Communications Branch
Your Strategic Partner

Auditor General's 2017 Annual Report

Cabinet Office Briefing on Chapter 5, Government Advertising

November 22, 2017

Overview

- The Auditor General's Annual Report, Chapter 5, reflects opinions that have been expressed in previous reports, including the Auditor General's 2016 annual report. In this year's report, the Auditor reported three violations and one contravention under the Act.
- The Auditor continued to echo her criticisms in previous reports of the 2015 amendments to the GAA. In the 2017 report, she presents more examples of advertising she believes would have been prohibited under the previous version of the Act, including advertisements on the Fair Hydro Plan, budget ads targeting opposition ridings, child care spaces, OSAP, Climate Change, and infrastructure and health care spending.
- The Auditor raised concerns about limitations in the Act regarding printed material sent in addressed mail (i.e. electricity bill insert), as well as the alleged digital advertising exceptions in regulations made pursuant to the 2015 amendments. Specifically, exempting social media websites and ads displayed on a website by search-marketing services such as Google AdWords from review.
- Again, the Auditor raised concerns regarding election advertising and the increase in spending on government advertising.

Environmental Scan

- From February 2016 to November 2017, there were more than 70 media clips on government advertising. The dominant theme was government's use of partisan ads, and its refusal to take the Auditor General's advice.

- The primary focus over the last six months has been the ongoing PC and NDP criticism about partisan hydro ads. "Wynne Liberals spending $5.5 million in public money advertising hydro price cuts" (CBC.ca, September 25, 2017).

- Opposition members refer to documents that show $1.5 million was approved for an advertising agency to produce the campaign to promote the Fair Hydro Plan, plus $4 million to buy air time. NDP Leader Horwath is quoted, "The number is eye-popping. This advertising campaign is expensive. It was clearly thought up to help the Premier and her Liberal Party bounce back in the polls."

Environmental Scan

- A Hansard scan from February 2016 to November 2017 shows government advertising was brought up for discussion on 23 days.
- The discussion revolved around partisan ads, with the opposition regularly focusing on the Auditor General's opinion that government ads are largely "self-congratulatory" and that government continues to challenge and ignore advice of the Auditor General.
- Specific ads mentioned include climate change with David Suzuki, the Ontario Retirement Pension Plan and the Ontario Fair Hydro Plan.
- On September 25, 2017 NDP Leader Horwath said the amount of money the "Liberal government is spending to advertise their $40-billion hydro borrowing scheme… is eye-popping." This quote was used later that day in a CBC report.
- On several occasions the Premier was asked if she will do the right thing and restore the Auditor General's oversight of government advertising.

Issues Management Strategy

Issue	Strategy	Key Messages
Perception that government advertising is partisan.	Reactive. Confirm that the government will continue to follow advertising legislation.	Ontario is the first and only jurisdiction in Canada to have legislation that bans government-paid partisan advertising in newspapers, magazines, billboards, radio, and television.
Perception that the government has undermined the Auditor's authority to determine if advertising is partisan.	Reactive. Confirm that the government will continue to follow advertising legislation.	Under the Government Advertising Act, the Office of the Auditor General has oversight of government advertising to ensure that an independent third party confirms that the standards of the Act have been met. The Auditor General: • Reviews and approves government advertisements before they can be used; • Reports annually on government advertising, including any contraventions of the Act; and, • Reports annually on government advertising expenditures.

Issues Management Strategy

Issue	Strategy	Key Messages
Potential for adverse reaction to ads during the election campaign.	Reactive. Confirm that the government will continue to follow advertising legislation.	Existing restrictions on government advertising in the Government Advertising Act have been extended to cover a period of 60 days prior to the drop of the writ for a scheduled general election. In 2018, the restricted period is expected to start March 10 and end June 7.
Perception that the government has restrained election advertising spending for everyone, except itself.	Reactive. Confirm that the government will continue to follow advertising legislation.	Existing restrictions on government advertising in the Government Advertising Act have been extended to cover a period of 60 days prior to the drop of the writ for a scheduled general election. In 2018, the restricted period is expected to start March 10 and end June 7.
Three violations and one contravention of the Government Advertising Act.	Reactive. Confirm that the government will continue to follow advertising legislation.	The Office of the Auditor General found that all advertising submitted to their Office in the 2016-17 fiscal year complied with the Act, with the exception of three submissions. For questions about specific campaigns, you may wish to speak to the Ministry responsible.

