



**Additional submission to the Australian Senate, Finance and Public Administration
References Committee Inquiry into Government Advertising**

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This additional submission provides supplementary information regarding Australian government advertising.

Australian government advertising spending: An international comparison

According to international analysis of advertising spending, only 12 countries have their own government listed among their top 10 national advertisers (Table 1).¹ When spending is calculated per head of population, the Australian federal government ranks as the 5th highest spending government worldwide – spending **US\$2.07 per head of population (AUD\$2.73)**.

Table 1 – Worldwide spending on government advertising (countries where the government ranks in the top 10 national advertisers), 2003

Country	Govt rank out of top 10 national advertisers	Amount spent (in US\$ million)	Population	Spending per head of population (in US\$)
Belgium	4	\$69.7	10,330,824	\$6.74
Ireland	2	\$19.0	3,924,023	\$4.84
United Kingdom	3	\$271.4	60,094,648	\$4.51
Singapore	3	\$13.5	4,276,788	\$3.15
Australia	10	\$41.0	19,731,984	\$2.07
Spain	10	\$58.8	40,217,413	\$1.46
South Africa	1	\$45.9	44,481,901	\$1.03
Mexico	4	\$46.6	103,718,062	\$0.44
Thailand	4	\$27.8	63,271,021	\$0.43
Brazil	10	\$68.1	182,032,604	\$0.37
Peru	10	\$2.3	27,158,869	\$0.08
Paraguay	4	\$0.41	6,036,900	\$0.06

Sources: Advertising Age, *Global Marketing 2004 edition*, the Ad Age group, November 8. Available (for fee) from <http://www.adage.com/> Accessed 12 August 2005; US Census Bureau, 'IDP: Countries ranked by population: 2003', Available from <http://www.census.gov/cgi-bin/ipc/idbrank.pl> Accessed 12 August 2005.

¹ Advertising Age, *Global Marketing 2004 edition*, the Ad Age group, November 8. Available (for fee) from <http://www.adage.com/> Accessed 12 August 2005

While, at first glance, spending US\$2.07 per Australian may sound small, the table above demonstrates that Australian government spending is extraordinarily high by international standards and is higher than most comparable countries such as Canada, the US and New Zealand (with the exception of the UK, discussed below).

There are also a number of other points which need to be considered and which suggest that the top 5 ranking is conservative.

Firstly, some of the higher spending countries have to reproduce ads in multiple languages which adds to their costs. For example, Belgium, the top spending country per capita, has three official languages – Dutch, French and German.² Singapore has multiple language groups including Mandarin, English, Malay, Hokkien, Cantonese, Teochew, Tamil and other Chinese dialects.³

Secondly, 2003 was not a federal election year in Australia and we know that spending in election years tends to be significantly higher.⁴

Finally, and even more significantly, Australia has a federal system of government which is not comparable to the UK, for example, where ad spending includes England, Scotland, and Wales (in addition, the UK also has three language groups: English, Welsh and a Scottish form of Gaelic). Therefore, a much better comparison for Australian spending would be between similar federal systems such as the US and Canada but these countries do not have their governments listed among their top 10 national advertisers.

Therefore, in order to compare with the UK, we would have to include the state governments in Australia as well. This is possible because according to the Department of Prime Minister and Cabinet, from 1996 to 2003,⁵ Australian state and territory governments have spent AUD\$2.148 billion on advertising.⁶ This means that, over 8 years, state and federal governments in Australia spent AUD\$3077,000,000 and this equals an average of AUD\$384,625,000 per year. When this is divided by head of population in order to provide a better comparison with countries such as the UK, it indicates spending of **AUD\$19.49 per person** on government advertising in Australia.

Therefore, reconsidering Australia by including both state and federal government advertising in order to compare it with the UK and other non-federal systems, suggests

² US Central Intelligence Agency (CIA) (2005) *The World Fact Book*, available from <http://www.odci.gov/cia/publications/factbook/geos/be.html> accessed 12 August

³ US Central Intelligence Agency (CIA) (2005) *The World Fact Book*, <http://www.odci.gov/cia/publications/factbook/geos/sn.html> accessed 12 August

⁴ Grant, Richard, 2003-04, 'Research Note no.62 2003-04: Federal government advertising', Canberra, Parliamentary Library, Parliament of Australia.

