

# **Bad impressions**

## **Scrutiny of government advertising**

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Discussion paper

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**April 2022**

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# Summary

Last year, the Morrison Government spent \$145.3 million on campaign advertising, a sum that exceeds the normal annual advertising spend of companies like Coca-Cola, McDonald's, Amazon, Pepsi and Qantas. Among the minimum \$59 million of campaign advertising already announced this year are campaigns that have been extensively criticised for being misleading, co-opted by government MPs and timed to end just before the election period.

The current regulatory model for government advertising is clearly insufficient. A box-ticking exercise by chief executives and sign-off from an independent committee that does not see the actual materials (just the overall strategy) has failed to prevent these controversial campaigns from proceeding.

Australia Institute polling conducted in 2019 shows that Australians support two fundamental principles: that public money should be spent only on advertising that informs and that government advertising should be funded in proportion to the significance of a policy (not how controversial it is). Further polling conducted this year finds Australians support a role for the Auditor-General in monitoring government advertising (see the "Polling" chapter for more).

The Auditor-General is responsible for reviewing government advertising, and does so rigorously – but the reviews come months or years after the campaigns have concluded. The system should be reformed so the Auditor-General has a role in monitoring and regulating government advertising during its development and while it is in the field.

# Introduction

Government advertising – advertising campaigns paid for with public money, ostensibly to inform the public – from both sides of politics and at both state and federal levels has been accused of being partisan.

Government advertising is regulated by a framework, which consists primarily of (a) the five principles in the Department of Finance’s *Guidelines on Information and Advertising Campaigns by non-corporate Commonwealth entities*, (b) a process for chief executives of agencies to certify that campaigns comply with the guidelines and (c) third-party advice for chief executives.<sup>1</sup>

The ANAO conducts ongoing audits of the administration of the framework, with each audit also reviewing select campaigns that took place since the completion of the last audit. While the framework for government advertising was assessed in 2012 as “generally effective”,<sup>2</sup> routine audits by the ANAO of the administration of government advertising arrangements have found shortcomings. The most recent review found “Some campaign statements did not accurately represent the Australian Government’s involvement in infrastructure projects”.<sup>3</sup> The previous review found more substantial problems.<sup>4</sup>

Information on advertising spending by corporations is often piecemeal, but occasionally figures are published – which consistently suggest that government advertising dwarfs commercial spending on advertising, even from major brands.

For example, Coca-Cola South Pacific’s media account is reportedly worth around \$20 million.<sup>5</sup> Pepsi’s annual media spend was reported in 2017 to be about \$25 million, which includes spending on its Smith’s Snackfoods and Quaker oats divisions.<sup>6</sup> Qantas spent

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<sup>1</sup> ANAO (2019) *Government Advertising: June 2015 to April 2019*, <https://www.anao.gov.au/work/performance-audit/government-advertising-june-2015-to-april-2019>

<sup>2</sup> ANAO (2012) *Administration of Government Advertising Arrangements: March 2010 to August 2011*, <https://www.anao.gov.au/work/performance-audit/administration-government-advertising-arrangements-march-2010-august-2011>

<sup>3</sup> ANAO (2022) *Australian Government Advertising: May 2019 to October 2021*, <https://www.anao.gov.au/work/performance-audit/australian-government-advertising-may-2019-to-october-2021>

