be effective, and that they are established with suitable objectives, measures and targets.

The Act further requires an agency proposing to run a government advertising campaign that is likely to cost over \$1 million to complete a cost-benefit analysis before the campaign commences. A cost-benefit analysis aims to evaluate the net economic cost or benefit of the campaign and indicate to decision-makers how the campaign will affect the wellbeing of NSW residents. It can also play an important role as a baseline for post-campaign evaluation.

1.2 About TAFE NSW

TAFE NSW is the NSW Government's public provider of vocational education and training. TAFE NSW is focused on building a strong economy through a skilled and agile workforce. It is Australia's largest training provider with over 411,500 course enrolments in 2021–22.

TAFE NSW employed 5,730 teachers and 4,592 support staff and had operating expenses of \$1.88 billion in 2021–22.

1.3 About the audited campaign

TAFE NSW carries out an advertising campaign every year. In 2021–22, the advertising aimed to increase the percentage of people considering TAFE NSW for training or education, grow the percentage of people who consider TAFE to be the preferred education provider in NSW and, more generally, maintain awareness of TAFE NSW.

The campaign was primarily focused on potential and current students located in New South Wales in the following age groups:

- 15 to 19 (defined by TAFE NSW as pathfinders)
- 20 to 24 (career starters)
- 25 to 44 (career progressors)
- 45 years and over (career changers).

The campaign also targeted decision-makers in small and medium-sized businesses, as well as prospective international students. It occurred throughout the year and included advertising activities on television, radio, internet and social media, press, and out of home (or billboard) advertising in transport and other settings.

TAFE's advertising campaign expenditure was \$15,157,918. Campaign delivery was impacted by COVID-19 restrictions (particularly during the second half of 2021) and flooding in some TAFE locations.

Appendix two contains further details about the 2021–22 campaign.

1.4 About this audit

The Act requires the Auditor-General of New South Wales 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. Appendix three contains further details about this audit.

The audit team did not review the broader use of TAFE NSW's social media outside paid social media content relevant to these campaigns. Unpaid social media content is not considered government advertising for the purposes of the Act.

2. Compliance with the regulatory framework

This part of the report sets out key aspects of TAFE NSW's compliance with the government advertising regulatory framework. It considers whether TAFE NSW complied with the:

- *Government Advertising Act 2011*
- Government Advertising Regulation 2018
- NSW Government Advertising Guidelines 2012 and other relevant policy.

2.1 Compliance with the Act and Regulation

Campaign materials we reviewed did not contain political content

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 reviewed campaign materials developed as part TAFE NSW's paid advertising campaign including radio transcripts, digital videos, and display. The audit found no breaches of Section 6 of the Act in the campaign material reviewed.

All reviewed campaign materials were for an allowable purpose

Section 4 of the Act states that government advertising campaigns are 'the dissemination to members of the public of information about a government program, policy or initiative, or about any public health or safety or other matter'. To support this, Section 1.2 of the NSW Government Advertising Guidelines states that government advertising campaigns may only be used to achieve certain objectives, two of which are to encourage:

- changed behaviours or attitudes that will lead to improved public health and safety or quality of life
- use of government products and services.

The audit team considers that TAFE NSW's advertising campaign was consistent with these objectives.

TAFE NSW completed a peer review for its annual advertising campaign, but did not complete a cost-benefit analysis

Section 7 of the Act and Section 4 of the Regulation require the head of a government agency to ensure, before the start of the campaign, that:

- a peer review of the proposed campaign is carried out if the cost of the campaign is likely to exceed \$250,000
- a cost-benefit analysis is carried out if the cost of the campaign is likely to exceed \$1 million.

Section 7(4) of the Act contains a provision that allows for cost-benefit analysis and peer review to be undertaken after the start of a campaign if the head of the agency 'is satisfied that the campaign relates to an urgent public health or safety matter or is required in other urgent circumstances'. As a recurring campaign, TAFE NSW annual advertising does not generally fit this criterion.

The peer review is an independent review of the need for the proposed advertising campaign, the creative and media strategy (including objectives and target audiences) and how the agency will manage the campaign. The Department of Customer Service (DCS) manages the peer review process.

On 24 May 2021, DCS wrote to TAFE NSW to confirm that it had met the peer review requirements and advised TAFE NSW that, as the campaign budget exceeds \$1 million, a cost-benefit analysis was required prior to campaign commencement. However, TAFE NSW did not complete a cost-benefit analysis before or during its annual advertising campaign for 2021–22. A cost-benefit analysis was also not completed for the 2020–21 annual advertising campaign. The absence of a cost-benefit analysis meant that TAFE NSW did not comply with the Act.

