

Finance and Public Administration References Committee

Australian Senate

Inquiry into Government Advertising

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Submission from:

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Sally Young is a political scientist and Lecturer in the Media and Communications Program at The University of Melbourne. Her book on political advertising is due out later this year - *The Hardest Sell: What's Wrong with Political Advertising in Australia* (Pluto Press).

Other relevant publications include: 'Killing competition: Restricting access to political communication channels in Australia', *AQ: Journal of Contemporary Analysis*, vol. 75, no. 3, May-June 2003, pp. 9-15; and 'Spot on: The role of political advertising in Australia', *Australian Journal of Political Science*, vol. 37, no. 1, March 2002, pp. 81-98.

Sally has commented on government advertising in a number of public forums this year including the *Age*, *Canberra Times*, *Herald-Sun*, *A Current Affair*, *ABC Radio* and *Radio National*.

I submit the following statement in regard to the Committee's Terms of Reference. I will comment only on the first three points listed in the terms of reference.

I do not wish my statement to be kept confidential. Parts of this statement and edited versions of some of the information presented below will be published in my forthcoming book.¹

(a) Level of expenditure, nature and extent of government advertising since 1996

It is difficult to establish precise expenditure levels on government advertising. There have been claims, estimates, accusations and counter-claims going on for some time.

A recent Parliamentary Library briefing note provided the most detailed figures we have seen to date. These were very welcome and I have no reason to doubt their accuracy. However, I will note that, before this was published, contradictory amounts had been provided in the media and by ad agents familiar with government advertising.² This indicates that there is not enough accurate information being made available on an ongoing basis for public comment.

For example, the Parliamentary Briefing Note states that the Howard Government's 'Unchain My Heart (A New Tax System)' ads (which ran between 1998-2000) cost \$118.7 million.³ There were estimates that it cost far more. Some media reports estimated between \$200 to \$500 million. The \$500 million figure was even published in international newspaper articles because the size and expense of that campaign attracted international attention.⁴

A lack of timely information about ad spending (as it occurs) hampers our ability to have a proper debate about government advertising spending.

As a matter of accountability, a standard reporting mechanism detailing the exact costs of government advertising is urgently needed. This information should be provided in a form that is accessible – showing precise spending amounts - and should be provided in a timely manner (perhaps both annual reports as well as rolling updates) and publicly available for scrutiny.

This desire for ongoing clarity about the precise figures aside, we do know that government advertising has risen dramatically in the past few years and we know from the Briefing Note that after spending jumped to over \$230 million in 1999-00, it has never dropped back below \$100 million.⁵

I have argued that incumbent Australian governments – both state and federal - are increasingly using government advertising as pseudo-political advertising to shore up their re-election chances.⁶

The evidence for this is:

- That the federal government has recently become the biggest advertiser in the country out-spending commercial giants such as Coles-Myer, Holden, McDonalds and Coca-Cola⁷
- spending on government advertising rises suspiciously in the months directly preceding an election
- there is a lack of accountability and guidelines on spending and a seeming lack of will to devise such accountability mechanisms even though there has been concern about this issue for at least ten years
- the content of many of advertisements, as well as their timing, suggests that they are partisan in nature and are designed to persuade rather than inform
- the government's preference for advertising as a way of communicating with citizens is of concern given that there are other cheaper, and possibly more effective, methods available
- experienced media buyers have argued that the frenzied ad spending we have seen in 2004 was a waste of money because the outlay was so 'excessive'. They revealed that commercial advertisers would never run ads so frequently because it is counter-productive – when so many ads are run it ends up irritating viewers.⁸
- It raises questions when ads promote a policy that the government has been perceived to be weak on - such as the Howard Government's *Strengthening Medicare* ads in 2004.
- Or when the advertising promotes a policy that seemingly doesn't need to be promoted in a high-spending fashion (for example, because it doesn't require voters to take any action or do anything in particular)

I am not talking about the uncontroversial, routine, mundane non-campaign advertising which has bi-partisan support such as advertising job vacancies, public service ads or tenders.

