

Appendix 9

Answers to questions on notice

Government Communications Unit, PM&C



Australian Government

Department of the Prime Minister and Cabinet



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Mr Alistair Sands
Secretary
Finance & Public Administration
References Committee
Parliament House
CANBERRA ACT 2600

Dear Mr Sands

Inquiry into Government Advertising and Accountability

Please find attached responses to questions taken on notice at the Committee hearing on 7 October 2005.

I apologise for the delay in replying.

Yours sincerely

Greg Williams
First Assistant Secretary
People, Resources and Communications Division
29 November 2005

Senate Finance and Public Administration References Committee

Inquiry into Government Advertising and Accountability

Hearing of 7 October 2005

(Hansard page 4 and 5)

Senator Carr asked:

What was the revenue to and expenditure from the Campaign Advertising Special and Media Commission Special Accounts for 2004-05 and the last 5 years?

The answer to Senator Carr's question is contained in the attachment.

	<u>1998-99</u>	<u>1999-2000</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>
<u>Media Commissions Account</u>¹							
Revenue (Including all receipts) ²	5,037,497	6,385,295	7,490,327	6,918,211	3,603,994	2,957,657	4,618,908
Expenditure	3,810,065	2,229,483	3,987,188	9,553,615	3,214,015	2,874,306	2,790,699
<u>Campaign Account</u>¹							
Revenue (Including all receipts) ²	1,245,806	2,011,050	2,293,684	1,813,762	890,219	991,094	1,543,827
Expenditure	298,487	212,512	512,332	4,865,241	792,599	956,000	850,000

¹ Data obtained from PM&C's financial statements

² Excludes GST

Senate Finance and Public Administration References Committee

Inquiry into Government Advertising and Accountability

Hearing of 7 October 2005

(Hansard page 5)

Senator Carr asked:

How much was rebated to departments from the Media Commissions payable on government advertising?

The answer to Senator Carr's question is:

The amount rebated is 6% of the total media spend (60% of the media commission), across all users of the Central Advertising System (Departments, agencies, Statutory Authorities, eligible NGO's and the ACT and NT Governments).

In 2004-05 the amount totalled \$5.3 million.

The rebate is used to offset the cost of creative advertising agency costs.

The amount is rebated by the master media placement agency to the relevant department or agency through a net invoice for the cost of media rather than by a separate payment.

Senate Finance and Public Administration References Committee

Inquiry into Government Advertising and Accountability

Hearing of 7 October 2005

(Hansard page 5)

Senator Carr asked:

How much has been paid to Universal McCann in recent years?

The answer to Senator Carr's question is:

Universal McCann has received total remuneration of \$7,569,317 (excluding GST) from the commencement of the contract in December 2002 until September 2005.

Senate Finance and Public Administration References Committee

Inquiry into Government Advertising and Accountability

Hearing of 7 October 2005

(Hansard page 5)

Senator Carr asked:

What revenue to the Media Commissions Special Account has been used for additional advertising?

The answer to Senator Carr's question is:

In March 2004 an amount of \$120,548 was paid for print advertising. The amount was subsequently reimbursed by the client department.

Records held by the Government Communications Unit do not indicate that the Media Commissions Special Account has been used for other advertising.

Senate Finance and Public Administration References Committee

Inquiry into Government Advertising and Accountability

Hearing of 7 October 2005

(Hansard page 5)

Senator Carr asked:

How long have the Special Accounts been operating?

The answer to Senator Carr's question is:

The two accounts were established in 1984.

Prior to that a trust account was operated by the Australian Government Advertising Advisory Council, a non-government body which managed the remuneration of creative advertising agencies working on government campaigns for their media-related head hours and using the media commissions generated by the advertising. That system had been in operation since the 1940s.

Senate Finance and Public Administration References Committee

Inquiry into Government Advertising and Accountability

Hearing of 7 October 2005

(Hansard page 5)

Senator Carr asked:

Is the Media Commission Special Account that was established by the Department of Finance the same as the one we are referring to now?

The answer to Senator Carr's question is:

Yes.

Senate Finance and Public Administration References Committee

Inquiry into Government Advertising and Accountability

Hearing of 7 October 2005

(Hansard page 6)

Senator Carr asked:

How often is the Media Commission Special Account used to pay for advertising?

The answer to Senator Carr's question is:

Based on records held by the Government Communications Unit, the Media Commissions Special Account has been used once to pay for advertising.

Senate Finance and Public Administration References Committee

Inquiry into Government Advertising and Accountability

Hearing of 7 October 2005

(Hansard page 9)

Senator Carr asked:

How much money has passed through the Media Commission and Campaign Advertising Special Accounts since November 2004?

The answer to Senator Carr's question is:

Receipts into the Media Commissions Special Account since November 2004 amounted to \$4,097,023 and expenditure from the Account for the same period has been \$2,986,702.

Receipts into the Campaign Advertising Special Account since November 2004 amounted to \$1,343,756 and expenditure from the Account for the same period has been \$637,500.

Senate Finance and Public Administration References Committee

Inquiry into Government Advertising and Accountability

Hearing of 7 October 2005

(Hansard page 9)

Senator Carr asked:

What is the current balance in the Media Commission and Campaign Advertising Special Accounts?

The answer to Senator Carr's question is:

The Media Commissions Special Account balance at 30 September 2005 was \$8,961,902.

The Campaign Advertising Special Account balance at 30 September 2005 was \$2,854,791.

Senate Finance and Public Administration References Committee

Inquiry into Government Advertising and Accountability

Hearing of 7 October 2005

(Hansard page 9)

Senator Carr asked:

Are the two accounts reported in the budget papers and where would I find the reference?