⁵ Department of the Prime Minister and Cabinet, 2004, Submission to the Senate Finance and Public Administration Committee Inquiry into Government Advertising and Accountability, Canberra, Australia, Department of the Senate, Parliament House, p.4. See also Senator the Hon Eric Abetz, 'Submission to the Australian Senate, Finance and Public Administration References Committee, 23 August 2004.

⁶ Department of the Prime Minister and Cabinet, 2004, Submission to the Senate Finance and Public Administration Committee Inquiry into Government Advertising and Accountability, p.4.

that Australia spends more than double the amount of any other nation on government advertising per head of population (Table 2).

Table 2 – Worldwide spending on government advertising*

Country	Amount spent (in US\$ million)	Population	Spending on per head of population (in US\$)
Australia (state and federal govts)	\$294.1	19,731,984	\$14.91
Belgium	\$69.7	10,330,824	\$6.74
Ireland	\$19.0	3,924,023	\$4.84
United Kingdom	\$271.4	60,094,648	\$4.51
Singapore	\$13.5	4,276,788	\$3.15
Spain	\$58.8	40,217,413	\$1.46
South Africa	\$45.9	44,481,901	\$1.03
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Peru	\$2.3	27,158,869	\$0.08
Paraguay	\$0.41	6,036,900	\$0.06

* Note: Australian figures are based on an average yearly ad spend over 8 years between 1996 to 2003. All other countries ad spending refers to 2003.

Sources: Advertising Age, *Global Marketing 2004 edition*, the ad age group, November 8. Available (for fee) from <http://www.adage.com/> Accessed 12 August 2005; US Census Bureau, 'IDP: Countries ranked by population: 2003', Available from <http://www.census.gov/cgi-bin/ipc/idbrank.pl> Accessed 12 August 2005; Department of the Prime Minister and Cabinet, 2004, Submission to the Senate Finance and Public Administration Committee Inquiry into Government Advertising and Accountability, Canberra, Australia, Department of the Senate, Parliament House, p.4.

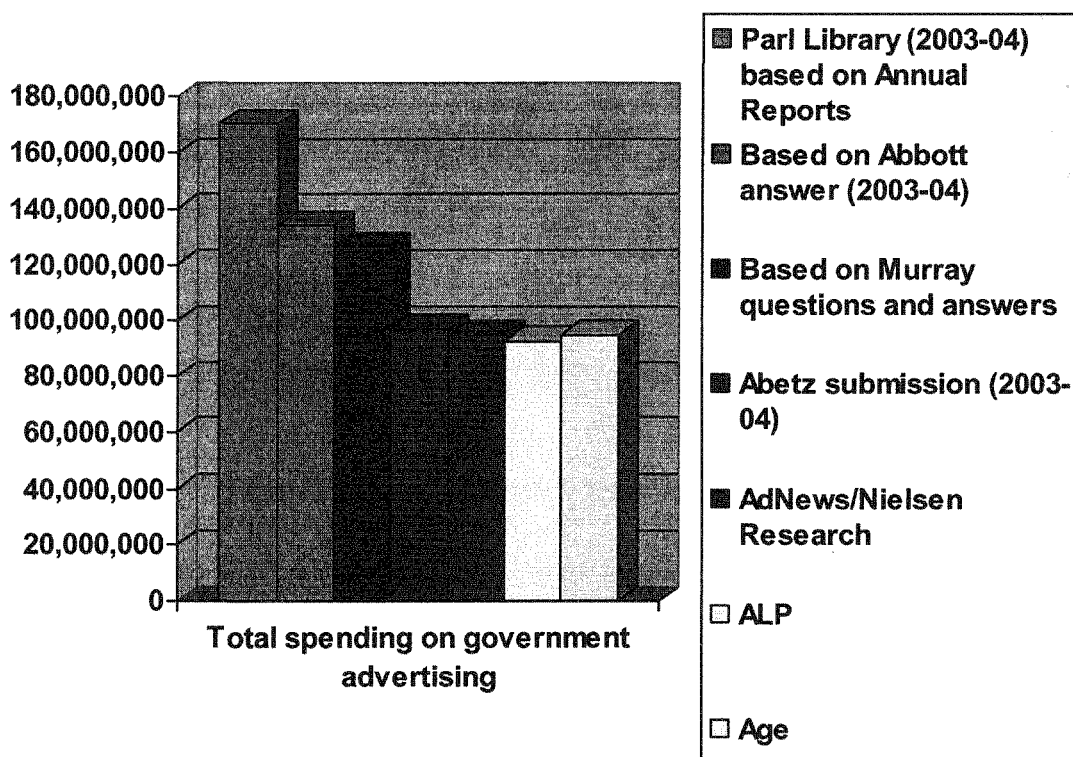
Lack of information on government advertising