I am referring to the big-ticket campaigns which promote particular political themes, causes or policies in a manner that lays the government open to charges that ads are being misused to persuade voters to support specific party political positions.

While communication between government and citizens is crucial, government ads need to present factual material and information in a fair and objective manner.

The sort of ads that we have seen in recent years – containing emotive appeals, jingles, celebrities and songs - suggest that information is perhaps not the core purpose.

For example, the 'Unchain My Heart' tax reform advertising campaign just prior to the introduction of the GST centred around Joe Cocker's song (purchased at a cost of \$270,000) and showed people throwing off the chains of the old tax system – a very emotive image. That was an extremely expensive campaign. Although the government claimed it was about informing people about the new tax system, there was little in the way of explicit information. By contrast, when the GST was introduced in New Zealand, they spent far less per head of population and their ads were a determined effort to present information in a very straight, factual manner.⁹

In 2004, we have seen ads on everything from Medicare to superannuation, family payments, the environment, telecommunications and domestic violence. We've heard claims that one series of ads was re-made at taxpayer expense because of a seemingly petty detail - the size of the pig shown in the superannuation ads was thought to be too large. We've seen claims that other campaigns were delayed so that the timing was more fortuitous for the coming election.

We've seen full page newspaper ads that consist mainly of a large photograph of a woman with a child; or an elderly person's hand. These ads contained scant written detail but what was provided was extraordinary. One full page ad for a bonus payment to carers said: 'You do not have to do anything to claim your money...it will be paid automatically into your bank account..'. Ads for family assistance said: 'If you were receiving Family Tax Benefit Part (A)...then you automatically qualify...'

How can full-page newspaper ads costing \$25,000 each be justified when these entitlements are directed at very specific groups (who can be contacted by the relevant department that administers their benefits via letter) and when those groups do not even have to do anything to access their new entitlement?

Other ads seem to promote only a feel-good message, the substance of which is that government is doing something about a particular issue (the environment, for example) and the only other kernel of information provided is a phone number at the end of the ad which viewers are told they can call for further information. It would be interesting to know how many people actually called that number and what information they were given. If we knew such details it would help taxpayers make their own decisions about whether the money spent was justified.

It is an extraordinary shift that modern governments (including some state governments who are also big spenders on government ads) feel the need to purchase expensive television advertising to tell citizens what policies they are implementing.

Up until a few decades ago, policy implementation would have been considered a normal function of government and something which would become apparent to citizens via other means – for example, through the results of those policies, or through information provided by the relevant government departments to those concerned by the changes, or through news broadcasts and media commentary.

The government claims their ads are about informing citizens of their entitlements. However, governments in bygone eras did not feel the need to do so via such expensive advertising. And it seems an odd contradiction that this is required in an era when there is more media and communications technology available, and, according to the Howard government (when it argues for changes to cross-media ownership laws) when there are a proliferation of news, commentary, opinion and media choices.

It is also true that modern governments have paid far more attention to courting the media and gaining media coverage - including through increased numbers of media advisers – at taxpayer expense. If a government has a new policy, it has massive

resources to draw on in order to get that message out via the media. It is true that free media coverage will not necessarily include information about the specific details of entitlements but it is also true that a 30-60 second TV ad does not include much specific detail about entitlements. And, when some changes will only have an impact on a few thousand people, it seems wasteful to purchase very expensive television ads (up to \$36,000 to run a single 60 second TV ad at prime time) which reach a much broader audience than will be affected by the changes.¹⁰ It is, on balance, an unsatisfactory format to use for such a purpose.

Looking at the detail of the ads that we have seen in recent times, opens the government to accusations that their ads are more about eliciting support for the government and its programs than about providing information to citizens.

Massive spending on government ads is having a very damaging impact on public confidence in politicians and the political process. It is also a serious impediment to fair competition at elections.

During an election, the major parties spend around \$13-16 million on political ads.¹¹ When a party can use government resources to spend over ten times that amount immediately before an election, they are given a massive advantage over opponents.