<sup>4</sup> ANAO (2019) *Government Advertising: June 2015 to April 2019*

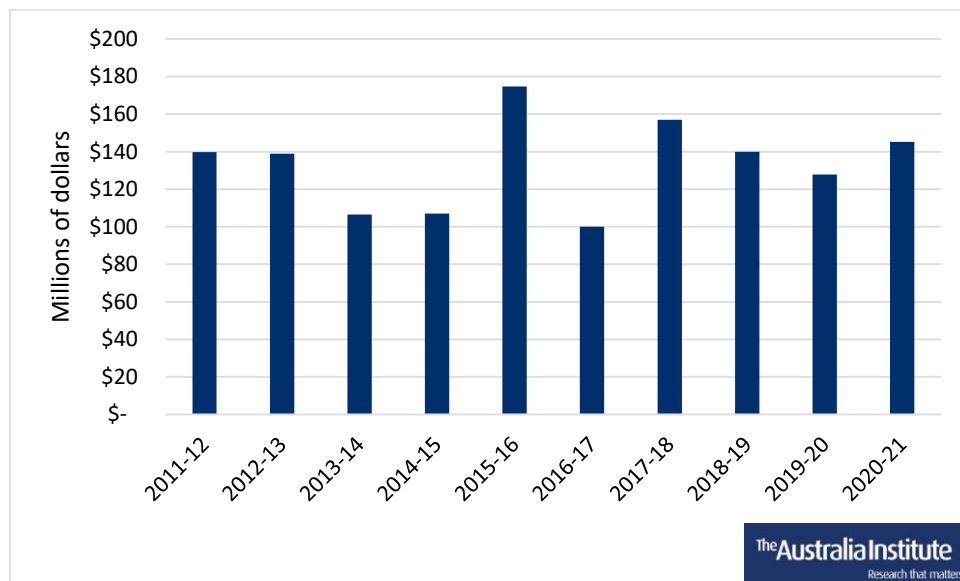
<sup>5</sup> Wilkinson (2020) *Coca-Cola launches global review of media and creative accounts*, <https://mumbrella.com.au/coca-cola-launches-global-review-of-media-and-creative-accounts-661375>

<sup>6</sup> Hickman (n.d.) *PepsiCo reviews media buying and planning requirements*, <https://www.adnews.com.au/news/pepsico-reviews-media-buying-and-planning-requirements>

around \$25–\$30 million advertising locally in 2017.<sup>7</sup> Nielsen Ad Intel data for 2019 found Woolworths spent \$118 million on advertising, McDonald’s Restaurants \$83 million and Amazon \$51 million.<sup>8</sup>

By contrast, in the 2020–21 financial year, the Australian Government spent \$145.3 million on campaign advertising (see Figure 1 below). Australian governments as a whole spent \$610 million on advertising through media agencies in 2021, though much would be COVID-related advertising, with the Australian Government as the single biggest advertiser in the country.<sup>9</sup>

**Figure 1: Campaign advertising by Australian Government departments and agencies**



Source: Department of Finance (2021) *Campaign Advertising by Australian Government Departments and Agencies*, <https://www.finance.gov.au/publications/reports/advertising>

<sup>7</sup> And spent as much or more on its global media budget. Hickman (2017) *Qantas consolidates \$60m global media account with OMD*, <https://www.adnews.com.au/news/qantas-consolidates-60m-global-media-account-with-omd>

<sup>8</sup> B&T Magazine (2020) *Revealed! Australia’s Top 20 Ad Spenders, As Media Category Spend Soars 26% YOY*, <https://www.bandt.com.au/revealed-australias-biggest-ad-spender-as-media-advertising-spend-soars-26-yoy/>; Nielsen results are available for later years but they only show relative position not total spending: Dwyer (2022) *Nielsen Report: 3 Of The Top 5 Australian Advertisers Were Government In 2021*, <https://www.bandt.com.au/report-commonwealth-government-was-australias-biggest-advertiser-in-2021/>

<sup>9</sup> Dwyer (2022) *Nielsen Report: 3 Of The Top 5 Australian Advertisers Were Government In 2021*; Ward (2022) *Governments spent big on vaccination advertising*, <https://www.afr.com/companies/media-and-marketing/governments-spent-big-on-vaccinate-advertising-20220201-p59swo>

# Current framework

Government “campaign” advertising has been regulated by guidelines introduced in 2010 and updated from time to time since then.<sup>10</sup> The Government distinguishes between “campaign” and “non-campaign” advertising, with campaign advertising consisting of “a planned series of communication activities that share common objectives, target the same audience and have specific timelines and a dedicated budget”. Non-campaign advertising is “[s]imple, informative advertising that generally appears only once or twice, contains factual statements and typically has a low creative content”,<sup>11</sup> for example advertisements for job vacancies.

The current framework for government advertising is the *Guidelines on Information and Advertising Campaigns by Non-Corporate Commonwealth Entities*, most recently updated in 2020.

