



**Communications Branch
Corporate Services Division
Cabinet Office Marketing**

Standing Committee on Estimates

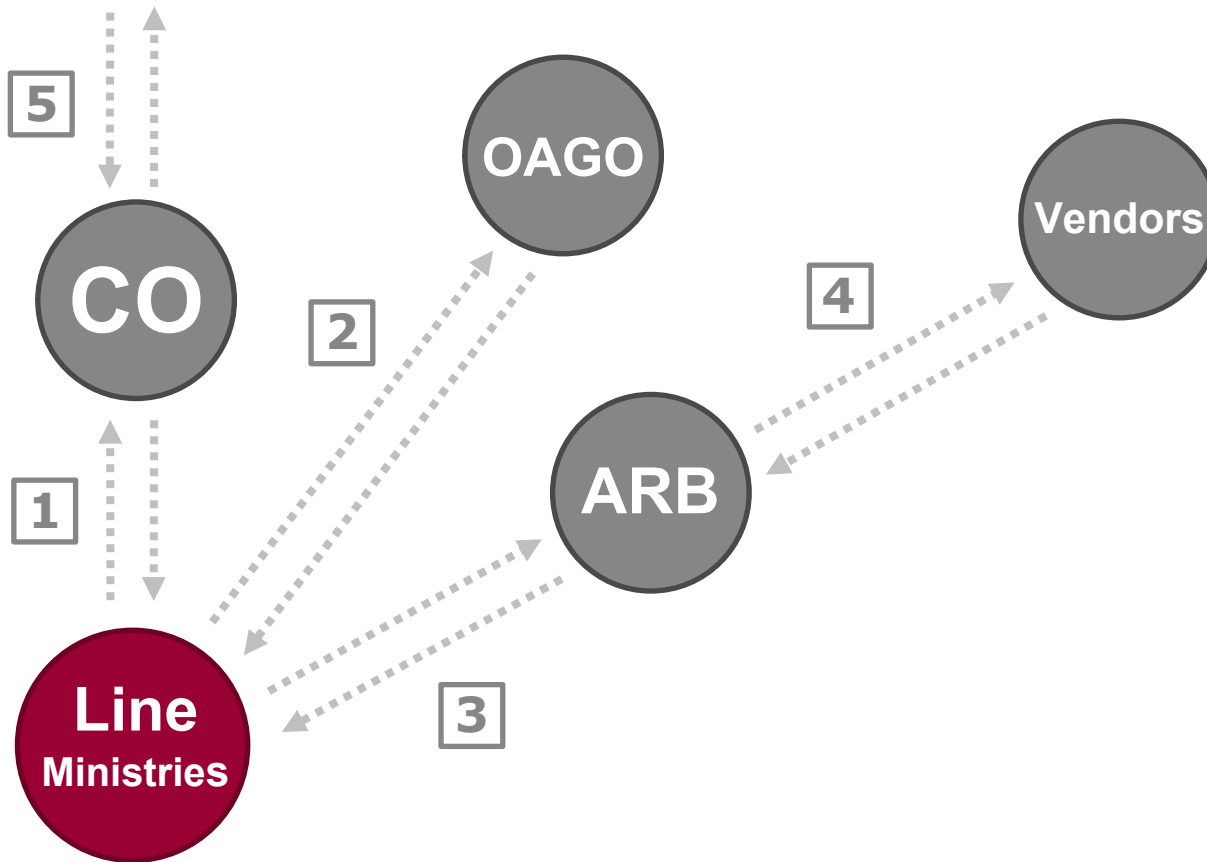
**Minister's Briefing on
Government Advertising & Bulk Media Buy**

**September 19, 2017
3:15 - 4:15 p.m.**

For Internal Use Only

Key Players

TBS (policies and purse strings)



GAA: Overview



- TBS is responsible for the Government Advertising Act and Advertising Content Directive.
- GAA came into full effect on January 30, 2006. Requires Auditor General to screen government advertising to help ensure it is free of partisan content.
- 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.
- GAA applies to a “government office” which the act defines as a ministry, Cabinet Office and the Office of the Premier.
- Cabinet Office works with line ministries to provide support and guidance on the review process; line ministries work directly with OAGO on submissions.