TAFE NSW's Managing Director signed an Advertising Compliance Certificate without full supporting evidence

Under the Act, the head of an agency must sign a compliance certificate prior to commencement of a campaign. The compliance certificate is required by Section 8 of the Act and states that the head of the agency confirms that a proposed government advertising campaign:

- complies with the Act, the Regulation, and the 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 that public purpose.

On 28 May 2021, TAFE NSW's Managing Director signed a compliance certificate for the campaign. The certificate was accompanied by a submission that highlighted key metrics from an evaluation of the previous year's advertising. This showed that business and individuals were more likely than in previous years to consider TAFE for training or education, as well as improvements to metrics such as the number of website sessions, course enquiries and course enrolments. These metrics provide some support for the certification that the campaign was 'an efficient and cost-effective means of achieving the purpose.' However, they do not satisfy either the:

- *Government Advertising Act 2011* requirement for agencies to conduct a cost-benefit analysis for any campaign likely to exceed \$1 million
- Government Advertising Guidelines' requirement for agencies to consider options other than advertising to achieve the desired objective.

As a result, the Managing Director could not validly certify that the campaign complied with the Act, the Regulation, and the Guidelines.

DCS recommended this campaign proceed without sighting key documentation required under the Government's regulatory framework

DCS prepares the annual consolidated submission of all advertising proposals for consideration by the ERC, and is the central government agency responsible for overseeing government advertising. DCS completed the peer review of TAFE NSW's advertising campaign in May 2021 without sighting a cost-benefit analysis and without requiring TAFE NSW to subsequently forward a copy of a completed cost-benefit analysis to DCS.

DCS considers that the review of cost-benefit analyses is not its responsibility. Information provided by DCS publicly on requirements for campaigns over \$1 million links readers to the NSW Government's Cost Benefit Analysis Framework and User Guide, and directs readers to NSW Treasury for further information.

Previous government advertising audits have found that agencies have not completed a cost-benefit analysis before a campaign has begun or have otherwise not satisfactorily completed documentation required under the Government's advertising regulatory framework:

- Our [Government advertising: 2018–19 and 2019–20](#) report found that the agencies subject to the audit, Service NSW and the NSW Rural Fire Service, had prepared cost-benefit analysis which considered an alternative to advertising but did not assess the costs and benefits of the alternative. The same report also highlighted two previous audits that had found the requirement to prepare a cost-benefit analysis had not been fully met. These campaigns were delivered.
- Our [Government advertising 2020–21](#) report found that the agency subject to the audit, Destination NSW, did not prepare a cost-benefit analysis and the Acting Chief Executive signed a compliance certificate before the campaigns were planned, designed, or conceived. The campaign was delivered.

Cost-benefit analysis is a tool that improves the ability of policy makers and government to be confident that advertising expenditure is consistent with NSW Government requirements. The absence of processes to ensure that agencies are compliant in undertaking this analysis limits the ability to offer assurance that campaigns are an efficient, effective, and economical use of funds.

2.2 Compliance with the Guidelines and relevant policy

TAFE NSW met the recommended minimum spend of their media budget for communications with CALD and Aboriginal audiences

The NSW Government policy requires that government advertising must be sensitive to cultural needs and issues, and reflect the cultural and linguistic diversity of NSW. It also requires that at least 7.5% of an advertising campaign media budget be spent on direct communications to multicultural and Aboriginal audiences. Spend may be on media or non-media communication activities (for example, events, participation at cultural festivals, direct mail, competitions, and websites).

TAFE NSW's planned media budget for direct communications in 2021–22 was \$12.6 million, of which \$1 million was intended for media directly targeted to multicultural and Aboriginal audiences. This represented a budget for CALD and Aboriginal audiences of 7.9%.

In 2021–22, TAFE NSW's actual spend on advertising to these audiences was slightly more than planned (at \$1.02 million) and its actual overall spend on media advertising was slightly less than planned (at \$12.04 million). As a result, TAFE NSW spent 8.5% of its total spend on media advertising to multicultural and Aboriginal audiences.

The campaign complied with the NSW Government's evaluation framework and brand guidelines

TAFE NSW prepared a high-level evaluation framework, which was consistent with expectations set by DCS and Section 5.4 of the Government Advertising Guidelines. TAFE NSW also has a 'brand book' that establishes rules and guidance for the use of TAFE NSW's logo and the appropriate presentation of website and other advertising material. The brand book includes guidance that aims to ensure all communications are accessible to people who have disabilities.

