



**PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE**

**THIRTIETH REPORT TO PARLIAMENT**

**REVIEW OF AUDITOR-GENERAL'S  
REPORTS NOS 39 TO 41**

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- No. 39 - MARKETING GOVERNMENT SERVICES:  
ARE YOU BEING SERVED?
- No. 40 - THE COMMUNITY SUPPORT FUND: A  
SIGNIFICANT COMMUNITY ASSET
- No. 41 - ARTS VICTORIA AND THE ARTS 21  
STRATEGY: MAINTAINING THE STATE  
FOR THE ARTS

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**Review of Auditor-General's Reports Nos 39 to 41**

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**Review of Auditor-General's Reports Nos 39 to 41**

# **PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE**

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## **Committee Members**

Hon. W Forwood, MLC (Chairman)

Hon. R A Best, MLC

Mr S P Bracks, MP<sup>1</sup> (Deputy Chairman)

Mr R J Hulls, MP

Mr P J Loney, MP<sup>2</sup>

Hon. N B Lucas, PSM MLC

Mr S J McArthur, MP

Mr B A Mildenhall, MP<sup>3</sup>

Hon. T C Theophanous, MLC

Mr K A Wells, MP

The Committee was supported by a secretariat comprising:

Ms M Cornwell    Executive Officer

Ms E Holland    Research Officer, seconded  
from the Victorian Auditor-  
General's Office

Ms F Essaber    Assistant Executive Officer

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<sup>1</sup> Discharged from attendance as a Member of the Committee on 21 April 1999

<sup>2</sup> Appointed 3 September 1998 in place of Hon. A Sheehan who resigned 8 July 1998

<sup>3</sup> Appointed 21 April 1999 in place of Mr S Bracks

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## DUTIES OF THE COMMITTEE

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The Public Accounts and Estimates Committee is a joint parliamentary committee constituted under the *Parliamentary Committees Act 1968*, as amended.

The Committee comprises nine Members of Parliament drawn from both Houses of Parliament and all parties.

The Committee carries out investigations and reports to Parliament on matters associated with State financial management. Its functions under the Act are to inquire into, consider and report to the Parliament on:

- (a) any proposal, matter or thing connected with public administration or public sector finances;
- (b) the annual estimates or receipts and payments and other budget papers and supplementary estimates of receipts and payments presented to the Assembly and the Council;

if the Committee is required or permitted so to do by or under the Act.

As a result of recent changes to the *Audit Act 1994*, the Committee, in consultation with the Auditor-General, determines the objectives of performance audits and identifies any particular issues that need to be addressed during these audits.



## CHAIRMAN'S INTRODUCTION

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It has long been the practice of this Committee, to follow up issues raised in the Auditor-General's reports, both through the estimates process and through undertaking specific inquiries.

The 1998 performance audit of the Victorian Auditor-General's Office, undertaken by Mr Stuart Alford, recommended that:

*The extent to which audit findings are followed up and acted upon warrants further attention. There is a clear role for the Public Accounts and Estimates Committee, working with the Auditor-General, to become involved with facilitating and monitoring this important aspect of accountability.<sup>4</sup>*

The Committee now proposes to follow up the reports of the Auditor-General on a systematic basis. The Committee believes that this will add value to the audit process.

The approach adopted by the Committee has been to primarily follow up unresolved issues or issues on which some action had been indicated by the government. The Committee has not revisited issues where the government has indicated, in the Minister for Finance's response or in the audit reports, that it has rejected the audit findings.

The Committee would like to thank Mr Bill Scales, AO, Secretary of the Department of Premier and Cabinet and Ms Sue Winneke, Chairman of the Victorian Casino and Gaming Authority for their prompt responses to the Committee's questions, and the staff of the secretariat of the Public Account and Estimates Committee for their research, analytical skills and assistance in the preparation of this report.

**Bill Forwood**  
**Chairman**  
**Public Accounts and Estimates Committee**

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<sup>4</sup> Stuart Alford, *Performance Audit of the Victorian Auditor-General's Office, September 1998*, p.2



## EXECUTIVE SUMMARY

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### **Chapter 1: Introduction**

A key finding of the 1998 performance audit of the Victorian Auditor-General's Office was that the Public Accounts and Estimates Committee should become involved with facilitating and monitoring the extent to which audit findings are followed up and acted upon. It is in this context that the Committee has undertaken this follow up work on the Auditor-General's Special Reports numbered 39, 40 and 41.

The follow up has involved reviewing responses published in the Auditor-General's reports, the responses of the Minister for Finance, and where applicable, briefing sessions provided to the Committee. The Committee chose to follow up certain issues by writing to departmental secretaries or Chief Executive Officers.

It is envisaged that as the follow up process becomes an integral part of the Committee's work, the Committee may choose to follow up the issues in briefing sessions with departmental secretaries.

### **Chapter 2: Special Report No. 39 - Marketing Government Services: Are you being served?**

This performance audit assessed whether public sector marketing activities had achieved value for money and included audit examinations in eleven organisations including the Communications Unit within the Office of the Premier. The report identified a number of areas where improvement could be made particularly in relation to central agency coordination of marketing and promotional activities, media buying arrangements and establishment of conventions for publicly-funded advertising.

In 1997, following a review of the published responses, the Committee held a briefing session with the then Secretary of the Department of Premier and Cabinet. Recently, the Committee wrote to the current Secretary seeking responses to a number of outstanding issues, including:

- the roles of the Communications and Corporate Affairs Branch and the Master Agency Media Service Committee;
- the activities of the Communications and Corporate Affairs Branch in relation to monitoring and evaluating agencies' marketing activities;
- the arrangements established for monitoring and evaluating performance under the Master Agency Media Service contract;
- the developments in relation to the remuneration arrangements with advertising agencies since the removal of accreditation requirements; and
- the processes undertaken by the department to ensure the issues raised by audit have been addressed within agencies.

Following analysis of the responses, the Committee has made a number of recommendations for further action by the department.

The Auditor-General suggested that conventions be developed to provide guidance in relation to publicly-funded advertising and promotion. At this time, the Auditor-General's suggestion has not been accepted. Inquiries by the Committee have established that the matter has been under scrutiny in a number of Australian and international jurisdictions with particular focus being given to the public funding of promotional activities of a party-political nature.

While jurisdictions have been slow to develop formal guidelines, the information provided in this report indicates that there is an increasing focus on the issue and that, as a minimum, close scrutiny is being applied. The Committee intends to monitor developments in this area.

### **Chapter 3: Special Report No. 40 - Community Support Fund: A significant community asset**

The performance audit of the management of the Community Support Fund and of specific distributions from the Fund, sought to assess legislative compliance, the soundness of the monitoring and evaluation framework and accountability mechanisms and the efficiency and effectiveness of the Fund's administration and management.

The Committee's follow up activities involved a review of published responses and a briefing session in early 1997 with the then Secretary of the Department of Premier and Cabinet. Recently, following a review of the information provided from these sources, the Committee wrote to the current departmental Secretary and the Chairman of the Victorian Casino and Gaming Authority requesting further information in relation to outstanding issues.

The Committee's requests related to:

- the promotional work undertaken by the Victorian Casino and Gaming Authority to increase community awareness of the Fund as a source of community grants;
- the information and assistance provided to community groups applying for grants, by the Community Support Fund Unit of the Department of Premier and Cabinet;
- the extent of research undertaken by the Victorian Casino and Gaming Authority into the social impacts of problem gambling, how the research projects are determined, the availability of research results and the action taken on the research findings; and
- performance monitoring and reporting of the Fund as a whole and of individual grants.

The Committee has developed a series of recommendations following analysis of the responses.

## **Chapter 4: Special Report No. 41 - Arts Victoria and the Arts 21 Strategy: Maintaining the State for the Arts**

The audit examined the Arts Victoria management framework to determine whether the Arts 21 strategy has been implemented with maximum effectiveness and efficiency. The audit mainly concentrated on the activities of Arts Victoria.

The follow up by the Committee involved a review of published responses and analysis of the responses provided by the Secretary of the Department of Premier and Cabinet to the Committee's questions.

The Committee addressed the following areas:

- coordination of the activities of the State's arts and tourism agencies to facilitate the achievement of Arts 21 goals;
- action taken to strengthen relationships between Arts Victoria and its client organisations;
- effectiveness of strategies undertaken to enhance relationships and planning on a regional level;
- evaluation of effectiveness of the Arts 21 program including building a nexus between strategies, objectives and performance indicators, developing a means of measuring outcomes, establishing benchmarks and reporting results publicly;
- evaluation of performance of arts agencies;
- evaluation of performance of funded bodies in the non-government sector, including development of performance measures, and action taken to measure management competency;
- measuring community expectations;
- action taken to address identified weaknesses in grants management practices;
- management of risk in relation to funding financially vulnerable organisations;
- alignment of grant funding with Arts 21 outcomes; and
- development of a grants database.

Based on the responses provided by the Secretary, the Committee developed recommendations for improvement.

In some cases, the Committee has indicated that it intends to undertake further action at a later date.

## **Chapter 5: Suggested Improvements to Facilitate Report Responses and Follow up**

The Committee believes there is room to improve the system of responses to the Auditor-General's reports.

The Committee considers that action needs to be taken to expand the issues responded to in the annual Response by the Minister for Finance and seeks the assistance of the Auditor-General in improving the situation by:

- ensuring that recommendations are clearly identified in the body of each audit report; and
- including all recommendations which require a response, in the Executive Summary of the audit report.

The Committee believes that in order to ensure maximum value is achieved from the audit process and that Parliament's accountability requirements are met, there is a need for agencies to ensure that their responses are properly focused, concise and limited to the facts necessary to address the issues under consideration.