GAA: Amendments



- Government made amendments to GAA as part of the 2015 Budget Bill, which were proclaimed on June 16, 2015.
- Changes include:
 - Adding digital advertising to the AG's scope of review. The current and former AG have requested the ability to review digital advertising since 2010, and the amendments mean the OAGO now has that ability.
 - Clearly stating what can be advertised publicly by the government, such as fiscal policies and policy rationales or objectives.
 - Clarifying rules around government advertising during general elections.
 - Requiring the government to submit a preliminary version of the ad to the AG for review, in addition to the final review process.
 - Objectively defining what partisan means in relation to government advertising by setting out clear, legislated criteria.*

**See Appendix A for side-by-side comparison*

GAA: Amendments (con't)



- GAA defines an ad as partisan if it:
 - Includes the name, voice or image of a member of the Executive Council or the Legislative Assembly, unless the primary audience is outside of Ontario (the use of a member's title would be permitted e.g., Premier's Awards)
 - Includes the name or logo of a recognized party
 - Directly identifies and criticizes a recognized party or a member of the Assembly
 - Includes, to a significant degree, a colour associated with the governing party, unless the item depicted in the ad commonly appears in that colour
- New regulation made under GAA (O. Reg. 143/15):
 - Exempts all ads from preliminary review, except for ads produced for TV or cinema and householder ads (exempted advertisements are still subject to final review)
 - Prescribe forms of digital advertising that are within AG's scope of review
 - Prescribe timelines associated with preliminary reviews and final reviews
- In 2016 GAA was further amended as part of Election Finances Statute Law Amendment Act to extend restrictions on government advertising to 60 days prior to the drop of the writ for a scheduled general election.

Bulk Media Buy: Overview



- BMB funding is administered by TBS.
- Funds are allocated to ministries to support costs associated with integrated marketing campaigns including research, agency fees, creative development, production and coordinated purchase of paid media.
- Centralized management of BMB helps to ensure value for money and efficiencies.
- TBS holds the approved funding for Bulk Media advertising (in the Expenditure Estimates), works with ministries to recover amounts and report on the fund as appropriate.
 - The associated expenses for each ministry-sponsored advertising campaign are reported in the respective advertising ministry's accounts

Bulk Media Buy: Process



- BMB funds are allocated each fiscal year to support marketing priorities as identified by ministries.
- Cabinet Office Communications is responsible for the overall coordination of the Bulk Media fund, working with ministries to ensure long-term, coordinated marketing budget planning.
- Centralization of marketing dollars is in keeping with best practice marketing management. Central coordination of the BMB and planning through Cabinet Office Communications ensures government marketing campaigns are:
 - Coordinated to reduce overlap in market
 - Aligned with industry advertising standards
 - Supported by the necessary marketing expertise and resources (most ministries do not have dedicated marketing staff)
 - Compliant with government requirements (e.g. GAA standards, French language requirements, AODA).
- Centralized management of the BMB drives value for money and efficiencies by allowing cost savings to be applied if needed to support other ministry marketing initiatives.

Bulk Media Buy: Budget



- Bulk Media Buy fund totals \$56.7 million in 2017-18.
 - To-date, there are no transactions (Treasury Board Orders) offset from the Fund.
 - Not all government advertising expenditures are offset from the fund.
 - E.g. Agriculture and Food, Natural Resources and Forestry and Tourism, Culture and Sport retain planned advertising spending within their respective vote/item structures for the fiscal year (Printed Estimates).
 - These expenditures are reported in the respective ministries' public accounts.
 - These marketing programs are revenue generating and supported by dedicated marketing staff resources.
- In 2017-18, the fund increased by \$31.7 million due to the consolidation of funding from line ministries – \$21.7 million – and an increase in base funding of \$10 million.
- The \$10 million increase is attributed to increased media and production costs, including the commercialization of digital platforms, digital technical costs, expanded French and multicultural media and translation, and enhanced AODA compliance.
- As of July 2017, more than 40 campaigns in 14 ministries have been identified for funding through the Bulk Media Buy fund, including public education on climate change, promotion of OSAP, and public health campaigns.
 - *See Appendix B for historical budget expenditures*

Bulk Media Buy: Transactions



- Ministries prepare a request to Treasury Board to transfer required allocation from Bulk Media Buy to their ministry, to offset the expense including:
 - A business case which:
 - Demonstrates current appropriations are insufficient
 - Provides detailed account of current appropriations, planned spending, discretionary and non-discretionary funding (e.g., encumbrances), etc.
 - Confirms funding recovered from the BMB is for media spending and will not be reallocated within the ministry
 - Delegated to Chair of TB/MBC Treasury Board Order Request signed by the respective Minister and Deputy Minister
 - Application and Report to Treasury Board/Management Board of Cabinet (i.e. TB/MBC 20 form)
 - A summary and copy of all related invoices
- After consultation with Cabinet Office, TBS Business Planning and Financial Management Branch makes recommendation to CAO and ADM, Corporate Services
- If approved, originals and official copies of documents are submitted to Office of Treasury Board for consideration by Treasury Board/Management Board of Cabinet