TAFE NSW's advertising did not always comply with requirements to present information accurately and objectively

The audit recognises and acknowledges that TAFE NSW operates in a competitive environment and needs to market its educational services to current and prospective students. Further, TAFE NSW's advertising material might not obviously look like advertising delivered by the government. However, to comply with the Government's advertising guidelines, TAFE NSW's advertising must be evidence based.

TAFE NSW's website asserts that it is the 'leading provider of vocational education and training in Australia' and its strategic plan for 2022–25 also claims that TAFE NSW is 'Australia's leading training provider'. TAFE NSW states that it is Australia's *largest* vocational education training provider and that this justifies its use of the adjective 'leading'.

The audit considers that TAFE NSW requires more evidence than its market share to substantiate its claim to be 'Australia's leading training provider', as 'leading provider' also implies the top-ranked or objectively 'best' training provider.

TAFE NSW provided evidence that it has a history of winning the NSW Department of Education's 'large training provider of the year' award, although it last won this award in 2018. Nationally, it last won the corresponding award in 2013.

3. Effectiveness, efficiency and economy of the campaign

This part of the report considers whether TAFE NSW's advertising program for 2021–22 was carried out in an effective, efficient, and economical manner.

3.1 Campaign effectiveness

TAFE NSW established relevant objectives and measures for the campaign

The NSW Government 'Evaluation Framework for Advertising and Communications' requires advertising campaigns to be measured against their:

- outputs, or what is done that reaches and engages the target audience. Outputs are assessed using metrics of exposure and reception
- outcomes, or what the target audience takes from the communication and what sustainable effect the communication has on the audience. Outcomes are measured by the consumer response to the campaign
- impacts, or the results that are caused by the campaign. Impacts are measured by objective actions or events.

TAFE NSW complied with the NSW Government evaluation framework. It prepared a one-page summary of the campaign's objectives and its links to organisational and government objectives, the target audience and key messages, and the planned inputs, activities, outcomes and impacts. TAFE NSW also prepared a 'Campaign Objectives Table' which sets out detailed information on baseline and targeted performance, measurement milestones and evaluation methods. Measures can be evidenced and are linked to the campaign objectives. Exhibit 4 summarises TAFE NSW's measurement of its annual campaign.

Exhibit 4: Evaluation measures for TAFE NSW's annual advertising campaign for 2020–21

Type of measure	Number of measures	Example measures
Output	32	Number of radio, television, internet advertisements. Cost per click through from website advertising.
Outcome	10	Number of website visits and course enquiries. Percentage of target audience agreeing with statements about the advertising's believability, emotional engagement, relevance etc. Number of student enrolments.
Impact	4	Percentage of target audience considering TAFE enrolment.

Source: Audit Office analysis based on information provided by TAFE NSW.

TAFE NSW achieved slightly over half of its output and outcome targets, and met all impact targets

The campaign met half of the output targets, seven of ten outcome targets and all four of the impact targets. The campaign only narrowly failed to achieve some of the intended output and outcome targets.

While there is some natural variability in the achievement of advertising campaign targets, TAFE NSW's performance was affected by changes in the education and advertising marketplaces during 2021–22. For example, lockdowns as part of the response to the COVID-19 pandemic led to the closure of cinemas and some newspapers which, in turn, impacted TAFE NSW's intended levels of cinema and print advertising.

TAFE NSW also adjusted its investment in various advertising channels throughout the year in response to changes in:

- business performance measures, such as student enrolments in specific localities
- operational performance measures, such as the extent to which some digital advertising resulted in too many users rapidly leaving the website, referred to as a high 'bounce factor'.

Some of these adjustments resulted in lower achievement of output measures.

Exhibit 5 summarises TAFE NSW's achievements against planned outputs, outcomes, and impacts.

Exhibit 5: TAFE NSW campaign results

Type of measure	Number of measures	Results	Comments
Output	32	16	The campaign met one-half of the output measures. Contributing factors to non-achievement included changes to the planned activity led by TAFE NSW's in-year assessment of what will drive enrolments, as well as other changes in response to commercial and operational pressures including the COVID-19 pandemic and natural events such as floods.
Outcome	10	7	The campaign met most outcome measures but failed to meet several measures including the targets for 'how likely to visit website after seeing the advertisement' (a result of 61% against a target of 64%). The campaign also achieved 15.4 million website visits which was 4.7% below the target of 16.2 million visits.
Impact	4	4	The campaign met all key impact measures including building awareness of TAFE and the percentage of the target audience considering TAFE for prospective enrolment.