The answer to Senator Carr's question is:

The accounts are referred to in the Portfolio Budget Statement for 2005-06 at page 21 where the information is captured through the financial statement data in Table 2.5.

Senate Finance and Public Administration References Committee

Inquiry into Government Advertising and Accountability

Hearing of 7 October 2005

(Hansard page 9)

Senator Carr asked:

Have any other campaigns received money from these accounts in the last year?

The answer to Senator Carr's question is:

No.

Senate Finance and Public Administration References Committee
Inquiry into Government Advertising and Accountability
Hearing of 7 October 2005
(Hansard page 12)

Senator Carr asked:

Was the repayment of \$12.6m recorded in the portfolio budget statement?

The answer to Senator Carr's question is:

The repayments were factored into the estimated figures presented in the special account flows and balances table 2.5 at page 21, however there was no specific mention about the transaction in the descriptive text.

Senate Finance and Public Administration References Committee

Inquiry into Government Advertising and Accountability

Hearing of 7 October 2005

(Hansard page 13)

Senator Carr asked:

Was there a reference in the 2004-05 portfolio budget statement to the establishment of the new accounts?

The answer to Senator Carr's question is:

No. There was no reference to the new accounts in the 2004-05 PBS as the requirement to amend the purpose clauses to facilitate remittance to the consolidated revenue fund only became apparent after the PBS was published. The old accounts were abolished and the new accounts established in November 2004.

Senate Finance and Public Administration References Committee

Inquiry into Government Advertising and Accountability

Hearing of 7 October 2005

(Hansard page 14)

Senator Carr asked:

Can the discrepancy in advertising expenditure between the parliamentary research note of 21 June 2004 and the figures quoted in the submission by the Department of the Prime Minister and cabinet be attributed to expressing the amounts at 2003-2004 prices?

The answer to Senator Carr's question is:

No. The parliamentary research note quotes both nominal and 2003-2004 costs and also rounds the figures.

There are three years that differ from the records held by the Government Communications Unit in relation to the nominal costs.

1. In 1998-1999 the annual report (referenced by Dr Grant, Parliamentary Library) under reported expenditure by approximately \$6.6 million. This was due to the failure of the master media placement agency for non-campaign advertising to report expenditure by untied government advertisers (i.e. those covered by the *Commonwealth Authorities and Companies Act 1997*)
2. In 2000-2001 the figure recorded in the annual report (referenced by Dr Grant, Parliamentary Library) was overstated. It would appear that in the early stages of drafting the report an indicative figure was included, but was not updated once the end of financial year data was finalised.
3. In 2003-2004, the figure mentioned at the May Senate Estimates hearing (referenced by Dr Grant, Parliamentary Library) was for expenditure to date and did not include campaign and non-campaign expenditure for May and June 2004.

The consequence of the above is an under-reporting by the Parliamentary Library of approximately \$35.3m since 1996-1997

Senate Finance and Public Administration References Committee

Inquiry into Government Advertising and Accountability

Hearing of 7 October 2005

(Hansard page 15)

Senator Carr asked:

Based on the Prime Minister and Cabinet figure of \$929 million for media, can you advise what has been the total cost of advertising including agency fees, production, research and direct mail for the period 1996 to 2003 -04?

The answer to Senator Carr's question is:

Initial inquiries with departments and agencies reveal that it may not be possible to produce the relevant information with any degree of accuracy or consistency given a number of factors including, but not limited to, the various Machinery of Government changes over the period, the fact that information is not maintained on site with departments and agencies and that some advertising placed is for non-Commonwealth agencies, (e.g. ACT and NT governments).

Of the \$929 million, approximately \$236.1 million is for non-campaign advertising where agency fee, production and despatch amount to approximately 10% and is funded by the media commission (i.e. it is inclusive, not additional).

Of the remaining \$693 million, it is the general rule of thumb that for individual campaigns, between 10 – 15% of the media budget is allocated for research and a similar amount for creative advertising agency fees and production costs.

Direct mail is costed separately as required, as it is not necessarily a part of every campaign.

It is noted that departments and agencies are required to report these expenditures in their Annual Reports.

Detailed costing information has not been in a central location since 1998.

In the period 1996 to 2004 State government advertising expenditure totalled \$2.423 billion. (sourced from Commercial Advisory Service of Australia.)

Senate Finance and Public Administration References Committee

Inquiry into Government Advertising and Accountability

Hearing of 7 October 2005

(Hansard page 23)

Senator Carr asked:

How many advertisements were prepared for the GST campaign and of those how many did not go to air?

The answer to Senator Carr's question is:

There were 48 television, 18 radio and 8 press advertisements used in the GST campaign. In addition a number of the television commercials were edited to produce 17 cut-down versions. These were ultimately not required.

Senate Finance and Public Administration References Committee

Inquiry into Government Advertising and Accountability

Hearing of 7 October 2005

(Hansard page 23)

Senator Carr asked:

Was there an advertisement for the GST campaign that cost \$600,000 to produce and which was not used?

The answer to Senator Carr's question is:

No.

Senate Finance and Public Administration References Committee

Inquiry into Government Advertising and Accountability

Hearing of 7 October 2005

(Hansard page 26)

Senator Carr asked:

Will you release copies of tracking research that you hold for campaigns?

The answer to Senator Carr's question is:

The usual practice is that a decision on whether to release any aspect of the research is taken at the conclusion of the research activity.

Senate Finance and Public Administration References Committee
Inquiry into Government Advertising and Accountability
Hearing of 7 October 2005
(Hansard page 34)

Senator Carr asked:

When did the Government Communications Unit first hear about the campaign for Support the System that Supports You?

The answer to Senator Carr's question is:

The GCU was aware of the proposed campaign on 30 November 2004.