## RECOMMENDATIONS

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### **Chapter 2      Special Report No. 39 – Marketing Government Services: Are you being served?**

The Committee recommends that:

**Recommendation 2.1:**

**page 9**

**The Government Information and Communications Branch develop a framework and best practice guidelines for evaluating the effectiveness of marketing activities, for distribution to public sector agencies.**

**Recommendation 2.2:**

**page 9**

**The Government Information and Communications Branch undertake selective reviews of the effectiveness of agency evaluations of their marketing activities.**

### **Chapter 3      Special Report No. 40 – Community Support Fund: A Significant Community Asset**

The Committee recommends that:

**Recommendation 3.1:**

**page 26**

**The Department of Premier and Cabinet review its qualitative performance measures for the output group *Community Support Fund* to ensure more meaningful measures are provided for assessing the level of awareness of the Fund.**

**Recommendation 3.2:**

**page 29**

**The Victorian Casino and Gaming Authority develop a three year plan for research activities that identifies each project to be undertaken, its estimated cost and how it will contribute towards the achievement of better understanding of the social impacts of gambling and the development of policy advice.**

**Recommendation 3.3:**

**page 30**

**The Department of Premier and Cabinet review the information in its annual report in relation to the Community Support Fund to ensure it comprehensively reports the financial and non-financial performance of the Fund.**

## Chapter 4      **Special Report No. 41 - Arts Victoria and the Arts 21 Strategy: Maintaining the State for the Arts**

The Committee recommends that:

**Recommendation 4.1:**

page 38

**Arts Victoria develop strategies to improve the understanding of the grants assessment process.**

**Recommendation 4.2:**

page 38

**A review of the programs covered by the survey be undertaken by Arts Victoria to determine ways in which the programs may better serve the arts sector.**

**Recommendation 4.3:**

page 38

**Arts Victoria develop performance targets for client satisfaction for each of the aspects surveyed and report results and achievements against targets in its annual report.**

**Recommendation 4.4:**

page 40

**Arts Victoria review the output measures to ensure they address areas where improvement in performance is required.**

**Recommendation 4.5:**

page 40

**Arts Victoria review the outputs where the target is 100 per cent and determine if there are alternative measures that will stretch the agency and lead to continuous improvement.**

**Recommendation 4.6:**

page 40

**Performance information for the Arts 21 program be included in the annual report of the Department of Premier and Cabinet.**

**Recommendation 4.7:**

page 41

**A review of the outcome measures be undertaken to ensure they are clearly linked to the program outcomes identified in the Budget Papers and the program objectives contained in the annual report of the Department of Premier and Cabinet.**

**Recommendation 4.8:**

page 47

**Arts Victoria ensure that it closely monitors the activities of financially vulnerable non-government organisations to ensure that the risk of loss to the government is minimised.**

## **Chapter 5      Suggested improvements to facilitate report responses and follow up**

The Committee recommends that:

**Recommendation 5.1:**

**page 51**

**The Auditor-General revise the format of his reports to Parliament to ensure that recommendations are clearly identified in the body of each report and that recommendations for which responses are required are included in the Executive Summary.**

**Recommendation 5.2:**

**page 52**

**The Minister for Finance develop and distribute guidelines for responding to audit reports that require responses to focus on the issues raised.**



# CHAPTER 1 INTRODUCTION

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In the past, the Committee has selectively followed up issues raised in the Auditor-General's reports through the estimates process and by undertaking particular Inquiries, such as Information Technology and the Year 2000 Problem - Is the Victorian Public Sector Ready?

A key finding of the performance audit of the Victorian Auditor-Generals' Office undertaken by Stuart Alford in late 1998, was that:

*The extent to which audit findings are followed up and acted upon warrants further attention. There is a clear role for the Public Accounts and Estimates Committee, working with the Auditor-General, to become involved with facilitating and monitoring this important aspect of accountability. This may require increasing the resources available to the Committee to allow it to more effectively support the audit process and the extent of public sector accountability.<sup>5</sup>*

The Committee now proposes to systematically follow up any outstanding matters that are not addressed in either departments' responses to the Auditor-General's reports or in the Minister for Finance's response.

It is in this context that the Committee has followed up some outstanding issues relating to Special Reports of the Auditor-General numbered 39, 40 and 41.

## **Approach**

The follow up of the reports has been undertaken by reviewing the responses published within the Auditor-General's reports, responses of the Minister for Finance and, where applicable, briefing sessions to the Committee.

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<sup>5</sup> Stuart Alford, *Performance Audit of the Victorian Auditor General's Office, September 1998*, p.2

In each case, further responses have been sought from the relevant departmental secretaries and Chief Executive Officers, to clarify or update the earlier responses where the Committee considered it necessary.

It is envisaged that as the follow up process becomes a more integral part of the Committee's work, the Committee may choose to follow up issues in briefing sessions with departmental secretaries.

## CHAPTER 2 SPECIAL REPORT NO. 39 – MARKETING GOVERNMENT SERVICES: ARE YOU BEING SERVED?

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### 2.1 Introduction

In 1995 a performance audit was undertaken of marketing activities across the budget and non-budget sectors. Examinations were conducted in eleven organisations including the Communications Unit within the Office of the Premier.

The objective of the audit was to assess whether public sector marketing activities had achieved value for money. The audit focused on marketing principles, the impact or effectiveness of marketing, media buying, propriety, and training and expertise.

### 2.2 Report findings

The report identified a number of areas where improvement could be made particularly in relation to central agency coordination of marketing and promotional activities, arrangements relating to the master media buying arrangements and the establishment of conventions regarding publicly-funded advertising.

### 2.3 Responses to the report

Responses to the report are contained in the following documents:

- Special Report No. 39, *Marketing government services: Are you being served?*<sup>6</sup>; and
- The 1996 Response by the Minister for Finance to the Auditor-General's Reports issued during 1995-96.<sup>7</sup>

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<sup>6</sup> Victorian Auditor-General's Office, Special Report No. 39, *Marketing Government Services: Are you being served?*, March 1996, tabled 15 May 1996

<sup>7</sup> Minister for Finance, 1996, *Response to the Auditor-General's Reports Issued During 1995-96*, November 1996, tabled 3 December 1996

Most responses were made by the then Secretary of the Department of Premier and Cabinet and were directed at the whole-of-government management level. In a small number of instances, responses relating to specific activities were made by individual agencies.

The broad direction of the responses by the Department of Premier and Cabinet was that:

- the management and policy framework established by the government provides the tools necessary for agencies to effectively manage their programs, including communication and marketing programs. For example:
  - the Integrated Management Cycle requires departments to be individually responsible and accountable for decision making and program management. The cycle provides a framework for budget development, review of program expenditure, monitoring of departmental performance and departmental performance reviews. The reviews are underpinned by Corporate and Business Plans which define, among other things, agency marketing strategies; and
  - the requirements established by the Victorian Government Purchasing Board in regard to purchasing services from outside suppliers, including the Board's standard contracts, are sufficient for engaging advertising agencies;
- a Government Marketing Committee, a senior committee of marketing representatives from across government, would be established to monitor marketing contracts and ensure required standards were met. The Government Marketing Committee would:
  - focus on advertising and the Master Agency Media Service contract;
  - design a model system for departments to demonstrate possibilities in developing contracts with agencies including benchmarks and reporting requirements within the specifications of the contracts to ensure that the government receives best possible service;
  - complete establishment of monitoring and reporting frameworks by June 1997;
  - provide advice to all departments and agencies on what improvements need to be made to existing procedures; and

- undertake a review of a wide range of government communications, in conjunction with the Multicultural Affairs Unit, involving an analysis of how government communications have sought to address the needs of people from diverse cultural and linguistic backgrounds and how successfully these needs have been met.

### **2.3.1 Audit suggestions not accepted**

The then Secretary of the Department of Premier and Cabinet did not accept the following specific suggestions by the Auditor-General:

- the need for a convention to provide guidance in the area of publicly-funded advertising and promotion, and to assist in the administration of the *Constitution Act Amendment Act 1958*. The then Secretary of the Department of Premier and Cabinet considered that it was too difficult to develop a guideline and that it was up to commonsense and judgement to determine where the line should be drawn between party-political and publicly-funded advertising;
- the need to enhance the central agency role in relation to marketing to ensure sufficient guidance, advice and support is provided in all facets of marketing. The Department of Premier and Cabinet advised that a central function responsible for issuing guidelines, or providing a coordinating role in relation to marketing strategies, including training requirements within departments, was not necessary given the principles of the Integrated Management Cycle; and
- the need to allocate around ten per cent of major campaign funds for an evaluation of campaign effectiveness.

## 2.4 Review by the Committee

### 2.4.1 Briefing session

After reviewing the report and the responses provided, the Committee held a briefing session on the report with the then Secretary of the Department of Premier and Cabinet.<sup>8</sup> On 24 March 1997, the Secretary provided responses in writing to a series of questions put by the Committee and provided additional information.<sup>9</sup>

Topics covered included:

- guidelines for publicly-funded advertising;
- the coordination of media buying through the Master Agency Media Service (MAMS) contract;
- the tender selection process for the 1996 MAMS contract, the contractual arrangements, and the accountability requirements in relation to the successful tenderer;
- the role of the central agency in improving marketing activities across the public sector;
- the responsibilities of individual agencies for determining marketing activities;
- developing objectives of marketing activities and evaluating the effectiveness of those activities; and
- the extent of marketing activities targeted to people of non-English speaking backgrounds.

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<sup>8</sup> Briefing session on Auditor-General's reports Nos 39 and 40, Minutes of evidence, Melbourne, 19 February 1997, Witnesses: Ms E. Proust, Secretary, Department of Premier and Cabinet and Ms M. Sussex, Head of Cabinet Office

<sup>9</sup> Ms E. Proust, Secretary, Department of Premier and Cabinet, letter dated 24 March 1997

### **2.4.2 Further advice sought**

On 3 May 1999, the Committee wrote to the Secretary of the Department of Premier and Cabinet seeking responses to a number of outstanding issues. The responses<sup>10</sup> and the Committee's comments, where considered necessary, follow (*the questions asked by the Committee are presented in italics*):

#### **(a) Government Marketing Committee**

The response tabled by the Minister for Finance indicated that a Government Marketing Committee would be established to monitor marketing contracts, develop a monitoring and reporting framework and ensure required standards are met. The response also revealed that a Communications and Corporate Affairs Branch would be established within the department. The branch would play a key role in the government's communication and marketing activities by:

- developing the whole-of-government approach;
- facilitating coordination between departments;
- providing advice;
- ensuring value for money is obtained from the communication and marketing programs; and
- helping the public sector increase its customer focus and build best practice, including establishing benchmarks.

Subsequently the Committee was advised that the Government Marketing Committee was not established and instead, the Master Agency Media Service (MAMS) Committee was convened.