Source: Audit Office analysis.

There is a risk that some of TAFE NSW's results are overstated because it evaluated performance by surveying a population that was significantly different to its target audience

TAFE NSW's advertising campaign has a range of target audiences which depend on the portfolio of courses that are advertised. However, in general, the campaign targets four distinct audiences which TAFE NSW defines as:

- pathfinders, or people aged 15 to 19
- career starters, or people aged 20 to 24
- career progressors, or people aged 25 to 44
- career changers, or people aged 45 years and over.

TAFE NSW evaluates the effect of its advertising using a range of performance data, part of which requires a twice-yearly survey of consumer preferences and views. In 2022, TAFE NSW surveyed 987 consumers to track its brand performance and evaluate its advertising campaign. TAFE NSW chose these consumers to reflect the age profile of New South Wales residents aged between 16 and 60. As a result:

- 20% of survey respondents were aged 16 to 24 despite TAFE NSW directing 45% of its planned spending to people in that age group
- 33% of respondents were aged 45 to 60 despite TAFE NSW targeting only 10% of planned spend at this age group.

Exhibit 6 summarises TAFE NSW's planned advertising investment for 2021–22 against each of its target audiences and the contribution that these age groups made to TAFE NSW's evaluation of the effectiveness of its overall advertising.

Exhibit 6: TAFE NSW's planned investment and evaluation by audience segment

Audience segment	Planned spend (%)	Proportion of valuation score (%)	Comments
Pathfinders (16 to 19)	15	8	Views of pathfinders are under-represented in evaluation.
Career starters (20 to 24)	30	12	Views of career starters are under-represented in evaluation.
Career progressors (25 to 44)	45	47	Very similar investment and evaluation proportions.
Career changers (45 to 60)	10	33	Views of career changers are over-represented in evaluation.

Source: Audit Office analysis.

TAFE NSW states that it has used the same measurement approach since 2018 and considers that the approach provides insight into TAFE NSW's brand performance more generally. It further states that the survey's proportion of people over 40 is appropriate as these people will frequently influence education decisions made by younger cohorts, particularly those aged 16 to 19.

During this audit, TAFE NSW re-calculated its survey results from June 2022 using an age profile that reflected its current student population (which is significantly younger than New South Wales general population and is closer to, but not the same as, TAFE NSW's planned spend by audience segment). TAFE NSW stated that the re-calculated survey found the proportion of people who would consider TAFE NSW for future study was reduced from 69% to 65%.

3.2 Campaign efficiency and economy

The absence of a cost-benefit analysis for this campaign means that the investment decision was made without a clear view of potential value for money

TAFE NSW's approved advertising campaign budget was \$15.25 million, which significantly exceeded the legislative threshold of \$1 million that requires a cost-benefit analysis to be carried out before the start of the campaign. While TAFE NSW prepared a rationale to support its advertising investment, it did not prepare the required cost-benefit analysis for its 2020–21 campaign.

It is appropriate that government is fully informed of the potential value for money of an advertising campaign before it decides to invest in the campaign. The Act requires that this should be done by the completion of a cost-benefit analysis. Robust analysis of the potential costs and benefits of an advertising campaign may also improve the evaluation's design and process.

TAFE NSW's annual advertising campaign was adjusted throughout the year in response to business data, which is likely to have led to efficient expenditure

Consistent with other parts of government, TAFE NSW prepares an annual advertising plan that sets out advertising and search engine optimisation (which is the set of techniques used to improve the likelihood of internet users finding the advertiser's website or product when they search using any of the standard internet search tools). The plan is reviewed by DCS to ensure the planned advertising has evidence of its likely effectiveness, leverages government communication channels, and makes use of data and customer and behavioural insights. Once approved by ERC, TAFE NSW works with its media partner to execute the advertising plan by placing media throughout the year. However, TAFE NSW also adjusts its investment in various advertising channels throughout the year in response to changes in:

- business performance measures. For example, lower-than-expected student enrolments in specific localities may lead to TAFE NSW running a localised advertising campaigns during the year to boost student enrolments
- operational performance measures. For example, data from a pilot showed that some digital advertising that TAFE NSW had planned to run throughout 2021–22 was resulting in too many users clicking through to a website but then rapidly leaving it (this is known as a high 'bounce factor'). TAFE NSW stopped the planned digital advertising and redirected the planned expenditure to other advertising channels.