The guidelines have five principles for government advertising which must be complied with by non-corporate Commonwealth entities:

1. Relevant to government responsibilities
2. Presented in an objective, fair and accessible manner
3. Objective and not directed at promoting party political interests
4. Justified and undertaken in an efficient, effective and relevant manner
5. Compliant with legal requirements and procurement policies and procedures.<sup>12</sup>

Beneath each general principle are more detailed criteria. Chief executives of government agencies must certify that campaigns comply with the guidelines, by ticking boxes next to the criteria.<sup>13</sup>

Government advertising is reviewed by the Service Delivery and Coordination Committee, a committee of Cabinet. Campaigns over \$250,000 are considered by the Independent

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<sup>10</sup> For discussion of the 1980s and 2008 guidelines, see Horne (2012) *The administration of Commonwealth Government advertising*, [https://www.aph.gov.au/About\\_Parliament/Parliamentary\\_Departments/Parliamentary\\_Library/pubs/BN/2011-2012/GovernmentAdvertising](https://www.aph.gov.au/About_Parliament/Parliamentary_Departments/Parliamentary_Library/pubs/BN/2011-2012/GovernmentAdvertising); Orr (2006) *Government advertising: Parliament and political equality*, [https://www.aph.gov.au/About\\_Parliament/Senate/Powers\\_practice\\_n\\_procedures/~/~/link.aspx?\\_id=53A7CFCC47014D138E5C10FAFD0299D6&\\_z=z](https://www.aph.gov.au/About_Parliament/Senate/Powers_practice_n_procedures/~/~/link.aspx?_id=53A7CFCC47014D138E5C10FAFD0299D6&_z=z)

<sup>11</sup> Horne (2012) *The administration of Commonwealth Government advertising*

<sup>12</sup> Department of Finance (2020) *Australian Government Guidelines on Information and Advertising Campaigns by non-corporate Commonwealth entities*, <https://www.finance.gov.au/government/advertising/australian-government-guidelines-information-and-advertising-campaigns-non-corporate-commonwealth-entities>

<sup>13</sup> See for example Department of Industry (2021) *Advertising campaign statements*, <https://www.industry.gov.au/about-us/advertising-campaign-statements>



Communications Committee (ICC), which gives publicly available compliance advice on the first four of the five principles of the guidelines.<sup>14</sup>

The level of advice provided appears to be extremely limited. For example, the ICC reviewed the two phases of the Government's controversial Australia's Making Positive Energy campaign. The campaign has been criticised for:

- beginning before the Government had a policy to announce
- the distribution by government parliamentarians of promotional material that appears to follow the design of the advertising campaign
- being a "misleading at best" waste of money
- running until just before the election period
- not explicitly mentioning climate change, an absence which the Department of Industry has claimed "wasn't deliberate".<sup>15</sup>

However, when the ICC reviewed each phase it did so at the communication strategy stage and had "not considered the advertising materials". In both cases, the ICC concluded only that the proposed campaign was "capable of complying" with the guidelines.<sup>16</sup> Such a review is of limited value, and in the case given above has failed to ensure that government advertising is non-controversial.

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<sup>14</sup> Department of Finance (2020) *Campaign Advertising by Australian Government Departments and Agencies - Report 2019-20*, pp. 5–6, <https://www.finance.gov.au/publications/reports/campaign-advertising-australian-government-departments-and-agencies-report-2019-20>; (n.d.) *Compliance Advice*, <https://www.finance.gov.au/publications/compliance-advice>

<sup>15</sup> Foley (2021) *Department investigates MPs' use of climate advertising campaign*, <https://www.smh.com.au/politics/federal/department-investigates-mps-use-of-climate-advertising-campaign-20211025-p592yo.html>; Jervis-Bardy (2022) *\$30 million energy ad blitz is pre-election "greenwashing", Labor says*, <https://www.canberratimes.com.au/story/7619543/30-million-energy-ad-blitz-is-pre-election-greenwashing-labor-says/>; Karp (2021) *Australian taxpayers funding \$59m in government ads in run-up to 2022 election*, p. 59, <https://www.theguardian.com/australia-news/2021/nov/15/australian-taxpayers-funding-59m-in-government-ads-in-run-up-to-2022-election>; Morton (2022) *Coalition spends \$31m on ads spruiking efforts to cut greenhouse gas emissions*, <https://www.theguardian.com/media/2022/feb/14/coalition-spends-31m-on-ads-spruiking-efforts-to-cut-greenhouse-gas-emissions>; Wilson (2021) *The Coalition spent \$26k on Facebook ad "half-truths" about emissions, critics say*, <https://www.crikey.com.au/2021/11/10/facebook-coalition-ad-spend-half-truths-critics/>

<sup>16</sup> In advice dated 20 September and 20 December: Independent Communications Committee (2021) *Compliance Advice*, <https://www.finance.gov.au/publications/compliance-advice>

# Proposals for reform

Government advertising has been considered by reformers across jurisdictions and parties. A common recommendation has been to involve auditors-general more extensively in the process, either approving campaigns before they are allowed to run, or reviewing every campaign after the fact.