*The Committee sought clarification about the roles of the MAMS Committee and the Communications and Corporate Affairs Branch.*

The response provided by Mr Bill Scales, Secretary of the Department of Premier and Cabinet, indicated that the Communications and Corporate Affairs Branch was amalgamated with the Information Branch and became the Government Information and Communications Branch (GICB).

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<sup>10</sup> The responses to the Committee's questions were provided by Mr Bill Scales, AO, Secretary, Department of Premier and Cabinet, in a letter dated 14 May 1999

The GICB has undertaken to separate the Master Agency Media Service (MAMS) from other communications activities and provide a clear boundary between the role and function of media buying and other communications activities.

The role of the MAMS Committee is to monitor the activities and performance of the MAMS contractor to ensure the government is receiving value for money, accountability arrangements and best practices are being met, and issues raised by departments are addressed. The Committee reports and provides recommendations to the Director of the GICB. The MAMS Committee informs and advises departments, agencies and authorities of matters related to contract operations and service delivery through a range of mechanisms, including manuals, brochures and forums.

All the activities originally envisaged for the Government Marketing Committee are undertaken by GICB.

**Committee comments:**

The Committee considers that this matter has been resolved.

**(b) Communications and Corporate Affairs Branch**

In response to suggestions by the Auditor-General relating to the future role of a central unit, the Department of Premier and Cabinet stated that it did not accept the need to provide a central coordinating role in relation to marketing strategies, including training requirements, within departments and that departments were expected to cater for their own marketing needs. Subsequently, the Communications and Corporate Affairs Branch was established within the Department of Premier and Cabinet to provide direction for whole-of-government communications, coordination, and advice.

The Committee sought advice on the following matters:

- *How does the Communications and Corporate Affairs Branch monitor marketing activities within each department?*

*Does the Branch undertake evaluations of effectiveness?*

*If so, how does it evaluate the effectiveness of various marketing strategies undertaken by departments?*

The Secretary's response indicated that the government still does not believe that it is the role of the central agency (via the GICB) to actively coordinate the activities of individual agencies. The GICB:

- monitors activities through MAMS, forums and working groups involving government information officers, enabling agencies to maintain their autonomy and coordinate activities with other agencies, as required;
- encourages agencies to monitor and track communications activities; and
- distributes information, when available, on successful marketing and advertising campaigns.

**Committee comments:**

The Committee believes that the GICB has a role in developing a framework and best practice guidelines for evaluating the effectiveness of marketing activities undertaken by agencies. In addition, there is scope for the Branch to monitor the effectiveness of agency evaluations on a selective basis to ensure that best practice is being implemented.

The Committee recommends that:

**Recommendation 2.1:**

**The Government Information and Communications Branch develop a framework and best practice guidelines for evaluating the effectiveness of marketing activities, for distribution to public sector agencies.**

**Recommendation 2.2:**

**The Government Information and Communications Branch undertake selective reviews of the effectiveness of agency evaluations of their marketing activities.**

**(c) Master Agency Media Service Contract**

The Auditor-General commented on a number of aspects of the arrangements with Leeds Media and monitoring of performance under the contract, including the accountability arrangements within the Communications and Corporate Affairs Branch.

*The Committee sought advice on the arrangements that have been established to ensure the MAMS contract is adequately monitored, outcomes are evaluated and the contractor is properly accountable to the government.*

The Secretary advised that the MAMS contract is a Victorian Purchasing Board contract and the Board has commissioned consultants to conduct independent audits of savings to government. Reporting requirements for the contractor have been established and are monitored by the GICB. KPMG Management reviewed the reporting structures in 1999 and while recommending some further reporting opportunities, advised that the current reporting arrangements provided by the contractor were above industry standards. The GICB reviews the MAMS processes regularly to ensure the government receives value for money.

**Committee comments:**

The Committee is pleased to note that the contract is subject to independent audit of savings to the government and that consultants have reviewed the reporting framework.

**(d) Remuneration arrangements**

The Auditor-General commented that it is important to ensure that full advantage is taken of any flexibility offered in the event that the industry becomes deregulated. The department's response to the report indicated that dropping accreditation requirements would free up the scope of negotiations with advertising agencies. Formal negotiations by the government with the industry were to commence after the issue of deregulation had been resolved in February 1997.

*The Committee sought information about what has happened in this respect since tabling of the report.*

The Secretary advised that the main result of the removal of accreditation requirements was that the commission paid by media to advertising agencies could legally be remitted to clients. The government ensured that it would benefit from deregulation by incorporating these changes in the 1996 MAMS tender and the current contract takes advantage of industry deregulation.

With regard to general advertising services, the Secretary advised that departments are able to negotiate alternative payment structures although the agency commission system continues to be the standard. GICB provides an advisory service to any public body to assist in contractor evaluation through the tendering process.

**Committee comment:**

The Committee considers that this issue is resolved.

**(e) Follow up of report findings**

The responses by the Department of Premier and Cabinet are related to high level management issues.

*The Committee asked about what processes have been undertaken by the Department of Premier and Cabinet to ensure the issues raised have been addressed within agencies.*

The Secretary advised that where policies, standards or guidelines are developed, these are distributed through the normal government distribution processes. Internal forums provide an ongoing mechanism for reviewing and addressing government wide issues.

**Committee comments:**

The Committee is pleased with the establishment of sector-wide forums to assist the development of officers involved with marketing activities, and believes that such forums are important to the continuous improvement process. It is also important that the GICB play a role in continuous improvement by ensuring that its monitoring role is undertaken on an ongoing basis and that examples of best practice from both within the public sector and industry are distributed to agencies.

**2.4.3 Guidelines or conventions for publicly-funded advertising**

As mentioned earlier, the government did not accept the Auditor-General's suggestion for the development of a convention to provide guidance in the area of publicly-funded advertising and promotion.

At the time of tabling of the report, there was no legislation, recognised guidelines, rules or conventions to provide guidance to governments in relation to publicly-funded advertising, anywhere in Australia. Since the report's tabling, publicly-funded advertising has come under scrutiny in a number of Australian jurisdictions. While there is no disputing the public's right to increased awareness of government activities and services and the legitimate need for governments to undertake advertising and promotional activities, there is a view within Australia, and internationally, that care must be taken in this area.

A summary of recent developments in relation to this matter, both within Australia and internationally, follows.

**(a) Commonwealth of Australia**

The Commonwealth does not currently have guidelines that address the issue of publicly-funded advertising. However, in 1998-99, the Australian National Audit Office (ANAO) published its *Suggested Principles and Guidelines for the Use of Government Advertising*.<sup>11</sup> The guidelines take into account guidelines adopted in the United Kingdom and New Zealand and those suggested as a result of reviews in Victoria, New South Wales, Queensland, Western Australia and British Columbia.

The ANAO's suggested guidelines state that advertising or promotional material should not be liable to misrepresentation as party-political.

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<sup>11</sup> Australian National Audit Office, Audit Report No.12 1998-99, Performance Audit, *Taxation Reform: Community Education and Information Programme*, pp.57-60

Factors that might lead to a perception of a communication as party-political include what was communicated; who communicated it; why it was communicated; what it was meant to do; how, when and where it was communicated; the environment in which it was communicated; or the effect it had. The guidelines also state that:

- *material should be presented in unbiased and objective language, and in a manner free from partisan promotion of government policy and political argument;*
- *material should not directly attack or scorn the views, policies or actions of others such as the policies and opinions of opposition parties and groups; and*
- *information should avoid party-political slogans or images. This may involve restrictions on the use of ministerial photographs in government publications.*

The Commonwealth's Joint Committee of Public Accounts and Audit (JCPAA) is currently reviewing the draft guidelines as part of its Community Education and Information Program (CEIP) inquiry, and in its ongoing role as reviewer of reports of the Commonwealth Auditor-General.

The Australasian Council of Auditors-General (ACAG) in its submission<sup>12</sup> to the CEIP inquiry identified what it considers should be the underlying principles of government advertising including that *the dissemination of information using public funds should not be directed at promoting party political interests.*

The inquiry is ongoing, the Federal Government has not yet responded formally to the ANAO report.

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<sup>12</sup> Commonwealth of Australia, Joint Committee of Public Accounts and Audit, *Inquiry into Community Education and Information Programme*, Volume 2, submissions 8-16, S253 to S266, Australasian Council of Auditors-General

**(b) Queensland**

In December 1998, the State Cabinet endorsed an *Advertising Code of Conduct* comprising five points to be taken into account when planning, developing, implementing, funding and evaluating publicly-funded advertising campaigns.<sup>13</sup> The Code states that the clear benefit from any government advertising must be in its informative or educative role so that there can be no perception of any party-political benefit, and that money designated for service delivery in a State Budget must not be diverted to the cost of advertising.

**(c) Western Australia**

In Western Australia, the guidance for publicly-funded advertising is provided by the Australian Broadcasting Authority (ABA) *Guidelines for the Broadcasting of Political Matter*.<sup>14</sup> These guidelines do not restrict the content of publicly-funded advertisements. However, they provide some guidance on “*What is political matter?*” The guidelines state that *What is or is not political matter is an objective test and must be determined on a case-by-case basis* and that *In determining if a matter that has been broadcast is political matter it is important to take into consideration:*

- *the content of the broadcast;*
- *the overall presentation of the material including the tone, style, and emphasis;*
- *the nature and style of any accompanying audio or visual material;*  
*and*
- *the context surrounding the broadcast.*

The ABA guidelines provide that where a broadcast contains political content the message must be accompanied by particulars which include the name of the authorising party and/or person and their principal office or address.

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<sup>13</sup> *Queensland Government Advertising Code of Conduct*, provided by Government Communications and Cabinet Office, Department of Premier and Cabinet

<sup>14</sup> Australian Broadcasting Authority, *Guidelines for the Broadcasting of Political Matter*, August 1998

In late 1998, the government issued a Ministerial Circular<sup>15</sup> regarding its public promotions policy. The circular referred to political advertising stating that *The Government must take pro-active measures to ensure that it can continue to promote its services without challenge on the grounds of political advertising.* It also indicated that it is the responsibility of Chief Executive Officers and Ministerial offices to ensure that advertising could not be deemed political.