In an era where media management and advertising are seen as crucial to elections, government advertising has become one of the greatest perks of incumbency.

(b) Processes involved in decision-making including the GCU and MCGC

I can not comment much about this matter because I know little about the internal decision-making processes of either the Government Communications Unit or the Ministerial Committee on Government Communications (MCGC). In particular, there is little information available on the workings of the MCGC.

From the scant documents that are available, it seems that the MCGC is more concerned about the media plan of ads – where and when they will run – rather than

the potential for ads to be misused for party political purposes.

There is little information available about the processes that are used to determine whether planned government advertising is suitable. The appointments to the MCGC are partisan.

I believe that modern governments in Australia are obsessed with advertising because they have been steeped in its use as an election campaigning tactic – a way of winning over voters - and especially swinging voters. They are loathe to relinquish it as their favoured communication medium once they reach office. The current inadequate decision making processes – conducted as they are under a veil of secrecy and by partisan appointments who often have had some connection to election (political) advertising - supports this view.

It has been suggested that ‘there is a logic to current arrangements whereby those who oversee election campaign advertising have a responsibility to oversee subsequent publicity for public implementation’.¹² I think that is actually very illogical and that the opposite should actually be the case.

There needs to be a clear separation between political advertising and government advertising. It makes more sense that those who work on election ads are not given the keys to the government coffers.

It is important that those who are responsible for government advertising are not partisan appointments only and/or are overseen by a process of independent scrutiny.

(c) Adequacy of the accountability framework

Other countries such as the UK, Canada and New Zealand have introduced reforms to try to prevent government advertising being misused for political purposes. We are lagging way behind.

For example, New Zealand’s guidelines have been in place since 1989 and specially state that: ‘Government advertising should be presented in unbiased and objective

language, and in a manner free from partisan promotion of Government policy and political argument'. They also state that 'Factual information should be outlined clearly and accurately. Comment on and analysis of that information, to amplify its meaning, should be indicated as such'.¹³

The Howard government broke its 1995-96 promise to draw up new guidelines for Australian federal government advertising to ensure that all government advertising promoting policies or decisions would be run past the Auditor-General and subject to his/her approval. The plan they proposed was that the Auditor-General would have to approve expenditure before it actually occurred and would have the power to veto ads that didn't meet the guidelines. Once in government, this did not occur.

The current government is still using the old ALP *Guidelines for Australian Government Information Activities*, written in February 1995. These say nothing at all about the potential for government advertising to be misused for party-political purposes or offer any guide about how to distinguish between legitimate public information campaigns and advertising of a political nature and for an electoral advantage. This is a very serious omission that can't reasonably be sustained in a climate when government advertising is attracting a great deal of controversy on that very matter.

In 1998, the Auditor General's office suggested new draft guidelines. These include a section stating that *Material Should Not Be Liable To Misrepresentation As Party-Political* and recommended several ways to interpret this. Guidelines were also recommended by the Joint Committee on Public Accounts and Audit (in 2000) but were never adopted.

Even though similar guidelines work in other countries, the Howard government has called the proposed guidelines 'unworkable'. Even though it has had six years to develop better ones, it has not.

There are at least two major options for reform.

1. Adopting the proposed Auditor-General's guidelines and requiring all government advertising to be scrutinised by the Auditor-General before it is produced to make sure that its content is not party-political.

This would be an improvement on the lack of scrutiny we currently have however, there are still a number of issues.

The US provides an interesting example.

As Australians were reading, watching and listening to over \$15 million worth of Medicare ads in 2004, in the US, the Government Accountability Office (GAO) was investigating whether Medicare ads produced by the Bush administration had contravened US law. In the US, the law specifically states that: 'Appropriated funds may never be used "in a general propaganda effort designed to aid a political party or candidates.'" This provision (or an earlier version of it) has been in force there since 1952.¹⁴

The American ads that caused so much controversy were remarkably similar in nature to the ones produced by the Howard government this year.