The combination of a peer-reviewed overall annual advertising plan and appropriate adjustments to events and data throughout the year means that TAFE NSW's spend on advertising is likely to be efficient.

TAFE NSW's campaign is likely to have been economical as it used in-house capability to develop the creative content and then relied upon whole-of-government arrangements to ensure the prices it paid for advertising were market rates

TAFE NSW spent just over 79% of its total advertising spend in 2021–22 to buy advertising media, such as social media advertisements, out of home advertising, and print advertising. The remainder of its total advertising spend was on research and evaluation, planning, and service fees.

TAFE NSW used its media partner to arrange and place this media, using prices which had been negotiated by another communications agency on behalf of all NSW Government with media providers such as newspapers, television, radio and internet companies. TAFE NSW developed the creative content for the campaign, with still photography and video shot on campus using staff and students in normal contexts.

In 2017, the Department of Premier and Cabinet's communications directorate (now located within DCS) chose TAFE NSW's media partner to be one of five providers of communication services that could be used by government agencies to buy media. Under that arrangement, one of these providers (which was not TAFE NSW's partner) was also responsible for annually negotiating market rates on behalf of government as well as other responsibilities such as whole-of-government reporting. The arrangement defined these prices as ceiling rates and provided the opportunity for the five providers of communication services to negotiate better rates which may become available due to competitive pressures in the media market.

The advertising rates under the whole-of-government contract were reviewed annually throughout the life of the contract and were independently market-tested in 2018–19 by DCS. TAFE NSW also states that some of its advertising spend was at prices significantly lower than the whole-of-government contract. As a consequence, the prices paid by TAFE NSW for advertising in 2021–22 were likely to have been market rates.

Section two

Appendices

Appendix one – Responses from agencies

Response from TAFE NSW



OFFICIAL

PO Box 707
Broadway NSW 2007

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

DOC 23/4267

Performance Audit – Government Advertising 2021-22

Dear Ms Crawford

I refer to your correspondence sent from the Audit Office of NSW on the 25 January 2023, inviting TAFE NSW to provide a formal response to the final audit report to be tabled in NSW Parliament on 28 February 2023.

TAFE NSW accepts the recommendations in the report shared as outlined below and will work to ensure adherence before 30 June 2023.

Recommendation		TAFE NSW Response	Comments
By 30 June 2023, TAFE NSW should:			
1	Implement processes that ensures cost-benefit analyses are completed before the launch of a government advertising campaign over \$1 million.	Accepted	TAFE NSW has appointed an external consultant to complete the FY24 cost benefit analysis. TAFE NSW has also engaged a consultant to retrospectively conduct this analysis for the FY22 and FY23 advertising submissions.
2	Implement a process that ensures advertising compliance certificates are completed by the Managing Director only after all regulatory requirements have been met.	Accepted	TAFE NSW will ensure all regulatory requirements are complete before the FY24 compliance certificate is signed by the Managing Director.

OFFICIAL

tafensw.edu.au

OFFICIAL

Recommendation		TAFE NSW Response	Comments
3	Consider adding to its current evaluation methods by surveying a population which closely reflects the age profile of its intended target audience.	Accepted	TAFE NSW will consider adding to its current evaluation methods by using alternative analysis percentages for ongoing reporting.

TAFE NSW has also carefully considered additional findings in the report and will specifically continue to work with the Department of Customer Service (DCS) to improve our annual advertising submission process and reporting in the future.

Your sincerely



Stephen Brady
Managing Director
TAFE NSW
 17 February 2023

Response from Department of Customer Service



Customer
Service

McKell Building – 2-24 Rawson Place, Sydney NSW 2000
Tel 02 9372 8877 | TTY 1300 301 181
ABN 81 913 830 179 | www.nsw.gov.au

Office of the Secretary

*Our reference: COR-00379-2023
Your reference: D2300643/P0002858*

Ms Margaret Crawford
Auditor-General for New South Wales
Audit Office of NSW
By email: mail@audit.nsw.gov.au

Dear Ms Crawford

Report on the Performance Audit– Government Advertising 2021-22.

Thank you for your report on the Performance Audit on Government Advertising 2021-22 which focussed on the TAFE NSW 2021-22 Annual Campaign.

I note your audit recommends that DCS improve whole-of-government reporting and monitoring processes to provide the NSW Government with a central view of compliance across all aspects of the government advertising regulatory framework, including the completion of agency cost-benefit analyses.