In 1996, the Western Australian Commission on Government (COG) examined the issue of government advertising and in its report provided draft guidelines.<sup>16</sup> One of the two introductory principles contained in the guidelines was that *It is improper for governments to use public funds for publicity and advertising in order to gain a partisan political advantage.* The guidelines also state that material must be *legal and proper*, meaning that it avoids language with partisan connotations including political slogans; it is required to be *fair and impartial* ie. not misleading; it is not to be aimed solely at attacking or rebutting the arguments of others; and must enable distinction to be made easily between the facts on the one hand, and comment, opinion and analysis on the other.

The Commission reported that it preferred the use of guidelines for regulating advertising, rather than legislation.<sup>17</sup>

At the time of preparing this report, the Western Australian government has not taken any action on the recommendations and draft guidelines of the Commission.

#### **(d) South Australia**

There are no guidelines relating to party-political advertising in South Australia.<sup>18</sup> A Cabinet Communications Committee vets all advertising and if an advertisement is considered to be political, it is returned to the relevant department to be rectified. The State's advertising procedures manual documents the procedures to be followed regarding campaign and non-campaign advertising.<sup>19</sup> While the manual does not specifically address advertising content, it contains a copy of the Australian Broadcasting Authority's *Guidelines on the Broadcasting of Political Matter.*

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<sup>15</sup> Circular: *Public Promotions Policy*, provided by the Ministry of the Premier and Cabinet, Communications Unit, Government of Western Australia

<sup>16</sup> Commission on Government, Western Australia, *Report 3*, Appendix 3B

<sup>17</sup> *Ibid*, Chapter 11: *Regulating Government Advertising and Travel*

<sup>18</sup> As advised by Strategic Communications Unit, Department of Premier and Cabinet, South Australia

<sup>19</sup> AIS Media, South Australian Government, *Advertising Procedures Manual For Campaign and Non-Campaign Government Advertising Services*, Edition 2, October 1998

**(e) New South Wales**

In 1995 the New South Wales Audit Office undertook a performance audit of government advertising and recommended a review of the guidelines.<sup>20</sup> It was recommended that consideration be given to including as a criterion that *the content and tone of presentation should not be able to be interpreted as party-political*. A follow up audit was conducted by the Audit Office in 1998 and at that time the recommendation had not been adopted.

**(f) Australian Capital Territory**

Formal guidelines for media campaigns have not been developed.

**(g) New Zealand**

In 1989, the New Zealand Cabinet Office approved and issued *Guidelines for Government Advertising*. The purpose of the guidelines was to recognise the public concern that government advertising should not be conducted in a manner that results in public funds being used to finance publicity for political purposes.<sup>21</sup>

The guidelines provide that the presentation of government advertising should be presented in a manner which is fair, honest and impartial; in unbiased and objective language; and in a manner free from partisan promotion of government policy and political argument.

**(h) British Columbia**

The 1995-96 Report No. 5 of the Auditor-General of British Columbia addressed issues of public interest including *Public Communications: Distinguishing Between Government Program and Partisan Political Communications*.<sup>22</sup>

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<sup>20</sup> The Audit Office of New South Wales, *Auditor-General's Report to Parliament, Volume 3, 1998*, Section 3, Performance Auditing, Follow up of Performance Audits 1995-1997, Performance Audit on Government Advertising

<sup>21</sup> New Zealand Cabinet Office Wellington, *Cabinet Office Manual, Appendix 2: Guidelines for Government Advertising*, 20 November 1989

<sup>22</sup> Office of the Auditor-General of British Columbia, *1995-96 Report No.5, Issues of Public Interest - Public Communications: Distinguishing Between Government Program and Partisan Political Communications*

The review was a revisit of the issue raised in a May 1995 report of the Auditor-General ie. the difficulty of distinguishing between whether certain public communications and advertising expenditures of government were meant to inform the public or to promote the political interests of either the government of the day or members of that government.

The Public Communications review involved consideration of the principles and guidelines in place in various jurisdictions for distinguishing between government program and partisan political public communications. The review found that there was a lack of established principles and guidelines to aid distinction within British Columbia and other Canadian jurisdictions.

The review concluded that the Government of British Columbia needed to:

- establish a general principle prohibiting the use of partisan political information in public government communications; and
- provide specific guidelines which set out the criteria as to information that should or should not be included in public government communications.

The Auditor-General's report stated that *...there is recognition in a number of Commonwealth jurisdictions of the need for accepted conventions or principles that ensure that public funds are not used to finance government advertising for partisan purposes.* It also commented that *Even with guidelines provided, it often still requires the application of subjective and informed judgment by politicians and bureaucrats to distinguish between government program advertising and party-political advertising.*

The report provided an example of guidelines for application to a wide variety of circumstances and an example of guidelines to apply in specific situations.

The report made two recommendations:

*... that the government consider establishing a general principle prohibiting the use of partisan political information in public government communications, and providing specific guidelines which set out the criteria as*

*to information that should or should not be included in public government communications.*

*... that the Legislative Assembly Management Committee give consideration to the general principle and specific guidelines to be developed for public government communications for the purpose of developing guidelines for the MLAs' communication allowances.*<sup>23</sup>

The Office of the Auditor-General of British Columbia indicated in April 1999 that the Select Standing Committee on Public Accounts did not endorse the report's recommendations. The Office advised that the Committee reported to the Parliament that it agreed that the Legislative Assembly Management Committee is the body responsible for developing clear guidelines for Members. The Office further advised that the government has not taken any action to develop guidelines on this matter.<sup>24</sup>

**(i) United Kingdom**

In July 1997, the Cabinet Office issued a document titled *Guidance on the Work of the Government Information Service*<sup>25</sup> which sets out basic conventions that the activities of Government Information Services *should not be, or be liable to misrepresentation as being, party-political.*

The Specific Conventions under the guidance paper provide further discussion of the latter convention stating that it is not *proper to justify or defend those policies in Party political terms, to use political slogans, expressly advocate policies as those of a particular political party or directly attack ... policies and opinions of Opposition Parties and groups. It is possible that a well-founded publicity campaign can create political credit for the Party in Government. But this must not be the primary or significant purpose of Government information or publicity activities paid for from public funds.*

The paper's General Conventions recognise that it is right and proper for governments to use public funds and resources to explain their policies and inform the public of government services available. However, the guidance paper clearly states that these resources may not *be used to support publicity for Party political purposes: this rule governs not only decisions about what may or may not be published, but also the content, style*

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<sup>23</sup> Ibid, p.53

<sup>24</sup> Advice from the Office of the Auditor-General of British Columbia, April 1999

<sup>25</sup> British Cabinet Office, *Guidance on the Work of the Government Information Service*, July 1997

*and distribution of what is published.* The convention applies to both paid and unpaid publicity.

#### **2.4.4 Summary**

The information provided above shows that guidelines to distinguish between party-political advertising and advertising which should be legitimately funded from the public purse are generally not in place within a number of jurisdictions, although there has been substantial consideration given to the need to address the issue.

The Committee intends to monitor developments in this area.

The Committee notes that there is a minority report on this issue.



## **CHAPTER 3      SPECIAL REPORT NO. 40 – COMMUNITY SUPPORT FUND: A SIGNIFICANT COMMUNITY ASSET**

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### **3.1 Introduction**

In 1996, a performance audit was undertaken of the management of the Community Support Fund by the former Department of Arts, Sport and Tourism and the management by a number of government agencies of specific distributions from the Fund.

The objectives of the audit were to assess legislative compliance with requirements for distributions from the Fund, the soundness of the monitoring and evaluation framework and accountability mechanisms and the efficiency and effectiveness of the Fund's administration and management.

In regard to Fund distributions, the focus included the magnitude and direction of distributions, research into the social impact of gambling and distributions for purposes of sport and recreation, community services, youth homelessness and the promotion of the arts and tourism.

### **3.2 Report findings**

The audit found that the government was well placed to attain a standard of quality of management of the Fund commensurate with the Fund's standing as a significant community asset. Matters identified in the report for further action included the extent of community involvement in decision making; the level and focus of research into the social impacts of gambling; the extent of performance monitoring; and the adequacy of accountability by grant recipients to the funding body and by the Fund's management unit to Parliament.

### 3.3 Responses to the report

Responses to the report were provided in:

- Special Report No. 40, *The Community Support Fund: A significant community asset*<sup>26</sup>; and
- The *1996 Response by the Minister for Finance to the Auditor-General's Reports issued during 1995-96*.<sup>27</sup>

During the period of the audit, responsibility for the coordination and control of the Fund rested with the Department of Arts, Sport and Tourism. However, under machinery of government changes in early April 1996, the Premier assumed responsibility for the Fund and the related management functions were transferred to the Department of Premier and Cabinet. As a result of these changes and the timing of the audit report, the Department of Premier and Cabinet provided most responses to the issues raised. The Victorian Casino and Gaming Authority (VCGA) and the Department of Treasury and Finance provided separate responses to some issues.

The responses provided in the above-mentioned reports indicated that a number of the matters raised by the Auditor-General were still to be addressed or considered.

#### 3.3.1 *Audit suggestions not accepted*

The following suggestions of the Auditor-General were not accepted:

- Establishment of a decision making framework for the Fund under which the principal source of advice and recommendations to the Premier would be a Board of Management structure comprising a wide representation of community interests. The response indicated that the government had no intention of establishing an advisory community body on funding priorities and that community groups are able to make applications for funding direct to the Community Support Fund Unit in the Department of Premier and Cabinet;

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<sup>26</sup> Victorian Auditor-General's Office, Special Report No. 40 - *The Community Support Fund: A significant community asset*, May 1996, tabled 25 September 1996

<sup>27</sup> Minister for Finance, *1996 Response by the Minister for Finance to the Auditor-General's Reports issued during 1995-96*, tabled 3 December 1996

- Widening the sources of funding for addressing the social ramifications of gaming to include casinos and clubs. The department responded that this was a matter for policy consideration and that one of the original intentions of exempting clubs from contributing was that through their activities, clubs already directly contribute to the well-being of the community. It was also indicated that casinos provide a Community Benefit Levy to the Hospitals and Charities Fund; and
- Changing the legislation to ensure the responsibility for managing and controlling research into the social consequences of gaming is independent of the regulatory and other statutory functions of the VCGA. The Department of Treasury and Finance advised that there were no current plans for legislative change relating to the issue.