Senator Abetz argues that there is already enough information on the public record regarding government advertising spending and that Annual Reports and Estimates provide sufficient information.⁷

The following graph shows that estimates of 2004 government advertising spending vary from \$90-170 million (Figure 1). This demonstrates that there is clearly not enough accurate information available when such wildly varying estimates are appearing in a range of different public sources and publications. In trying to determine government ad spending for 2004, seven different sources came up with seven different figures.

⁷ The Hon Senator Eric Abetz, Additional Submission to the Senate Finance and Public Administration Committee Inquiry into Government Advertising and Accountability, Canberra, Australia, Department of the Senate, Parliament House, p.10.

Figure 1 – Estimates of government advertising spending in 2004



Note: Estimates referring to financial year 2003-04 are highlighted in the titles of the source above. All other estimates relate to 2004 calendar year (this is a methodological issue of concern, see below).

Methodological issues in calculating government advertising spending

Secrecy and disclosure difficulties aside, in practical terms, in determining government advertising spending there are three major issues regarding calculations:

1. whether expenditure relates to campaign or non-campaign advertising
2. whether spending is calculated on basis of a calendar year versus financial year
3. government departments do not have to report advertising amounts where contracts are valued at under \$10,000.

This last point is of significance because, if there are many contracts falling under the \$10,000 threshold (particularly if work is divided up into smaller parts in order that it does fall under this amount), then these figures are likely to be vastly underestimated.

Sources:

A) Parliamentary Library

Figures are based on a spreadsheet of information put together by the Parliamentary Library based on annual reports from government departments for 2003-04. The spreadsheet, titled 'Consultancies – Advertising 2003-04', indicates:

2003-04

Total spending = \$170,354, 730

Campaign= \$82,139,067

Non-campaign= \$88,215,663

Note : Only 65% of government departments provided ALL advertising expenditure details, the remaining 35% only provided advertising expenditure details when contracts were valued at greater than \$10,000.

B) Senator Andrew Murray's Question on Notice to Senate

Adding up all amounts declared in response to Senator Murray's 2004 Questions on Notice:

2004

Total= \$126, 631,931.24

Note: This represents contracts that were over \$100,000 dollars and not all government departments and agencies responded. A summary of this relating costs to specific advertising campaigns is available ('Table on 2004 spending based on Senator Murray's questions').

C) Calculation based on question to Mr Tony Abbott

On 9 February 2005, Mr Tony Abbott (representing The Special Minister for State) answered a Question in Writing on government advertising (Question no.319 from Mrs Irwin (Fowler)).

In that response he stated that 1.6% of total advertising expenditure was directed to ethnic media. Extrapolating from the figure he gave (if it was 1.6% of the total) indicates the total ad spending in 2003-04 to have been:

2003-04

Total = \$134,051,125

D) Senator Abetz 'Additional Submission' to the Senate inquiry into government advertising

On page 23 of his supplementary submission, Senator Abetz states that 'the 2003/04 ad spend was \$97m...'.

Reference: Senator the Hon Eric Abetz, 'Additional Submission to the Australian Senate, Finance and Public Administration References Committee'.

E) AdNews magazine

On 25 March 2005, AdNews magazine estimated (based on Nielsen Media Research analysis) that the federal government spent:

2004
Total = \$90-95,000,000

F) ALP

In 2005, the ALP included a graph estimating government advertising expenditure which indicated \$140.5 million was spent during 2004-05. Based on the figures in the graph for 2004, it suggests:

2004:
Total = \$92,700,000

Reference: ALP (2005) 'Joint statement: Kim Beazley and Kelvin Thomson: Government advertising', media release, 21 July.

G) Age article

In March, the Age reported spending during 2004 of \$95 million (Koutsoukis 2005).

2004
Total = \$95,000,000

Reference: Koutsoukis, Jason (2005) Howard's 'orgy of ads' in lead-up to poll, the *Age*, 24 March: 3.

Senator Abetz suggests on page 10 of his additional submission that 'advertising costs are presented in Annual Reports and updates which are available via the GCU's or the home department's appearances at Estimates, all of which are publicly available'.