DCS is always keen to consider opportunities to enhance the management and effectiveness of government advertising. DCS will continue to support heads of agencies meet their compliance obligations. In response to the findings and associated recommendation for DCS of your report, DCS will take additional actions encouraging campaign compliance and facilitate central publishing of campaign documents.

DCS will continue to:

1. Provide regular written and verbal guidance to agencies on their campaign compliance responsibilities with the NSW Government advertising regulatory framework via its lead role in peer review.
2. Include in each campaign's peer review completion letter an explicit reminder that agencies must complete the following prior to commencement of advertising:
 - o Advertising Compliance Certificate signed by the head of agency and make it publicly available online,
 - o Cost benefit analysis (if over \$1 million).

DCS accepts the audit recommendation and by 30 June 2023, will:

1. Write to Heads of Agency and agency campaign teams to remind them of their roles in ensuring campaign compliance.
2. Publish an updated version of the Advertising Compliance Certificate template that will outline the additional compliance responsibilities for the campaign, including completion of peer review and a cost benefit analysis, if over \$1 million.

3. Update Peer Review templates to include a checklist for agencies to remind them of their compliance responsibilities.
4. Publish a central page on the NSW Government website that all agencies can make their Advertising Compliance Certificates publicly available. DCS will also encourage agencies to publish their Cost Benefit Analyses on this same page.

If you would like more information, please contact Isobel Scouler, Director, NSW Government Brand and Campaigns

Yours sincerely

A handwritten signature in black ink, appearing to read 'Emma Hogan', with a stylized flourish at the end.

Emma Hogan
Secretary

Date: 23/02/23

Appendix two – About the campaign

TAFE NSW annual advertising campaign summary

The campaign set out to increase the percentage of people in New South Wales considering enrolling in TAFE NSW for training or education purposes, grow the proportion of people who consider TAFE NSW to be New South Wales' preferred education provider and maintain the proportion of people who are aware of TAFE NSW more generally. To achieve these impacts, the campaign designed and delivered a range of advertising activities.

Exhibit 7: TAFE NSW's annual advertising campaign in brief

TAFE NSW's annual advertising campaign in brief	
Objectives	<p>Support the achievement of 470,000 student enrolments between 1 July 2021 and 30 June 2022.</p> <p>Deliver 550,000 leads or course enquiries via tafensw.edu.au between 1 July 2021 and 30 June 2022.</p> <p>Drive 16.2 million website visits to tafensw.edu.au between 1 July 2021 and 30 June 2022.</p>
Timing	May 2021 to June 2022
Target audiences	<p>The primary audience was potential and current students located in New South Wales in the following age groups:</p> <ul style="list-style-type: none">• 15 to 19 (defined by TAFE NSW as pathfinders)• 20 to 24 (career starters)• 25 to 44 (career progressors)• 45 years and over (career changers). <p>The campaign also targeted decision-makers in small and medium-sized businesses, as well as prospective international students.</p>
Media channels	Television, radio, internet and social media, press and out of home (or billboard) advertising in transport and other settings.
Total planned budget (ex GST)	\$15,250,000
Actual media and other spend (ex GST)	\$12,043,442 (media) \$3,114,476 (planning, research, evaluation and fees)
Total actual cost (ex GST)	\$15,157,918

Exhibit 8: Examples of digital advertisements from TAFE NSW's annual campaign

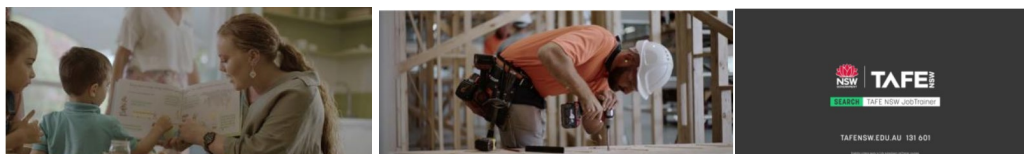


Exhibit 9: Examples of print advertisements from TAFE NSW's annual campaign



EMPLOY A NEW APPRENTICE OR TRAINEE, WITH GREAT SUBSIDIES.

Now is the time to hire an apprentice or trainee.

With wage subsidies of 80 percent, fee-free training, and an extension on the \$1.2 billion wage subsidy program to foster apprenticeships and traineeships commitments, your business can attract new employees or expand existing team members.

Candidates can get paid for on-the-job training, while also earning a nationally recognised qualification. Businesses are rewarded with cost-effective employees, trained to equity skills, tailored for your business needs. With more than 100 different occupations and 60 and thousands of options, your business can employ a committed candidate in areas such as business, health, information technology and much more.