### **3.3.2 Issues not responded to**

The Auditor-General reported that the legislative requirement to establish a Research and Development Fund had not been complied with. The published responses did not address this issue. However, the Research and Development Fund was subsequently established. The financial results for the Fund are reported in the Annual Report of the VCGA.

## **3.4 Review by the Committee**

### **3.4.1 Briefing session**

After reviewing the Auditor-General's Report and the responses provided, the Committee held a briefing session on 19 February 1997 with the then Secretary of the Department of Premier and Cabinet<sup>28</sup> who responded to a series of questions put by the Committee and provided further written responses subsequent to the session.<sup>29</sup>

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<sup>28</sup> Briefing session on Auditor-General's reports Nos 39 and 40, Minutes of evidence, Melbourne, 19 February 1997, Witnesses: Ms E. Proust, Secretary, Department of Premier and Cabinet; and Ms M. Sussex, Head of Cabinet Office

<sup>29</sup> Ms E. Proust, Secretary, Department of Premier and Cabinet, letter dated 24 March 1997

Topics covered included:

- the source of contributions to the Fund;
- the application of funding guidelines and the transparency of the assessment process including whether applications are prioritised, and the feedback provided to unsuccessful applicants;
- the decision making framework and the potential for community involvement in decision making;
- the means by which the Fund is promoted to the community, the level of community awareness of the Fund as a source of funding for projects and the awareness of the funding application guidelines;
- the extent of funding for research into the social effects of gambling and whether arrangements are in place to ensure that the proportion of the Fund spent on problem gambling is adhered to;
- the focus of the research undertaken by the VCGA and the funding allocation for, and marketing of, educational campaigns to promote industry and community awareness of problem gambling;
- the progress of research by the Department of Human Services into the effectiveness of problem gambling services;
- the potential for conflicts between the research and policy advice function of the VCGA and its regulatory role;
- the level of funding allocated under section 138(4)(b) of the Gaming Machine Control Act;
- the level of resourcing of the Community Support Fund Unit;
- the accountability arrangements for grant recipients;
- the development of a methodology for appraising, evaluating and reporting on funded projects; and
- annual reporting arrangements for the Community Support Fund.

### **3.4.2 Further advice sought**

On 3 May 1999, the Committee wrote to the Victorian Casino and Gaming Authority and the Department of Premier and Cabinet to follow up a number of outstanding matters. The responses<sup>30</sup> and Committee comments, where considered necessary, follow (*the questions asked by the Committee are presented in italics*):

#### **(a) Community awareness of the Fund**

During the briefing session with the then Secretary of the Department of Premier and Cabinet, in February 1997, the Committee inquired about the work undertaken to promote community awareness about the Community Support Fund. The response of the Secretary was that the VCGA has direct responsibility for this matter.

*The Committee sought advice on what promotional work is undertaken by the VCGA to increase community awareness of:*

- *the existence of the Community Support Fund;*
- *the availability of funds for community projects; and*
- *the processes for submitting applications for grants.*

The response provided to the Committee by the Chairman of the Victorian Casino and Gaming Authority indicated that the administration or management, and therefore the promotion of the Community Support Fund is not the responsibility of the Authority. In accordance with the Administration of Acts General Order published in the Government Gazette on 25 September 1997, the Minister referred to in Section 138(4)(c) of the *Gaming Machine Control Act 1991* is the Premier.

#### **Committee comments:**

The Budget Papers for the Department of Premier and Cabinet in relation to the Community Support Fund include performance measures for Community and Government Agency Awareness. The Committee believes the measures, particularly the qualitative measures, need to be reviewed to ensure they are

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<sup>30</sup> The responses to the Committee's questions were provided by Mr Bill Scales, AO, Secretary, Department of Premier and Cabinet in a letter dated 14 May 1999 and Ms Sue Winneke, Chairman, Victorian Casino and Gaming Authority in a letter dated 10 May 1999

meaningful and properly focused on measuring awareness of the Fund as a source of funding community projects.

The Committee recommends that:

**Recommendation 3.1:**

**The Department of Premier and Cabinet review its qualitative performance measures for the output group *Community Support Fund* to ensure more meaningful measures are provided for assessing the level of awareness of the Fund.**

**(b) Assistance provided to the community**

The then Secretary of the Department of Premier and Cabinet advised the Committee during the briefing session that because of the size of the Community Support Fund Unit, it had not provided feedback to community groups on why funding applications had been rejected.

*The Committee sought advice on whether Community Support Fund guidelines available to the community clearly identify:*

- *the criteria for funding projects; and*
- *that in the event that applications are not successful, advice can be sought from the CSF Unit.*

The response provided to the Committee by the Secretary, Department of Premier and Cabinet indicated that:

- the covering correspondence that accompanies the application pro-forma provides a comprehensive list of the types of projects that the CSF will not entertain and the eligibility criteria; and
- although all applicants are advised in writing as to the fate of their specific application, a detailed rationale has not been provided to unsuccessful applicants, due primarily to the large number of applications that are processed each year. The letter does not advise applicants of the ability to seek feedback. However, where unsuccessful applicants seek feedback, the response is timely.

**(c) Research**

The Committee sought information on a number of research related issues:

- *How does the Authority determine the level of funding to be allocated to research?*

The Chairman of the VCGA advised that the level of funding for research activities is determined by the research that is proposed to be undertaken. To determine its research program, the Authority consults extensively with academics, researchers and industry and community groups. Research proposals are then developed and take into account the expectations of the Authority's Research Committee.

Based on the conceptualised research proposals, project costs are estimated based on previous experience, nature of the project and perceptions of the research consultancy market.

- *What expenditure has been incurred on research into the effects of problem gambling since May 1996 ie. tabling of the Special Report?*

The Authority provided data that showed expenditure of \$1 722 988 to 30 April 1999 against grants of \$3 010 780 from the Community Support Fund, since commencement of the Fund. The grants include an amount of \$1 440 000 for the 1998-99 Research Program against which \$259 313 had been expended. The Authority advised that the majority of expenditure against the 1998-99 program is to occur between May and December 1999.

- *What research projects have been commissioned by the Authority since tabling of the report?*

The Auditor-General's *Special Report No. 54, Victoria's Gaming Industry – An insight into the role of the regulator*<sup>31</sup>, provided a list of 17 research projects undertaken at a cost of \$989 400 during the period from March 1996 to 31 December 1997.

The 1998-99 Research Program includes 11 projects.

- *Are the results of these studies publicly available?*

The Auditor-General's Report No. 54 indicated that reports in relation to research projects undertaken from March 1996 to 31 December 1997 were publicly released. The Authority's response to the Committee's follow up advised that details of the research conducted prior to 1995, the 1995 Research Program, the 1996-97 Research Program and the Baseline Database are contained on the Authority's Internet site.

- *What research projects have been undertaken by the Department of Human Services? What expenditure has been involved?*

The Authority advised that research conducted by the Department of Human Services focuses on the services and facilities for those people who experience difficulty with their gambling activities and that the department applies directly to the Community Support Fund Unit for funding for the conduct of its research. The Committee will follow this issue up with the department.

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<sup>31</sup> Victorian Auditor-General's Office, Special Report No.54 – *Victoria's Gaming Industry: An insight into the role of the regulator*, March 1998

- *What action, if any, has been taken on the results of the research?*

The Authority advised that all research conducted by the Authority has been referred to the government for its consideration.

**Committee comments:**

The VCGA has undertaken an extensive body of research work since the inception of the Fund. In order to maximise the effectiveness of the research undertaken, it is essential that the government build on the work undertaken to ensure policies developed and programs established are well focused. Over time, a review of the extent and focus of the research being undertaken by the Authority will be required to ensure the cost/benefit of the research activities. With this in mind, a long-term plan of intended research activities should be developed to identify the future research requirements.

The Committee recommends that:

**Recommendation 3.2:**

**The Victorian Casino and Gaming Authority develop a three year plan for research activities that identifies each project to be undertaken, its estimated cost and how it will contribute towards the achievement of better understanding of the social impacts of gambling and the development of policy advice.**

**(d) Performance monitoring and reporting**

The Auditor-General reported the need for adequate accountability to the Parliament and the community for the performance of the Fund, including a structured performance monitoring and measurement framework. In 1996 the response from the Minister for Finance's report indicated that the Community Support Fund Unit was developing, as a priority, an appraisal methodology and a structured performance and measurement framework for evaluation and reporting in future years.

*The Committee sought advice on what performance monitoring and reporting framework has been developed for the Fund as a whole.*

The response provided by the Secretary, Department of Premier and Cabinet stated that the Community Support Fund is now an output group within the Department of Premier and Cabinet, with specific performance measurements created to ensure that both the qualitative and quantitative aspects of the CSF's activities are publicly reported upon, both within the Budget Papers and, to a differing extent, within the department's annual report.

**Committee comments:**

After reviewing the performance measures contained in the Budget Papers, the Committee believes there is scope for enhancing the link between the measures and the key government outcomes for the output group.

The department's 1997-98 annual report provided some information relating to the Community Support Fund for the year including the grants approved. The Committee believes that more detailed information on the CSF activities is warranted.

The Committee recommends that:

**Recommendation 3.3:**

**The Department of Premier and Cabinet review the information in its annual report in relation to the Community Support Fund to ensure it comprehensively reports the financial and non-financial performance of the Fund.**

**(e) Performance monitoring and reporting - individual grants**

The Auditor-General commented on the need to establish and implement procedures for performance measurement for individual grants.

The then Secretary of the Department of Premier and Cabinet provided a response to the Committee to the effect that the Community Support Fund Unit was drawing up an appropriate Support Fund methodology for the major projects

in particular. The Committee sought the following information:

- *What processes have been established for assessing the performance of the major projects? Does it provide for progressive assessments of performance against targets and measurement of outcomes?*

*What has been done about assessing the performance of smaller funded programs or projects?*

*Is this information publicly reported?*

The Secretary of the Department for Premier and Cabinet advised that procedures have been established for performance measurements to be agreed between the applicant and the department, prior to funding being recommended. The *Terms and Conditions of Grant* provided to successful applicants restate the need for performance measurement and note that such measurements may continue for a number of years after the grant has been acquitted.

