

CHAPTER 6: COMMUNICATION, ADVERTISING AND PROMOTIONAL EXPENDITURE

Key findings of the Committee:

- 6.1 Government communication, advertising and promotional expenditure has regularly been subject to considerable public scrutiny including from the Auditor-General and the Public Accounts and Estimates Committee.**
- 6.2 Later in this financial year, the Committee will publish a review of the findings and recommendations of the Auditor-General's 2006 report on Government Advertising.**
- 6.3 The Committee was unable to obtain a complete set of figures for forecast 2008-09 expenditure on communication, advertising and promotional expenditure as it is not included as a stand alone budget item.**

6.1 Introduction

Public debate concerning the magnitude and appropriateness of advertising and promotional expenditure by governments has been a frequent occurrence in Australian and international jurisdictions. Not surprisingly, therefore, this aspect of public administration in Victoria has often been subject to official scrutiny.

In September 2006, the Auditor-General issued his latest report to Parliament on Government Advertising. This was the fourth report by the Auditor-General on Government Advertising in 11 years. The primary purpose of this latest audit was to determine whether selected public sector advertising campaigns complied with the government guidelines and whether processes around the management of government advertising were adequate.

During 2007-08, the PAEC reports on the *Budget Estimates* and *Financial and Performance Outcomes* examined the forecast and actual expenditure on government advertising, communication and promotion, making a number of recommendations relating to the findings of the Auditor-General and the transparency of reporting practices relating to advertising expenditure.

Under its functions and powers under Sections 14 and 33 of the Parliamentary Committees Act 2003, the Committee systematically follows up audit reports tabled in Parliament by the Auditor-General. The Committee prioritises these reports using various criteria including considerations of seriousness of impacts or implications of audit findings, public interest, risks, social impacts, criticality and unresolved disputes, materiality and opportunities to enhance accountability.

Currently, the Committee is conducting a review of findings and recommendations of the Auditor-General's reports tabled in 2006 and 2007 including the 2006 report on Government Advertising. This report is due to be tabled later in this financial year and gives due consideration to the broad range of issues raised in previous Auditor-General and PAEC reports.

6.2 Advertising and promotional expenditure by Departments

During its 2008-09 Budget Estimates inquiry, the Committee sought from each department, the following financial information relating to their advertising and promotional activities:

- the communication, advertising and promotion budget for 2008-09; and
- the actual expenditure incurred on communications, advertising and promotion in 2007-08.

Table 6.1 sets out the aggregate estimated advertising and promotion costs incurred by departments and selected statutory agencies in 2007-08 and the expected expenditure for 2008-09, based on information furnished to the Committee.

Table 6.1: Departmental aggregate estimated advertising and promotional expenditure

Department	2007-08 Estimated (\$ million)	2008-09 Budget (\$ million)
Education	0.6 ^(b)	_(b)
Human Services	14.2	_(c)
Infrastructure	14.0 ^(d)	15.5 ^(d)
Innovation, Industry and Regional Development	57.9 ^(e)	56.3 ^(e)
Justice	_(f)	8.1 ^(g)
Planning and Community Development	4.0	3.8
Premier and Cabinet	3.0 ^(h)	_(i)
Primary Industries	8.9	5.0
Sustainability and Environment	6.5	5.6 ^(j)
Treasury and Finance	1.6	1.5 ^(k)
Total	110.1	95.8

- Notes:
- (a) Forecast expenditure for 2007-08 as of 13 May 2008
 - (b) The Department of Education and Early Childhood Development advised the Committee that the budget for 2008-09 is yet to be determined
 - (c) The Department of Human Services advised the Committee that they do not have a centralised budget for communication, advertising and promotions
 - (d) Figures include advertising by SEITA and VicRoads in addition to DOI advertising expenditure
 - (e) Figures include Tourism Victoria
 - (f) The Department of Justice did not provide the Committee with data for 2007-08
 - (g) Figure includes Victoria Police.
 - (h) 2007-08 figures do not include Arts and Portfolio Agencies.
 - (i) The Department of Premier and Cabinet advised the Committee that they do not have a centralised budget for communication, advertising and promotions
 - (j) 2007-08 figures exclude costs of around \$2.0 million associated with the Our Water Our Future behavioural change campaign, as it is funded by Melbourne's water retailers and Melbourne Water.
 - (k) The Department of Treasury and Finance advised the Committee that the figures provided for 2007-08 are the expected actuals.

Source: Departmental responses to the PAEC Budget Estimates Questionnaire, PAEC Report on the 2008-09 Budget Estimates Part One.

Departmental responses to the PAEC Budget Estimates Clarification Questions (Appendix 3)

Five departments (Human Services, Justice, Planning and Community Development, Primary Industries and Premier and Cabinet) advised the Committee that advertising and communications activities are not independent of program and policy development, implementation and evaluation. They are not included as a stand alone budget item but formulated as part of an overall program delivery or output.

The Committee has found it difficult, analysing available information, to obtain consistent year comparisons. It continues to be concerned regarding definitional matters in respect to communication, advertising and promotional expenditure.

In light of the Government’s efficiency measure, to reduce advertising and consultancy expenditure by 10 per cent of 2006-07 levels by 2010-11¹²¹, the Committee will carefully monitor expenditure through future Financial and Performance Outcomes Reports and Budget Estimates Reports.

6.3 Progress against the recommendations in the PAEC’s Report on the 2007-08 Budget Estimates.

In its 2007-08 Budget Estimates Report the Committee made four recommendations in relation to Government Advertising as detailed in table 6.2.

Table 6.2: The Government’s response to recommendations made in the Report on the 2007-08 Budget Estimates (communication, advertising and promotional expenditure)

Recommendation	Government Response
<p>Recommendation 22 The government issue the revised guidelines for advertising and communications as soon as possible and that the guidelines be reviewed and updated every four years.</p>	<p>The Government will develop new guidelines to be implemented in the future.</p>
<p>Recommendation 23 The Auditor-General include, within the scope of performance audits of particular programs, an examination of advertising and communications expenditure and the extent of compliance with the government’s guidelines.</p>	<p>The examination of advertising and communications expenditure and the extent of compliance with the government’s guidelines, will be included in audits, where considered appropriate.</p>
<p>Recommendation 24 Departments include expenditure on communications, advertising and promotion by all statutory authorities and government entities in future reporting to allow for full reporting and transparency.</p>	<p>Government agencies will continue to strive to provide accurate reporting of communications, advertising and marketing in response to official requests.</p>
<p>Recommendation 25 The Department of Treasury and Finance ensure, as part of its enhancements to annual reporting practices that agencies identify and report on performance against advertising budgets, identifying key components of expenditure including government-wide or agency specific publicity campaigns.</p>	<p>The Department of Treasury and Finance considers current reporting directions provide adequate disclosure. However, such directions are continually reviewed to ensure relevance and appropriateness.</p>

Source: *Government Response to the PAEC Report on the 2007-08 Budget Estimates*

The Committee considers recommendation 22 to be of particular significance and is concerned that the revised guidelines have not yet been completed. The Committee urges the Government to take immediate action to address this recommendation. Further discussion regarding the Government’s responses to Committee recommendations can be found in Chapter 11.

¹²¹ Australian Labor Party, *Efficient Government Policy for the 2006 Victorian Election*, pp.9, 12