EXPLORE. ENQUIRE. APPLY.
TAFENSW.EDU.AU/EMPLOY
 1300 045 737

TAFE NSW

Exhibit 10: Example of targeted, in-year advertisement from TAFE NSW's annual campaign



Learn something new. Share it with the world.
Enrol at TAFE NSW.

At TAFE NSW, we're excited about the future. Whether you want to care for our elders or help shape young minds, TAFE NSW has a course to help you realise your goals. Taught by industry-expert teachers, our nationally recognised courses will give you the hands-on skills you need to launch a successful career.

Semester 1, 2022 courses are now open for enrolment but they are filling fast, so don't miss out.

- Aged Care
- Community Services
- Fitness & Massage Therapy
- Early Childhood Education & Care
- Hospitality
- Travel & Tourism
- Tertiary Preparation (HSC equivalent)

Local Port Macquarie residents can upskill to take advantage of the booming hospitality and tourism industry, thanks to a range of courses on offer at TAFE NSW.

JUMPSTART YOUR CAREER IN HOSPITALITY AT TAFE NSW

Head of Tourism and Experience Services, Cheryl Bullinger, said with a 76% jump in hospitality job vacancies, now is the time for students to take their skills to the next level.

"Students can study a variety of travel and hospitality courses from a Certificate III in Hospitality, Travel or Commercial Cookery to a Diploma in Hospitality locally at TAFE NSW Port Macquarie to launch the next step of their career," said Ms Bullinger.

For school leavers looking to boost their employability and gain new skills, TAFE NSW Port Macquarie is also offering a fee-free*

Statement of Attainment in Espresso Coffee

as part of the NSW Government funded Summer Skills program.

"Over two days, students learn how to extract espresso and steam milk according to beverage type, serve a variety of espresso beverages, hygiene procedures, and transferable skills such as time management," said Ms Bullinger.

"Students can study a variety of travel and hospitality courses from a Certificate III in Hospitality, Travel or Commercial Cookery to a Diploma in Hospitality"

"The fee-free" course offers the first step to launch a new career, opening opportunities to explore a range of job roles in a growing and fast-paced industry."

To find out more about studying Hospitality or Tourism courses at TAFE NSW, call 13 14 01 or visit www.tafensw.edu.au

*Eligibility criteria apply

GOVERNMENT FUNDING FINANCING 2022

TAFENSW.EDU.AU
 131 601

TAFE NSW

Exhibit 11: Example of radio advertisement from TAFE NSW's annual campaign

Semester 2, 2021 Radio

SCRIPT 5# North

VO: Discover a world of possibilities with TAFE New South Wales.

Limited places are still available for Semester 2, in courses such as

Hospitality
Baking and Barista Skills
Information and Communications Technology
English Language
Literacy and numeracy

Affordable and flexible study options available on campus or online, including a range of new fee free job trainer courses.

Search TAFE New South Wales or call one three one, six zero one and enrol today

(Said quickly) RTO Nine – triple ZERO – three. Job trainer eligibility criteria applies.

Semester 1, 2022 Radio

VERSION #3.

At TAFE New South Wales, we're excited about the future....

The future for stylists, carers and creators alike.

Semester one, twenty twenty-two courses are now open for enrolment including

< Hair and beauty, Retail, Aged Care, Animal Care, Visual Arts and more >

Study face to face or in a supportive, teacher-led virtual classroom.

Courses are filling fast, so enrol today.

Search TAFE New South Wales or call one three one, six zero one.

R-T-O nine-triple zero-three

Aboriginal Semester 1, 2022 Radio

BACHELOR OF BUSINESS

VO: BE Empowered with a TAFE New South Wales Bachelor of Business designed for current and aspiring Aboriginal and Torres Strait Islander professionals.

Share your life experiences and gain real skills for the future.

Be supported with customised study options and full teacher support.

Build on your knowledge to make a difference in developing business and community leadership roles.

FX music sting: (fade up current music track)

VO: Go to TAFE N-S-W-dot-com-au or call one three one, six zero one to **Explore. Enquire. Enrol.**

(said quickly) RTO - Nine - triple zero – three. HEP P-R-V-one-two-zero-four-nine

Ed-stravaganza Short Courses

VO: Learn more for less with the TAFE NSW 'EDUCATION-EXTRAVAGANZA'. There're thousands of places available to spring your skills to life...