The CSF Unit has engaged consultants to advise on the structure of an evaluation framework and the first report provided by the consultants reinforces the Unit's current procedure of establishing performance measurements, relevant to the specific projects. An extension of this consultancy is currently under consideration.

The Committee notes that there is a minority report on this issue.



# **CHAPTER 4      SPECIAL REPORT NO. 41 – ARTS VICTORIA AND THE ARTS 21 STRATEGY: MAINTAINING THE STATE FOR THE ARTS**

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## **4.1 Introduction**

In 1996, a performance audit examined the Arts Victoria management framework to determine whether the Arts 21 strategy was being implemented with maximum effectiveness and efficiency. In particular, the audit evaluated the management of relationships with external clients and with other agencies within the arts portfolio; performance measurement and evaluation; and the management of the Development of Cultural Activities Program. The latter included examinations of compliance, with agreement conditions, by grant recipients.

The audit concentrated on the activities of Arts Victoria, the primary vehicle for the implementation of Arts 21, the Development of Cultural Activities Program, the Development of Arts Institutions and Resources Program as well as some arts projects funded from the Community Support Fund.

## **4.2 Report findings**

The audit found that due to past internal problems with the Resource Management Division of the former Department of Arts, Sport and Tourism, Arts Victoria had not been in a position to satisfactorily pursue its responsibilities to coordinate portfolio-wide arts matters within the framework of Arts 21. However, the report concluded that, following structural changes in April 1996, the organisation was responding positively to the challenges arising from the emergence of Arts 21 and was well placed to implement the strategy through to the 21<sup>st</sup> century, and to make a significant contribution to cementing Victoria's position as the *State for the Arts*.

On an operational level, the Auditor-General suggested the performance measurement and evaluation framework for Arts 21 should be further

developed and steps taken to improve management practices relating to grants to non-government organisations.

### 4.3 Responses to the report

Responses to the report were provided in:

- Special Report No. 41, *Arts Victoria and the Arts 21 strategy: Maintaining the State for the Arts*<sup>32</sup>; and
- The *1996 Response by the Minister for Finance to the Auditor-General's Reports issued during 1995-96*.<sup>33</sup>

The audit findings were generally accepted by the then Secretary of the Department of Premier and Cabinet.

### 4.4 Review by the Committee

On 3 May 1999, the Committee wrote to the Department of Premier and Cabinet to follow up a number of outstanding matters. The responses<sup>34</sup> and Committee comments, where considered necessary, follow (*the questions asked by the Committee are presented in italics*):

#### (a) Coordination of activities of arts and tourism agencies

The Auditor-General commented on the need for activities of the State's arts and tourism agencies to be coordinated to facilitate the achievement of Arts 21 goals. The then Secretary of the Department of Premier and Cabinet, in response to the report, indicated that research on developing the tourism potential of the arts agencies had been undertaken and that action based on that research would be progressed through the Arts Industry Tourism Council and in the business plan.

*The Committee sought further information on what action has been undertaken to coordinate the activities of the State's arts and tourism agencies to facilitate the achievement of Arts 21 goals.*

The Secretary advised that Arts Victoria has worked in close partnership with Tourism Victoria to improve the marketing and distribution of arts and cultural product, and to develop a

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<sup>32</sup> Victorian Auditor-General's Office, Special Report No. 41 – *Arts Victoria and the Arts 21 Strategy: Maintaining the State for the Arts*, June 1996, tabled 18 June 1996

<sup>33</sup> Minister for Finance, *1996 Response by the Minister for Finance to the Auditor-General's report issued during 1995-96*, November 1996, tabled 3 December 1996

<sup>34</sup> Responses to Committee's questions were provided by Mr Bill Scales, AO, Secretary, Department of Premier and Cabinet in a letter dated 14 May 1999

long-term cooperative relationship between the arts and tourism industries. The Arts Industry Tourism Council was established in 1995 and a cultural tourism strategy which included a cooperative marketing program to facilitate cooperative ventures between arts, cultural and tourism organisations was launched in 1996. *State for the Arts, Victoria Australia: A guide to the Arts, Heritage and Culture of Victoria*<sup>35</sup> was released in 1998 aimed at motivating visitation and to provide comprehensive information on Victoria's arts and cultural assets, product and regions.

Partnerships have also been established between the two agencies in evaluating both tourism impacts and potential through joint research projects.

**Committee comments:**

The Committee is pleased to see the level of coordination between Arts Victoria and Tourism Victoria and trusts that the agencies will continue to work to ensure a close relationship between the two industries.

**(b) Need to enhance relationships and improve communication**

In Part 5 of the Auditor-General's report a number of comments were made about the need for Arts Victoria to enhance its relationship with other organisations or participants in the arts community, in order to facilitate the effective implementation of Arts 21.

The department's response to the Auditor-General's report and the 1996 response by the Minister for Finance indicated that various activities were underway or planned to address the issues raised. The Committee sought the following further information in relation to the responses provided:

- *What action has been taken to strengthen the relationships between Arts Victoria and its client organisations?*

The Secretary's response to the Committee's question stated that organisations that receive recurrent funding have a central point of liaison and communication with

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<sup>35</sup> *State for the Arts, Victoria, Australia: A guide to the Arts, Culture and Heritage of Victoria*, Arts Victoria and Tourism Victoria

Arts Victoria and officers provide regular feedback to clients through briefings. Performance agreements have also been introduced which specify outcomes in relation to the Arts 21 strategies. Organisations are monitored individually through the grant acquittal process and collectively through the Arts 21 Checklist.

**Committee comments:**

Information accompanying the Secretary's response showed that seventy per cent of the respondents to the 1997-98 Client Service Survey believed that contact with Arts Victoria had improved or at least stayed the same during 1997. This indicates that action taken to strengthen relationships has been effective.

- The department's response to the Auditor-General's report indicated that strategies to enhance Arts Victoria's relationship with local government were already in place and progressing well. The response in the Minister for Finance's report indicated that a comprehensive study to benchmark the regional Performing Arts Centres was to be undertaken, to enable Arts Victoria to better target assistance to municipalities. A similar study was being considered for Regional Art Galleries.

*Has a review been undertaken of the effectiveness of the strategies implemented to enhance relationships and enable more accurate planning for arts on a regional level?*

*Have the benchmarking studies been undertaken? What use has been made of the studies?*

The Secretary advised that a review of arts and cultural activity in regional Victoria was undertaken in 1997 and key issues were identified for future planning.

A study to benchmark performing arts centres was completed in 1997 and results of the study have been used to inform a regional cultural infrastructure

strategy to develop new facilities and upgrade existing centres.<sup>36</sup>

A review was undertaken of the 16 regional galleries and the suitability of each to accept touring exhibitions was assessed. The Secretary advised that the outcomes of the review have been used to develop a refurbishment strategy.

**Committee comments:**

The Committee is pleased that a review of arts and cultural activity in regional Victoria has taken place.

- A survey to assess grant recipient satisfaction with services provided by Arts Victoria was undertaken in 1995.

*Have benchmarks based on the survey data been established?  
Has a follow up survey been undertaken to assess the effectiveness of the various actions taken since 1995?*

The response stated that since 1995, an annual Client Services Survey has been conducted covering all organisations and/or individuals that have received or sought support during the year. The fourth survey has just been completed. The survey measures levels of experience, satisfaction with staff contact and communications, client understanding and perceptions of key programs and the grant assessment process.<sup>37</sup>

The survey in 1995 established benchmarks for client satisfaction with staff contact; awareness of selected Arts 21 programs; understanding of Arts Victoria's grant assessment process; and satisfaction/perceived fairness of the grant assessment.

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<sup>36</sup> Arts Victoria/VAPAC, *Survey of Performance Arts Centres Report*

<sup>37</sup> *Arts 21*, Volume 4, Number 1, Autumn 1998, pp.26 and 27

**Committee comments:**

The Committee believes that client surveys are useful tools in identifying areas for performance improvement. The Committee notes that the responses indicate a general improvement in performance from 1996-97 to 1997-98. However, it is of concern that only fifty-three per cent of respondents consider they have a good or very good understanding of the Arts Victoria grants assessment process. The Committee believes additional education and information is necessary.

There is also a need for Arts Victoria to establish client satisfaction targets for each aspect of the survey and to focus its activities on achieving those targets. Targets should be set at levels that stretch the agency in order to encourage continuous improvement, both in areas where achievement is already high ie. satisfaction with staff contact and aspects of awareness of Arts 21 programs; and in areas identified above, where performance could be improved. The results of the annual survey should be reported in the context of the targets established.

The Committee recommends that:

**Recommendation 4.1 :**

**Arts Victoria develop strategies to improve the understanding of the grants assessment process.**

**Recommendation 4.2:**

**A review of the programs covered by the survey be undertaken by Arts Victoria to determine ways in which the programs may better serve the arts sector.**

**Recommendation 4.3:**

**Arts Victoria develop performance targets for client satisfaction for each of the aspects surveyed and report results and achievements against targets in its annual report.**

**(c) Evaluation of effectiveness of the Arts 21 program**

The Auditor-General was concerned that difficulties were likely to be encountered in evaluating the effectiveness of Arts 21 due to the absence of a direct nexus between the six strategies and the established performance indicators.

The then Secretary responded that an organisation had been contracted to benchmark relevant industry statistics related to each of the Arts 21 strategies and to monitor trends on an annual basis. Qualitative and quantitative research had also been commissioned.

The Committee sought further responses in regard to:

- *What action has been taken to address the Auditor-General's concerns regarding the lack of nexus between the strategies, objectives and performance indicators?*

The Secretary advised that Arts Victoria's business process has been strengthened, resulting in a clearer alignment between strategies and Arts Victoria's output groups. Clearly defined performance indicators have been established for all outputs and progress against these indicators is monitored and reported on a quarterly basis.