In 2005, the Senate Finance and Public Administration References Committee considered the question of government advertising. They discussed several proposals for independent scrutiny of government advertising:

- that compliance with the guidelines be enforced through the criminal law;
- that an independent Government Publicity Committee be established comprising the Commonwealth Ombudsman, the Auditor-General and one other member;
- that an independent commission be established, appointed by a parliamentary committee;
- that proposed campaigns be assessed and approved or disallowed by the Public Service Commissioner; or
- that proposed campaigns be assessed and approved or disallowed by a Joint Parliamentary Committee.<sup>17</sup>

The committee recommended that the Auditor-General review the creative content of each advertising campaign (valued at \$250,000 or more), and report to Parliament on the extent of non-compliance (if any).<sup>18</sup>

In 2007, NSW Opposition Leader Barry O'Farrell introduced a private member's bill that would have required the Auditor-General to review any government publicity of \$200,000 or more, and empowered the Auditor-General to make orders regarding any government publicity that deviated from the guidelines and even to require political parties to pay back the cost of government publicity for political purposes (in limited circumstances).<sup>19</sup> The bill did not pass.

In 2008, the Rudd Government introduced a new government advertising framework, which required the Auditor-General to prepare a report to the responsible minister for any

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<sup>17</sup> Senate Finance and Public Administration References Committee (2005) *Government advertising and accountability*, p. xx,  
[https://www.aph.gov.au/Parliamentary\\_Business/Committees/Senate/Finance\\_and\\_Public\\_Administration/Completed\\_inquiries/2004-07/govtadvertising/report/index](https://www.aph.gov.au/Parliamentary_Business/Committees/Senate/Finance_and_Public_Administration/Completed_inquiries/2004-07/govtadvertising/report/index)

<sup>18</sup> Senate Finance and Public Administration References Committee (2005) *Government advertising and accountability*, p. xxi

<sup>19</sup> *Government Publicity Control Bill 2007* (NSW), <https://www.parliament.nsw.gov.au/bills/pages/bill-details.aspx?pk=2520>

advertising campaign valued over \$250,000. The report would evaluate the proposed campaign's compliance with the framework, and must be considered before the relevant minister approves a campaign.<sup>20</sup>

After the Auditor-General's new role was criticised in the 2010 Allan Hawke review of government advertising arrangements,<sup>21</sup> the Rudd Government promptly replaced the ANAO's role with the ICC (discussed above).<sup>22</sup> By the description of Dr Hawke, then a member of the ICC, the ICC had an advisory approach, whereas the Auditor-General had taken "a much stronger hands-on role of an approval nature rather than an advisory nature".<sup>23</sup>

The change from ANAO to ICC was unanimously endorsed by the Joint Committee of Public Accounts and Audit, which argued that "being involved in the scrutiny of proposed advertising campaigns was not an appropriate role for the Auditor-General [because] it blurred the boundary between executive decision-making and audit review."<sup>24</sup> The committee pointed out that the Auditor-General's new role in 2008 had been announced by the executive without consultation; since the Auditor-General is an officer of the Parliament any new responsibilities should be reviewed by the Parliament.<sup>25</sup>

The Auditor-General responded to the Hawke review by rejecting the argument that the 2008 framework resulted in an unacceptable conflict of interest.<sup>26</sup> He subsequently made a submission to the Joint Committee of Public Accounts and Audit saying the 2008 framework had been "demonstrated to work effectively, albeit with scope for some improvement".<sup>27</sup>

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<sup>20</sup> Department of Finance and Deregulation (2008) *Guidelines on campaign advertising by Australian Government departments and agencies (archived)*, p. 3, [https://web.archive.org/web/20090519101854/http://www.finance.gov.au/Advertising/docs/guidelines\\_on\\_campaign\\_advertising.pdf](https://web.archive.org/web/20090519101854/http://www.finance.gov.au/Advertising/docs/guidelines_on_campaign_advertising.pdf)