Issues Management Strategy

Issue	Strategy	Key Messages
Perception that specific advertising campaigns are too expensive.	Reactive. Confirm that the government will continue to follow advertising legislation.	The Treasury Board Secretariat is *not* responsible for individual line ministry advertising campaigns, and does not determine how much funding is allocated to any campaign.
The government is spending the most on advertising since 2006-07.	Reactive. Confirm that the government will continue to follow advertising legislation and raise awareness of important policy changes.	At the Treasury Board Secretariat, we can only speak to increases in the Bulk Media Buy fund. The Bulk Media Buy Fund has increased by $6 million in this year's Estimates. This increase is attributed to anticipated increases associated with advertising and media costs in three key areas: commercialization of digital platforms, expanded translations and accessibility.

Response to Recommendations

- The Auditor General did not make specific recommendations in this chapter.

Anticipated Questions

1. The Auditor General is quoted on several occasions saying that she "would not have approved that ad" if she still had oversight of government advertising. Is government essentially squeezing out the role of the AG?

- Under the Government Advertising Act, the Office of the Auditor General has oversight of government advertising to ensure that an independent third party confirms the standards of the Act have been met.
- Further, amendments to the legislation expanded the Auditor General's mandate to include additional media, giving the office oversight of digital advertising, as well as transit ads and movie theatre ads.
- The Treasury Board Secretariat remains committed to assisting the Office of the Auditor General in providing its independent views to the Legislative Assembly.

2. The Auditor General says government advertising spending has increased sharply to $58 million this year – the highest it's been since 2006-07. Why?

- There are a number of reasons for the increase in advertising and media costs over the last 10 years. The advertising landscape has changed significantly with commercialized digital platforms; advertising translations have expanded into French, Indigenous languages and many others; and with every ad, the government ensures compliance with the Accessibility for Ontarians with Disabilities Act.
- Our government continues to communicate useful, factual information to the public. For example, in 2017, almost $20 million alone was spent on advertising addressing important public health issues such as flu shots and smoking cessation. In addition, the budget for tourism, culture and sport was increased to promote Ontario 150, an important cultural celebration. The government also increased spending on ads about climate change to change social behavior for the public good. And the Ministry of Transportation increased its ad spend to launch an award-winning campaign targeted to youth about the dangers of distracted driving.

Anticipated Questions

3. As the ministry with oversight over government financials how can you justify the increased expenditure on government advertising?

- It is worth clarifying that TBS, as a ministry, does not undertake any advertising campaigns.
- TBS administers the Bulk Media Buy Fund and processes transactions in accordance with the Financial Administration Act.
- The Treasury Board Secretariat is *not* responsible for individual line ministry advertising campaigns, and does not determine how much funding is allocated to any campaign.
- TBS sets processes to guide ministries in how to account for and determine their spending. However, the actual expenditure that occurs remains the responsibility of the ministries that come to Treasury Board and Management Board of Cabinet for approval.

4. The AG has suggested that social media and ads on search-marketing services such as Google AdWords are a "loophole" to advertising, and she would like to see it ended. Will you follow her suggestion?

- Under the amended legislation, digital advertising is now subject to review by the Auditor General.
- The regulation defines the scope of digital as a paid advertisement consisting of video, text or images, or any combination of these that is displayed on a website with certain exceptions.
- To be relevant, social media and ads on search marketing services often need to be responsive and timely to get into the market quickly. This is why these types of digital advertising are currently out of scope for review. When developing these forms of advertising, the government always follows the spirit of the Act.

Anticipated Questions

5. With the amendments made to the Election Finances Act, the government's restrained election advertising for everyone, except for yourselves. How can you justify this?

- The Government Advertising Act requires that all government advertising be non-partisan as defined in the Act.
- The legislation extends the time period during which government advertising would be restricted in advance of a scheduled election campaign, with limited exceptions.
- Existing restrictions on government advertising in the Government Advertising Act have been extended to cover a period of 60 days prior to the drop of the writ for a scheduled general election. In 2018, the restricted period is expected to start March 10 and end June 7.

Additional Considerations

- Other chapters regarding TBS in the Auditor General's 2017 Annual Report include:
  - Public Accounts
  - Agency Annual Reports (Quality)
- Follow-up reports pertaining to TBS include:
  - Agency Annual Reports (Timing)
  - Infrastructure Planning
  - Contaminated Sites

Communications Products

- Key Messages
- Issues Notes
  - Government Advertising Act
  - Bulk Media Buy
  - Fair Hydro Plan – Global Adjustment
- Media Q&As