#### **Committee comments:**

The key government outcome for the Implementation of Arts 21 program, according to the 1999-2000 Budget Papers<sup>38</sup>, is *Implementation of Arts 21* and the description of the output group is:

*To promote the quality of life within Victoria through the effective promotion, management and implementation of the Arts 21 strategy.*

There are four outputs and thirty-three output measures listed for the program. Eighteen of the measures have a targeted level of achievement of 100 per cent for 1999-2000, as was the case in 1998-99. The Committee believes that there is scope to improve the output measures for the program. As discussed earlier, the results of the client survey indicated that there were areas for improvement particularly in relation to the

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<sup>38</sup> Department of Treasury and Finance, *1999-2000 Budget Estimates, Budget Paper No. 3*, pp.252-254

contribution of the programs to development of the Arts sector and the understanding of the grant approval process.

It is also considered that where achievements have in the past reached 100 per cent and this level of performance is expected to continue, the possibility of developing new measures should be considered in order to stretch the agency to continuously improve.

It was disappointing that the 1997-98 Annual Report of the Department of Premier and Cabinet did not report performance indicators and achievements against targets.

The Committee recommends that:

**Recommendation 4.4:**

**Arts Victoria review the output measures to ensure they address areas where improvement in performance is required.**

**Recommendation 4.5:**

**Arts Victoria review the outputs where the target is 100 per cent and determine if there are alternative measures that will stretch the agency and lead to continuous improvement.**

**Recommendation 4.6:**

**Performance information for the Arts 21 program be included in the annual report of the Department of Premier and Cabinet.**

- *Have expected outcomes been identified for each of the strategies?*

*Has the means of measuring outcomes been determined?*

*Have the achievements of Arts 21 against the established performance indicators been reported publicly? If so, where?*

The Secretary advised that outcomes have been articulated in the context of the Arts 21 policy and the Arts Portfolio business planning framework which is undertaken on an output basis.

The response provided indicated that the Arts 21 Checklist was established and fully operational by the end of 1996, and now has annual performance data on 105 arts organisations for four years, 1994 to 1997. A set of thirteen standard benchmarks has been established.<sup>39</sup>

The Secretary advised that the achievements of Arts 21 are reported on in the Department of Premier and Cabinet's annual report and also the Arts 21 Magazine.<sup>40</sup>

### **Committee comments:**

In support of the department's response, a list of the benchmarks established in 1996 was provided to the Committee.<sup>41</sup> The Committee would like to see these benchmarks more clearly linked to the program objectives reported in the 1997-98 annual report of the Department of Premier and Cabinet.

The Committee recommends that:

#### **Recommendation 4.7:**

**A review of the outcome measures be undertaken to ensure they are clearly linked to the program outcomes identified in the Budget Papers and the program objectives contained in the annual report of the Department of Premier and Cabinet.**

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<sup>39</sup> *Arts Count*, Research Bulletin 8, Winter 1998, Arts Victoria

<sup>40</sup> *Arts 21*, Volume 4, Number 4, Summer 1998 and Volume 5, Number 1, Autumn 1999

<sup>41</sup> *Arts Count*, Research Bulletin 8, Winter 1998, Arts Victoria

- *Have benchmarks been established and has annual monitoring taken place?*

*Are results publicly available?*

As outlined above, industry benchmarks have been established and monitored annually over a four-year period.

The outcomes of the Client Services Survey and data from the Arts 21 Checklist are regularly reported in the Arts 21 magazine, and Arts Count Research Bulletin. Customised reports based on Arts 21 Checklist data are available internally and externally on request.

- *What were the results of each of the commissioned research projects?*

*What action has been taken as a result of those projects?*

The response from the Secretary advised that broad-based market research into Victorian arts audiences was conducted across Victoria, in 1997. The research identified current arts attendance/usage patterns, motivation and barriers to participation.<sup>42</sup> A study of the economic impact of arts festivals/events was also conducted. The study evaluated seven festivals/events in 1998 and 1999.

The Secretary advised that the market research outcomes formed the basis of the Arts Marketing Taskforce program. This included the dissemination of the research outcomes via a series of artform specific factsheets; the provision of assistance for a series of cooperative marketing pilot projects; and a series of skills development seminars and workshops which were also supported by a range of publications. The market research also informed the development of an industry wide marketing plan to build the existing audience base, attract new audiences and promote the arts industry's products and services. The Festivals study resulted in the

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<sup>42</sup> Arts Marketing Taskforce, Newsletter 4, *Market Research* (ii); Arts Marketing Taskforce, Factsheets 4 to 6; Arts Marketing Taskforce, Newsletter 2, *Report on the Market Research Seminar*, June 1996; Arts Marketing Taskforce, Newsletter, *Partnership Plan*

development of a DIY kit that is currently being trialled with six regional arts festivals.

**Committee comments:**

The Committee believes that the research uses identified by the Secretary will contribute to the achievements of Arts 21 outcomes. It would also encourage use of research results to refocus or further develop existing performance indicators to enhance the link to the strategies.

**(d) Evaluation of performance of the arts agencies**

The audit found that neither the former Department of Arts, Sport and Tourism or Arts Victoria had specifically addressed the question of measuring the effectiveness of Arts 21.

*The Committee sought further information on what action has been taken to address the matters raised by the Auditor-General.*

The Secretary advised that Arts Victoria has developed a coordination mechanism with the agencies to ensure that programs and initiatives, as outlined in Arts 21, have been implemented. Individual agency business plans clearly specify agreed performance standards and key deliverables. Progress on specific projects is reported in the Arts Victoria monthly business report and at a monthly chief executives' forum coordinated by Arts Victoria. In addition, Arts Victoria is currently reviewing various arts agencies to further clarify the corporate governance relationship between Arts Victoria and the agencies.

**Committee comments:**

The Committee is pleased to see that action has been taken to address this matter. It will be important to ensure that the monitoring regime continues to operate over time. The Committee will be interested to receive further information about the corporate governance review when it is completed.

**(e) Evaluation of performance of Arts 21 in the non-government sector**

The report noted that one of the main aims of the *Promoting Leadership* strategy of Arts 21 is to improve the quality of management talent in the arts industry.

The Committee sought responses to the following questions:

- *Have performance measures to assess the development of management competence been included in the funding and performance agreements for non-government organisations?*

*What action has been taken to measure management competency across the sector?*

The Secretary advised that the standard and effectiveness of an organisation's management is a key factor in the overall framework used to assess funding applications. The Arts 21 Promoting Leadership Program was evaluated midway through the program's cycle in 1997 and the outcomes of the evaluation were used to inform the development of the program's second phase, Arts Leaders 2011. This includes a skills enhancement program with a focus on small business management, marketing, corporate governance and human resource management.<sup>43</sup>

**Committee comments:**

The Committee is pleased to see that the development of management competence has been included in funding and performance agreements for non-government organisations and that action has been taken to enhance leadership.

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<sup>43</sup> Arts Victoria, Arts Leaders Bulletin, *Leadership in the Arts*, Volume 1, Number 1, Winter 1998; Arts Victoria, Arts Leaders Bulletin, *Leadership in a global environment*, Volume 1, Number 2, Spring 1998; Arts Victoria, Arts Leaders Bulletin, *Leadership change*, Volume 1, Number 4, Autumn 1999; Arts Victoria, Arts Leaders Bulletin, *Monitoring in the Arts*, Volume 1, Number 3, Summer 1999

**(f) Measuring community expectations**

The Auditor-General reported that Arts Victoria needs to identify and take into account community expectations of the arts industry in its program development and formulation of priorities under Arts 21.

*The Committee sought further information on what action has been taken to assess community expectations of the arts industry.*

The Secretary responded that the Roy Morgan audience research provided an overview of attendees and non-attendees. It also identified barriers to attendances. Research outcomes are being used to develop an industry wide marketing plan.

The Committee intends to follow the issue up further.

**(g) Weaknesses in grant management practices**

During the audit, Arts Victoria advised that it was intending to introduce measures to address identified weaknesses in its management of grants. In the response to the report, the then Secretary of Premier and Cabinet stated that the grant management practices were being addressed through the strategy described in the report.

*The Committee sought further information on what progress has been achieved in introducing the intended improved grant management practices described in the report.*

The Committee was advised that detailed performance agreements, legally enforceable and consistent with Government guidelines, have been implemented for recurrently funded non-government organisations. The agreements specify clearly defined performance measures including programming, marketing, and financial, and also identify the Arts 21 strategies being addressed. An organisation's performance is monitored against the performance measures, and progress against the measures forms the basis of reports to Arts Victoria. Non-compliance with the acquittal process has led to termination of funding.

Reviews of triennial clients have not been conducted as planned as they have been superseded by the reform of funding programs.

**Committee comments:**

The Committee is pleased to see that the grant management practices have been improved.

**(h) Risk management**

The Auditor-General warned of the risks to Arts Victoria of continuing to fund non-government organisations which are financially vulnerable and dependent on it for a significant proportion of their operational budgets.

The department's response indicated that improved risk management would help to detect problems earlier and enable remedial action, where necessary, to improve viability.

The Committee sought responses on the following matters:

- *Has an assessment of the effectiveness of this approach been undertaken ie. whether the funding has been successful in assisting organisations to resolve their financial difficulties?*

The Secretary advised that although risk profiles were developed, Arts Victoria has moved away from an interventionist approach to risk management in the context of the purchaser/provider relationship. Arts Victoria sees its role as ensuring that organisations have satisfactory risk management practices in place, and these form part of an organisation's application requirements. Where an organisation is in financial difficulty, a financial and operational assessment of the organisation is conducted to assess future viability. In some instances, funding has been terminated.

**Committee comments:**

The Committee notes the action taken by Arts Victoria and agrees that it is important that organisations have risk management practices in place. However, the existence of these practices does not of itself abrogate Arts Victoria’s responsibility for the risks involved in funding non-government organisations which are financially vulnerable.

The Committee recommends that:

**Recommendation 4.8:**

**Arts Victoria ensure that it closely monitors the activities of financially vulnerable non-government organisations to ensure that the risk of loss to the government is minimised.**

- *What other approaches have been explored to assist vulnerable organisations to gain financial independence and viability?*

Arts Victoria has facilitated the provision of training in risk management. Through Arts Leaders 2011, Arts Victoria has also conducted a corporate governance program for board members and CEOs.<sup>44</sup> Arts Victoria also provides support to a suite of industry service organisations who play a leadership role in developing and maintaining the viability of their respective industry sector.