<sup>21</sup> Hawke (2010) *Independent review of government advertising arrangements (archived)*, p. 5, <https://web.archive.org/web/20110312004610/https://www.finance.gov.au/advertising/docs/Independent-Review-of-Government-Advertising-Arrangements.pdf>

<sup>22</sup> Roth (2011) *Government advertising*, p. 6, <https://www.parliament.nsw.gov.au/researchpapers/Documents/government-advertising/e-briefgovernment%20advertising.pdf>

<sup>23</sup> Joint Committee of Public Accounts and Audit (2011) *The Role of the Auditor-General in scrutinising government advertising campaigns*, p. 48, [https://www.aph.gov.au/parliamentary\\_business/committees/house\\_of\\_representatives\\_committees?url=jc\\_paa/govtad/index.htm](https://www.aph.gov.au/parliamentary_business/committees/house_of_representatives_committees?url=jc_paa/govtad/index.htm)

<sup>24</sup> Joint Committee of Public Accounts and Audit (2011) *The Role of the Auditor-General in scrutinising government advertising campaigns*

<sup>25</sup> As represented by the committee. Joint Committee of Public Accounts and Audit (2011) *The Role of the Auditor-General in scrutinising government advertising campaigns*, p. 49

<sup>26</sup> Roth (2011) *Government advertising*, p. 6

<sup>27</sup> Roth (2011) *Government advertising*, pp. 7–8

In 2010, Senator Bob Brown proposed a private senator's bill that would have restored the Auditor-General's review role. It lapsed in 2013 without being voted upon.<sup>28</sup>

The question of who should review government advertising remains unresolved. The current arrangements have not prevented controversial and wasteful government advertising.

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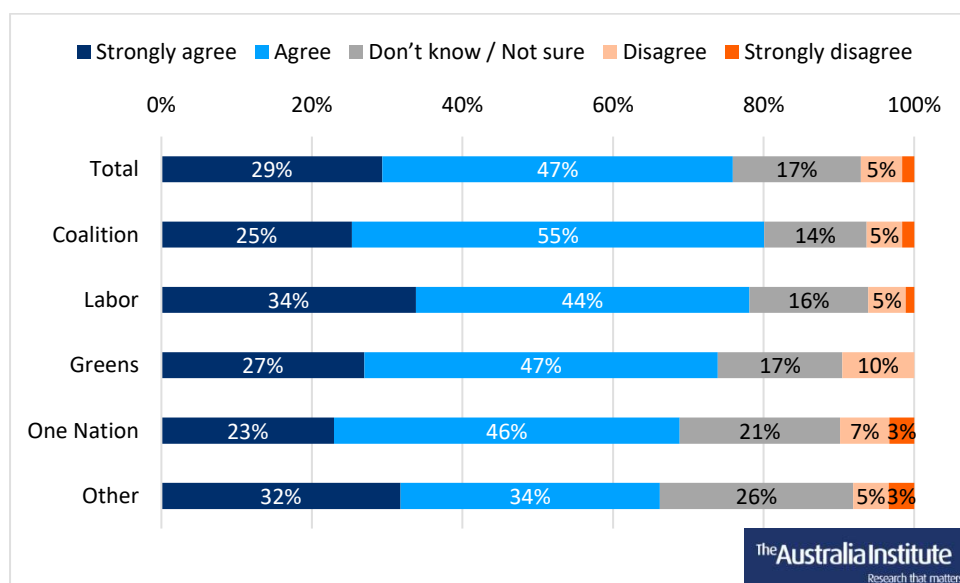
<sup>28</sup> *Preventing the Misuse of Government Advertising Bill 2010* (Cth),  
<https://parlinfo.aph.gov.au/parlInfo/search/display/display.w3p?page=0;query=preventing%20the%20misuse%20of%20government%20advertising;rec=12;resCount=Default>

# Polling

In 2022, The Australia Institute surveyed a nationally representative sample of 1,001 Australians about government advertising. Respondents were asked whether they agreed or disagreed with the proposition that: “The Auditor-General should be responsible for reviewing government advertising to make sure it meets the genuine information needs of the community.”