The Howard government ad campaign was 'Strengthening Medicare'. The American ads said: 'Same Medicare. More Benefits' and talked about how the government was 'preserving and strengthening' Medicare. Both ad campaigns were running in an election year and were produced in a climate of concern about whether the Medicare system (in both countries) was being neglected or dismantled by stealth.

When it investigated complaints that the Bush administration had used taxpayer's dollars to benefit the President's election campaign, the GAO found the Medicare ads did have a 'political tone' but were 'not so partisan as to be unlawful...'

Even though the US has specific laws, the GAO has still argued that there are not clear enough 'guidelines to help distinguish between legitimate informational activity and proscribed publicity or propaganda'. In the past though, the GAO has found that

government ads where the ‘obvious purpose is “self-aggrandizement” or “puffery”’ or ads which ‘are misleading as to their origin’ are unlawful.¹⁵

For example, in a follow-up investigation to the US Medicare campaign conducted very recently, when it examined how the Medicare campaign made use of Video News Releases (VNRs) to try to influence free media coverage of the issue, the GAO *did* find that parts of the campaign violated the law.¹⁶ (VNRs are pre-packaged news stories produced by public relations companies in the same manner that TV companies use to produce their news clips. Because they eliminate the cost and effort involved, the producers of VNRs hope the TV news outlets will run their VNR (and their spin) as a news story.)

We can learn two major things from this US example.

1. Even where there is a specific law, a ‘watchdog’ can still find it very difficult to distinguish between ‘legitimate informational activity and proscribed publicity or propaganda’. This tends to suggest that a cap might be a more effective method of limiting government advertising *before* it is produced so that governments must stick to a reasonable budget rather than trying to scrutinise its content afterwards by applying guidelines which invariably leave a lot of room for interpretation.
2. At least in the US, the debate over the Medicare ads attracted publicity, complaints were made, the ads were investigated, the outcome of the investigation was made public and unlike Australia, there were relevant laws and mechanisms for review. Because they have such a system, American political scientists who see the sort of government ads we have in Australia are amazed that we let our governments get away with blatant electioneering at taxpayers expense.

A final point about implementing guidelines to scrutinise ad content is that there would still be the important issue of whether the Auditor-General might face, and succumb to, intense political pressure when trying to apply the guidelines.¹⁷

2. Spending caps

The other option for reform, which seems to be more practical, is to introduce a cap on spending for government advertising.

Other than to argue that this seems a practical way to curb misuse of government advertising, I will not comment further on this option as I understand it will be addressed in detail in another submission to the Inquiry.

The need for reform

The example of Canada shows the problems that can occur in the sort of unregulated system that we have currently.

Canada has just been forced to fix up their system following a massive contracting scandal.¹⁸ Over CA\$1 billion was spent on Canadian government advertising over a decade. There were allegations that ads were used as political pay back for agencies linked to the government and that proper contracting and competitive tendering procedures were not followed. Some of the key players were recently arrested and charged with fraud-related offences.¹⁹

Canada now has a more detailed oversight of government advertising which includes guidelines, policies and legislation on financial administration. A detailed 2003 investigation and report by the auditor general found that government-wide advertising activities were 'disturbing'.²⁰

There are now annual reports provided on government advertising in Canada which detail precise advertising costs, expenditure by organisation, investment by media type, the aims and target audience of large ad campaigns, as well as what media they ran in, and a post-advertising evaluation which outlines the results that the campaign achieved.²¹

This information is very valuable because members of the public can make up their own minds about whether the money was well-spent. This is the sort of information that we urgently need in Australia.

It would be a vast improvement on our current system if we instituted a process which included detailed annual reports showing full details of government advertising including planning, spending, targeting, creation and evaluation details. These details are surely available as part of the advertising agents' brief. As taxpayers fund these campaigns, they are entitled to see how, where and why their money is being spent on ads.

By using the case of Canada, I am not suggesting that I know of any allegations of widespread problems with competitive tendering or fraudulent practices in Australia. However, weak guidelines almost invite such scandals or, at the very least, they do nothing to protect us from such problems.