**(i) Alignment of grant funding with Arts 21 outcomes**

The Auditor-General reported that a large number of arts organisations are dependent on the funding received from Arts Victoria to continue their operations, which may lead such organisations to regard continuing funding more as a subsidy than as a means of delivering the outcomes of Arts 21. The Auditor-General found that this situation was contrary to the government’s guidelines which require a more output based focus.

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<sup>44</sup> KPMG, *Adding value to arts organisations with a corporate governance training program*

The department responded that identification of which organisations are best placed to deliver the government's objectives is a continuing requirement which is addressed through the performance evaluation and assessment process, and industry sector review forums.

*The Committee asked for further information on how Arts Victoria has ensured that funds are only made available to organisations that are focused on achieving the outcomes of Arts 21.*

As part of the application process, organisations must demonstrate which Arts 21 strategies are being addressed in the delivery of their programs. This is then assessed and evaluated as part of the acquittal process.

**Committee comments:**

The Committee considers that the approach taken by Arts Victoria is reasonable and must be supported by effective monitoring and reporting processes throughout the life of the funding agreement.

**(j) Grants database**

The report commented that the grants database was not functioning as an effective management tool. It was acknowledged that Arts Victoria intended to replace its existing database software. The response in the Minister for Finance's report referred to a Grants Management Database system consultancy which would examine and re-engineer processes relating to records management.

The Committee requested a response to the following questions:

- *Has the consultancy been completed?*

*What action has been taken as a result of the consultancy?*

*How have the concerns of the Auditor-General been addressed?*

The Committee was advised that the consultancy was completed in 1996 and led to the implementation of a new grants management database (ARGO) which has addressed the concerns of the Auditor-General. ARGO is used to register all

grant applications, report on grant assessments and ministerial approvals, maintain statistical data, and record grant payments and acquittals.

A post-implementation review of ARGO is currently being undertaken. The review seeks to:

- assess whether the current arrangements in ARGO are the most appropriate based on user needs and requirements;
- examine whether ARGO is utilised to its full potential based on original specifications and identify possible update requirements; and
- identify any major issues resulting from the review which need to be addressed by Arts Victoria.

**Committee comments:**

The Committee notes the introduction of the new information system. It intends to follow up its effectiveness at a later date.

## CHAPTER 5 SUGGESTED IMPROVEMENTS TO FACILITATE REPORT RESPONSES AND FOLLOW UP

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The Committee believes that there is room to improve the system of responses to the Auditor-General's Reports. An analysis of responses suggests that the Minister for Finance's response only addresses recommendations made in the Summary of Major Audit Findings within each report. As a result, responses are not made to other recommendations or suggested actions made in the body of the report, which are not included in the summary.

The Committee notes that within the body of each of the special reports examined there are numerous significant matters where the Auditor-General identifies or suggests further action could be taken by agencies. It believes that these issues, too, should be addressed.

The Committee believes that the Auditor-General could assist in improving the extent of the responses provided by the Minister and agencies by:

- ensuring that recommendations are clearly identified in the body of each report; and
- including in the Executive Summary at the front of the report all recommendations which require a response.

The Committee recommends that:

**Recommendation 5.1:**

**The Auditor-General revise the format of his reports to Parliament to ensure that recommendations are clearly identified in the body of each report and that recommendations for which responses are required are included in the Executive Summary.**

## **The quality of responses provided by agencies**

The Committee believes that in order to ensure maximum value is achieved from the audit process and that Parliament's accountability requirements are met, there is a need for agencies to ensure that responses are properly focused, concise and limited to the facts necessary to address the issues under consideration.

Accordingly the Committee recommends that:

**Recommendation 5.2:**

**The Minister for Finance develop and distribute guidelines for responding to audit reports that require responses to focus on the issues raised.**

## **MINORITY REPORT ON REPORT NO. 39**

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### **Minority Report by Opposition Members**

Mr R J Hulls, MP

Mr P J Loney, MP

Mr B A Mildenhall, MP

Hon T C Theophanous, MLC



The Opposition Members of the Public Accounts and Estimates Committee believe that public funds should not be used for party-political advertising.

The Opposition Members support the adoption of guidelines based on the model proposed by the Australian National Audit Office, a copy of which is attached.

The Opposition Members are of the opinion that the Auditor-General should be given a role in determining whether publicly-funded advertisements or promotional activities are party-political in nature.

**Hon. T. Theophanous**

**Mr R. Hulls, MP**

**Mr P. Loney, MP**

**Mr B. Mildenhall, MP**

## ATTACHMENT

### **Suggested Principles and Guidelines for the Use of Government Advertising<sup>1</sup>**

The following principles and guidelines are derived from guidelines adopted in New Zealand and the United Kingdom and suggested as a result of reviews of government advertising in Victoria, New South Wales, Queensland, Western Australia and British Columbia:

#### **Underlying Principles**

The fundamental principles governing the use of public funds for government information programs are that:

- all members of the public have equal rights to access comprehensive information about government policies, programs and services which affect their entitlements, rights and obligations, except where access to this information would represent a breach of government responsibilities; and
- governments may legitimately use public funds for information programs or education campaigns to explain government policies, programs or services and to inform members of the public of their obligations, rights and entitlements;

#### **Guidelines**

##### ***1. Material Should Be Relevant To Government Responsibilities***

In developing material to be communicated to the public it is suggested that:

- the subject matter should be directly related to the Government's responsibilities;
- an information strategy should be considered as a routine and integral part of policy development and program planning; and
- no campaign should be contemplated without an identified information need by identified recipients based on appropriate market research.

Examples of suitable uses for government advertising include to:

- inform the public of new, existing or proposed government policies, or policy revisions;

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<sup>1</sup> Draft principles and guidelines developed by the Australian National Audit Office and published in Audit Report No. 12 1998-99, "Taxation Reform: Community Education and Information Programme", pp. 57-60.

- provide information on government programs or services or revisions to programs or services to which the public are entitled;
- disseminate scientific, medical or health and safety information; or
- provide information on the performance of government to facilitate accountability to the public.

**2. *Material Should Be Presented In An Objective And Fair Manner***

The following guidelines are suggested to assist in determining whether the material communicated is presented in an explanatory, fair and objective manner:

- information campaigns should be directed at the provision of objective, factual and explanatory information. Information should be presented in an unbiased and equitable manner;
- information should be based on accurate, verifiable facts, carefully and precisely expressed in conformity with those facts. No claim or statement should be made which cannot be substantiated;
- the recipient of the information should always be able to distinguish clearly and easily between facts on the one hand, and comment, opinion and analysis on the other; and
- when making a comparison, the material should not mislead the recipient about the situation with which the comparison is made and it should state explicitly the basis for the comparison.

**3. *Material Should Not Be Liable To Misrepresentation As Party-Political***

- information campaigns should not intentionally promote, or be perceived as promoting, party-political interests. Communication may be perceived as being party-political because of any one of a number of factors, including:
  - what was communicated;
  - who communicated it;
  - why it was communicated;
  - what it was meant to do;
  - how, when and where it was communicated;
  - the environment in which it was communicated; or
  - the effect it had.
- material should be presented in unbiased and objective language, and in a manner free from partisan promotion of government policy and political argument;
- material should not directly attack or scorn the views, policies or actions of others such as the policies and opinions of opposition parties or groups;
- information should avoid party-political slogans or images. This may involve restrictions on the use of ministerial photographs in government publications.

**4. *Distribution Of Sensitive Material Should Be Controlled***

- distribution of sensitive, unsolicited material should be carefully controlled. As a general rule, publicity touching on politically controversial issues should not reach members of the public unsolicited except where the information clearly and directly affects their interests. Generally, they may only be issued in response to individual requests, enclosed with replies to related correspondence or sent to organisations or individuals with a known interest in the area;
- care should be taken to ensure that government advertising material is not used or reproduced by members of political parties in support of party-political activities without appropriate approval;
- all advertising material and the manner of presentation should comply with relevant law, including broadcasting, media and electoral law;

- material should be produced and distributed in an economic and relevant manner, with due regard to accountability;
- no information campaign should be undertaken without a justifiable cost/benefit analysis. The cost of the chosen scale and methods of communicating information must be justifiable in terms of achieving the identified objective(s) for the least practicable expense. Objectives which have little prospect of being achieved, or which are likely to be achieved only at disproportionate cost, should not be pursued without good reasons;
- care should be taken to ensure that media placement of government advertising is determined on a needs basis and targeted accordingly and without favour; and
- existing purchasing/procurement policies and procedures for the tendering and commissioning of services and the employment of consultants should be followed.



## **MINORITY REPORT ON REPORT NO. 40**

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### **Minority Report by Opposition Members**

Mr R J Hulls, MP

Mr P J Loney, MP

Mr B A Mildenhall, MP

Hon T C Theophanous, MLC

The Opposition Members of the Public Accounts and Estimates Committee have long been concerned about the principles underpinning the disbursement of moneys from the Community Support Fund. The Opposition has previously raised this matter in debates in the Parliament. The Members of the Opposition believe that a Board of community trustees should be established to determine and advise the Minister for Gaming on the priorities and level of expenditure from the Community Support Fund for the following areas:

- the Research and Development Fund for research into the social and economic effects of gambling;
- programs for the prevention of compulsive gambling or for the treatment or rehabilitation of persons who are compulsive gamblers;
- programs for the treatment or rehabilitation of persons who are addicted to or abuse drugs;
- educational programs relating to drug addiction or drug abuse;
- programs for financial counselling services or support or assistance for families in crisis;
- programs for the benefit of youth;
- research or pilot programs relating to community advancement programs;
- programs for the benefit of sport or recreation;
- programs for the promotion or benefit of the arts;
- programs establishing or developing tourist destinations or facilities or services or for the purposes of promotion of tourism; and
- other programs as indicated by the Board.

The composition of the Board should include up to nine voluntary representatives from a broad cross section of the community, selected after nominations have been called for by way of advertisement.

The Minister should be required to distribute the money in the Fund to projects on the basis of the Board's advice and determination of priority.

The Opposition Members believe that guidelines for potential applicants to the Fund similar to those developed for applicants to the New South Wales Casino Community Benefit Fund, should be developed to provide advice to potential applicants on matters such as how to make an application, criteria for funding and the reporting requirements.

**Hon. T. Theophanous**

**Mr R. Hulls, MP**

**Mr P. Loney, MP**

**Mr B. Mildenhall, MP**