It is notable that the figures which Senator Abetz suggests we should use - *Annual Reports* (collated in Source A) and *Estimates* (Collated for Senator Murray's questions in

Source B) – indicate that total spending was, conservatively, between \$126 million (2004) to \$170 million (2003-04). But on page 23 of his own submission, the Senator reported that spending in 2003-04 was only \$97 million (Source D). This is all highly contradictory and demonstrates the very real need for better accountability and reporting mechanisms.

Senator Abetz's 'Additional Submission' of 9 August 2005

This extraordinary document indicates the extent to which the government is sensitive on the issue of government advertising and desperate to ward off any debate or discussion on the topic.

It attempts to vilify every group and individual who made a submission to this inquiry and is riddled with paranoia, personal attacks, name-calling, sarcasm and the most childish language.

I considered whether it was even worthy of reply but felt that there were a number of points which need to be addressed and corrected.

Lack of submissions to the inquiry

On p.4 of the supplementary submission, Senator Abetz states 'since 1 January 2000, there have been 1,524 separate articles on "government advertising" and that does not include syndicated stories and columns and the regular *faux* indignation indulged in by radio and TV journalists'.

Yet, Senator Abetz also states on p.1 that the lack of submissions to the inquiry suggests that there is not 'widespread concern' about the issue. This is an important contradiction. The media attention accorded to this issue (and which Senator Abetz has referred to) has included letters to the editor and talkback callers and its volume does indicate that there is a degree of public concern. However, this does not mean that members of the public will take the time to write formal submissions to a Senate, Finance and Public Administration References Committee inquiry, the existence of which most would be unaware. Lack of submissions to a formal Senate inquiry does not equal lack of public concern.

Senator Abetz's claims about my background

I would also appreciate the opportunity to respond to Senator Abetz's accusations about my motivations and background.

Firstly, there are some false statements about my background. I was never a Labor Ministerial staffer. When I worked as a public servant for the Department of Health and Aged Care, part of my duties included writing material for Ministerial briefs and speech notes. The then Minister was Liberal Party MP Bronwyn Bishop.

I have also worked (for about 2 months) as a staffer for a Labor MP in 2001 and I worked as an unpaid volunteer (for one month) for the ALP as a 'Media Adviser' during the Victorian 2002 state election. As I describe in my book, it was an experience that convinced me that the major parties operate in ways which are neither democratic nor inclusive.⁸

I do not feel the need to bore the committee with any more of the finer details of my work history other than to make the point that Senator Abetz is inordinately preoccupied with my three month ALP work history. I have always been very open about my affiliations such as they are and I don't see that they diminish my research or credibility. To argue that a prior party affiliation makes someone an 'ideologue' is ridiculous. I would never argue that Senator Abetz's party affiliation makes him any less capable of rational thought or any less worthy of participating in public debate.

Overall, Senator Abetz's additional submission would be far more interesting and credible if it stuck to the facts and issues at hand rather than reverting to inept personal attacks.

The sections of the document where the Senator tries to identify various submission author's ideologies and associations is a tired McCarthy-era attempt to engage in unfair investigations and accusations against those who have written submissions as a way of trying to unfairly silence or discredit them.

CONCLUSION

Thank you for the opportunity to provide this additional submission. I look forward to appearing before the Committee on 18 August.

Yours sincerely,

Sally Young
17 August 2005

⁸ As Senator Abetz is so concerned with my CV, it is perhaps worth reiterating the section from my book where I describe the experience:

'during the 2002 Victorian state election, I did finally get to work as a volunteer at ALP campaign HQ... I worked as a 'Media Adviser' on the state election campaign. This sounds very glamorous but what I was really doing was this: I got in to HQ at 10pm every night (after all the action was finished), sat by myself at a desk for a few hours and then went and collected the newspapers hot-off-the-presses every night at about 1am, brought them back to the office and drew up a list of the main headlines. I then stayed 'monitoring the media' (i.e. listening to the radio) until about 3am (in case anything relevant happened—it never did) and then went home. I was the night-shift 'media adviser'. My few months observing big party politics and left me shocked at how unwanted an ordinary (at the time) party member, was... This is not something specific to the Labor Party—someone trying to enter the inner circle of the Liberal Party HQ would face much the same situation.'

Sally Young (2004) *The Persuaders*, p.4.