The issue of government advertising is having a damaging impact on confidence in Australian politicians and government. For many members of the public, misuse of government advertising ranks alongside travel rorts and pork-barrelling. \$100 million is viewed as a vast sum considering that the public is frequently told that there is not enough money for hospitals, schools, nursing homes or other public services.

Rather than wait for a scandal or public outrage at over-spending to prompt change, it would be much better to take action and reform our system now.

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¹ S. Young, *The hardest sell: What's wrong with political advertising in Australia*, Pluto Press, Melbourne, (forthcoming September 2004).

² Eg. J. Lee, 'Swinging Singo Lands A Federal Contract', the *Sydney Morning Herald*, 26 February, 2004 compared to; Parliamentary Library, 'Research note: Federal government advertising', Parliament of Australia, Canberra, 2004.

³ Parliamentary Library, 'Research note: Federal government advertising', p.3.

⁴ Ludlow, '\$211m to tell the taxpayer what Canberra is up to', the *Advertiser*, 12 October, 2000, p. 21.
G. Ansley, 'Australia's GST nightmare becomes reality', the *New Zealand Herald*, 1 July, 2000.

⁵ Parliamentary Library, 'Research note: Federal government advertising', p.3.

⁶ S. Young, 'Killing competition: Restricting access to political communication channels in Australia', *AQ: Journal of Contemporary Analysis*, vol. 75, no. 3, May-June 2003, pp.9-15.

⁷ *ibid*, p.14.

⁸ L. Sinclair, 'Ad gurus say Medicare blitz an 'irritating waste'', the *Australian*, 30 June, 2004, p. 4.

⁹ A. McKenzie, 'Kiwi tax lesson lost in telling', the *Australian*, 20 June, 2000, p. 22.

¹⁰ S. Young, 'Governments simply value ads with a top spin for voters', the *Canberra Times*, 17 May, 2004a, p. 13.

¹¹ S. Young, 'Spot on: The role of political advertising in Australia', *Australian Journal of Political Science*, vol. 37, no. 1, March 2002, p.91.

¹² Parliamentary Library, 'Research note: Federal government advertising', p.5

¹³ See The Audit Office (New Zealand), *Suggested guidelines for a convention on publicly-funded government advertising and publicity*, Office of the Controller and Auditor-General, Wellington New Zealand, April 1989 and Cabinet Office Circular (CO (89) 17), *Guidelines for Government Advertising*, New Zealand Government, 20 November 1989.

¹⁴ Government Accountability Office (US), 2004, 'Medicare Prescription Drug, Improvement, and Modernization Act of 2003-Use of appropriated funds for flyer and print and television advertisements, B-302504, March 10, 2004', GAO, <<http://www.gao.gov/decisions/other/302504.htm>> [20 July 2004].

¹⁵ *ibid*.

¹⁶ General Accounting Office (US), 2004, 'Decision: Matter of Department of Health and Human Services, Centers for Medicare & Medicaid Services—Video News Releases (B-302710)', Comptroller General of the United States, <<http://www.gao.gov/decisions/appro/302710.pdf>> [20 July 2004].

¹⁷ S. Parnell, 'Lesson from state election ads ruckus', the *Courier-Mail*, 3 July, 2004, p. 27.

¹⁸ For more information, see <http://www.pwgsc.gc.ca/sponsorship/2004-02-10-02-e.html>

¹⁹ G. Weston, 'Just skimming the surface', the *Toronto Sun*, 11 May, 2004, p. 5.

²⁰ Auditor General of Canada, 2003, 'Government-Wide Audit of Sponsorship, Advertising, and Public Opinion Research', Office of the Auditor General of Canada, <<http://www.oag-bvg.gc.ca/domino/reports.nsf/html/20031103me.html>> [1 July 2004].

²¹ See Communication Canada, *A Year of Review: Annual Report on the Government of Canada's Advertising (2002-03)*, Fall 2003 Available from:
http://www.communication.gc.ca/reports_rapports/adv_pub/2002-2003/argca_rapgc_toc.html