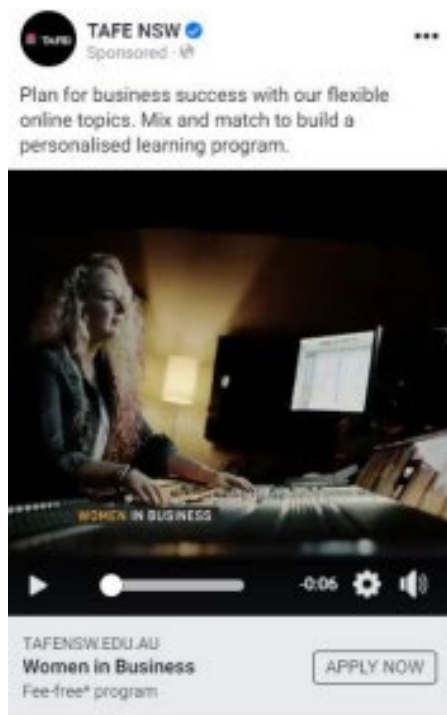
...like Summer Skills courses in hospitality to help you land that summer gig, Ableton electronic music courses to get your groove going, or social media courses to raise your influence.

Enrol today, courses are filling fast. It's an ED-STRAVAGANZA!

Visit TAFE N-S-W dot edu dot au.

Eligibility criteria apply, RTO nine-triple zero-three.

Exhibit 12: Example of social media advertising for TAFE NSW's annual campaign



Appendix three – About the audit

Audit objective

This audit assessed whether the TAFE NSW Annual Program campaign was carried out effectively, economically, and efficiently and in compliance with the *Government Advertising Act 2011*, the Regulation, other laws and the Government Advertising Guidelines.

Audit criteria

We addressed the audit objective by examining the following criteria:

1. Was the selected government advertising campaign carried out effectively, economically, and efficiently?
 - The campaign had measurable and attributable targets aligned to its objectives.
 - The campaign achieved its targets, which was verified through post-campaign evaluation.
 - The agency achieved efficient expenditure on media placement.
 - The campaign was efficiently targeted to its intended audience.
 - The agency ensured value for money through its procurement.
2. Did the selected advertising campaign comply with the *Government Advertising Act 2011*, the Regulation, other laws and the Government Advertising Guidelines?
 - The campaign complied with the Act, the *Government Advertising Regulation 2018*, and the NSW Government Advertising Guidelines.
 - The campaign complied with other relevant laws, regulations and requirements, including:
 - Cost-Benefit Framework for Government Advertising and Information Campaigns
 - NSW Government Brand Guidelines
 - NSW Government evaluation framework for advertising and communications.

Audit scope and focus

The scope was limited to the TAFE NSW Annual Program campaign delivered in 2021–22. TAFE NSW was the primary auditee, with the TAFE NSW Annual Program campaign the focus of this audit. The Department of Customer Service (DCS) was also included as an auditee due to the Department's responsibility for overseeing government advertising, including running the peer review process.

Audit exclusions

The audit did not:

- examine other government advertising campaigns
- examine other advertising functions at TAFE NSW
- examine other TAFE NSW initiatives or policies
- question the merits of Government policy objectives.

Audit approach

Our procedures included:

1. interviewing senior staff responsible for:
 - the overall process of designing and delivering the campaign
 - managing creative content
 - managing media companies and media placement.
 - assessing campaign results.
2. examining available documentation such as relevant strategies, peer review documents, compliance certificates and approval documentation, campaign budget data, media placement information, and samples of campaign material.

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 *Government Sector Audit Act 1983* and the *Local Government Act 1993*.

Acknowledgements

We gratefully acknowledge the cooperation and assistance provided by TAFE NSW and the Department of Customer Service.

In particular, we wish to thank our liaison officers, and the staff from TAFE NSW and the Department of Customer Service who participated in audit interviews and provided materials relevant to the audit.

Audit cost

Including staff costs and overheads, the estimated cost of the audit is \$160,000.

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 38EA of the *Government Sector Audit Act 1983* for State government entities, and in Section 421BD 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 and Risk Committee / Audit Risk and Improvement Committee to monitor progress with the implementation of recommendations.

In addition, it is the practice of NSW 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 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 to entities for performance audits. Our performance audit services are funded by the NSW Parliament.

Further information and copies of reports

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

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

Pride in purpose
Curious and open-minded
Valuing people
Contagious integrity
Courage (even when it's uncomfortable)

Level 19, Darling Park Tower 2
201 Sussex Street
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Monday to Friday.