- Three in four Australians (76%) agree that the Auditor-General should review government advertising to make sure it meets genuine information needs, including 29% who strongly agreed.
- 7% of Australians disagreed or strongly disagreed that the Auditor-General should review government advertising. 17% chose “Don’t know/Not sure”.
- Agreement that the Auditor-General should review government advertising was highest among Coalition voters (80%), followed by Labor (78%), Greens (74%), One Nation (69%) and Independent/Other voters (66%).

**Figure 2: Auditor-General review of government advertising, by voting intention**



In 2020, the Australia Institute asked Australians whether they agreed or disagreed with two propositions related to government advertising:

- Government advertising paid for by taxpayers should only be used to inform.
- Government advertising paid for by the taxpayer should be assigned to policies based on how significant they are, not how controversial they are.

There was strong agreement with both propositions. 85% agreed, including 47% who strongly agreed, that government advertising should be only used to inform. 73% agreed, including 27% who strongly agreed, that government advertising should be assigned based on how significant a policy is, not how controversial it is.<sup>29</sup>

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<sup>29</sup> Browne (2019) *We can handle the truth: opportunities for truth in political advertising*, pp. 35–36, <https://australiainstitute.org.au/report/we-can-handle-the-truth-opportunities-for-truth-in-political-advertising/>

# Conclusion

Current rules around government advertising have failed to prevent dubious and controversial advertising campaigns from being funded, at a cost of millions of dollars of public money.

Reform is needed, and should focus on finding a role for the Auditor-General in regulating proposed campaigns, not just auditing their administration after the fact.

# Appendix: Polling

## Method

Between 8 and 11 March 2022, The Australia Institute surveyed 1,001 adults living in Australia, online through Dynata's panel, with nationally representative samples by gender, age group and state/territory.

The research is compliant with the Australian Polling Council Quality Mark standards. This is the long methodology disclosure statement.

### Long disclosure statement

The results were weighted by three variables (gender, age group and state or territory) based on Australian Bureau of Statistics "National, state and territory population" data, using the raking method. This resulted in an effective sample size of 989.

The margin of error (95% confidence level) for the national results is 3%.

Results are shown only for larger states.

Voting intention questions appeared just after the initial demographic questions, before policy questions. Respondents who answered "Don't know / Not sure" for voting intention were then asked a leaning question; these leanings are included in voting intention crosstabs. "Coalition" includes separate responses for Liberal and National. "Other" refers to Independent/Other.





## Detailed results

No preceding questions in the poll are expected to have influenced the results of the questions published here.

**To what extent do you agree or disagree with the following statement?**

**“The Auditor-General should be responsible for reviewing government advertising to make sure it meets the genuine information needs of the community.”**

	<i>Total</i>	<i>Male</i>	<i>Female</i>	<i>NSW</i>	<i>VIC</i>	<i>QLD</i>	<i>WA</i>
<b>Strongly agree</b>	29%	32%	27%	30%	26%	31%	35%
<b>Agree</b>	47%	48%	46%	47%	53%	43%	42%
<b>Disagree</b>	5%	6%	5%	6%	4%	6%	7%
<b>Strongly disagree</b>	2%	1%	2%	1%	1%	3%	2%
<b>Don't know / Not sure</b>	17%	14%	20%	15%	16%	18%	15%

	<i>Total</i>	<i>Coalition</i>	<i>Labor</i>	<i>Greens</i>	<i>One Nation</i>	<i>Other</i>
<b>Strongly agree</b>	29%	25%	34%	27%	23%	32%
<b>Agree</b>	47%	55%	44%	47%	46%	34%
<b>Disagree</b>	5%	5%	5%	10%	7%	5%
<b>Strongly disagree</b>	2%	2%	1%	0%	3%	3%
<b>Don't know / Not sure</b>	17%	14%	16%	17%	21%	26%

	<i>Total</i>	<i>18-29</i>	<i>30-39</i>	<i>40-49</i>	<i>50-59</i>	<i>60+</i>
<b>Strongly agree</b>	29%	16%	24%	30%	31%	42%
<b>Agree</b>	47%	58%	54%	43%	41%	41%
<b>Disagree</b>	5%	13%	6%	6%	3%	2%
<b>Strongly disagree</b>	2%	1%	2%	1%	1%	3%
<b>Don't know / Not sure</b>	17%	13%	14%	20%	24%	12%