Line Ministry vs. Corporate Role



- Line ministry role:
 - TBS is responsible for adhering to government's legislative framework, directives, policies and processes pertaining to advertising
 - No TBS advertising spending to report in 2017-18
- Corporate role:
 - Overall policy responsibility for GAA and Advertising Content Directive
 - Administer Bulk Media Buy fund and process transactions in accordance with *Financial Administration Act*
- **Note:** TBS is *not* responsible for individual line ministry ad campaigns and does not determine how much funding is allocated to any campaign

Key Considerations



- PC Leader signalled an upcoming focus on government advertising in pre-sessional press conference (Sept. 11, 2017)
- TBS Estimates Briefing Book entry (pg. 117) states:
 - “TBS works with ministries to support their marketing expenditures and their finance branches to ensure integrity in the public reporting and proper accounting of advertising expenditures.”
 - Committee members may argue TBS has ultimate oversight and accountability of all ad spending across government
- In 2017-18, the fund increased by \$31.7 million due to the consolidation of funding from line ministries – \$21.7 million* – and an increase in base funding of \$10 million. Media and opposition have raised this.

**See Appendix C for breakdown of Bulk Fund increases*

Key Messages



Government Advertising Act:

- 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.
- We passed this historic legislation in 2004 because we are against the government using taxpayer dollars for partisan advertising.
- 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.
- Ontario needs government advertising that is appropriate, reasonable and effective because the public has a right to know how public money is being spent, and why the government is bringing forward important policy changes, and what programs and services are available to them – like children's vaccines, tax changes and transit programs.
- Our government continues to communicate useful, factual information to the public while maintaining Ontario's status as a national and international leader in government advertising oversight.

Bulk Media Buy Fund:

- The Bulk Media Buy program ensures value for money and efficiencies by supporting the coordinated purchase of media air time and production costs to pay for government advertising.

Key Issues



- Partisanship: GAA amendments, perceived weakening of AG role, AG criticism
- Campaign-specific criticism: Climate Change Action Plan, Fair Hydro Plan, ORPP
- \$10M increase in base funding
- Different reporting of gov't advertising spend – AG annual report vs. Advertising Review Board vs. TBS BMB:
 1. ARB:
 - Tracks spending by provincial ministries as reported by the contracted government media Agency of Record
 - In 2015-16 ARB reported total spending of **\$42.9M**
 - » **Does not include** creative services and production costs
 - » **Does include** paid search and social media
 2. AG:
 - In 2015-16 AG's annual report cited **\$43.7M**
 - » **Does include** creative services and production costs
 - » **Does not include** paid search and social media
 - AG figures based on “reviewable” advertisements (i.e. ads reviewed and approved by AG, such as traditional television media). Social media and paid search are not included in this because they are not reviewed by the AG
 3. TBS BMB:
 - In 2015-16 Bulk Media Buy fund cited total spending of **\$29.1M**
 - » **Does include** creative services and production costs, paid search and social media

Top Questions & Answers



- **Why did you double the amount you're spending on ads?**
 - We didn't. The fund itself has only increased by \$10 million.
 - Two-thirds of the total amount – or \$21.7 million – is the result of existing funding being consolidated from individual ministry budgets into TBS's Bulk Media Buy Fund.
 - The base funding was adjusted because of increases associated with advertising and media costs.
- **Why are you spending taxpayer dollars on partisan ads? Aren't you campaigning on the public dime?**
 - We have clarified what is meant by the term partisan by setting out clear, objective, legislated criteria.
 - Our government continues to communicate useful, factual information to the public while maintaining Ontario's status as a national and international leader in government advertising oversight.
 - Further questions should be directed to the ministry responsible for the advertisement.
- **Why did you change the GAA?**
 - As part of the 2015 Budget, we modernized the *Government Advertising Act*, which was passed more than 10 years ago.
 - Over the last decade, the media landscape has undergone significant changes, especially with the rise of digital advertising. Our amendments reflect these changes.
- **Will you restore the AG's previous oversight powers?**
 - 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.
 - The Office of the Auditor General still has oversight of government advertising to ensure that an independent third party confirms that the standards of the Act have been met.

Top Questions & Answers (con't)



- **Why did you centralize the Bulk Media Buy fund?**
 - Centralized management of marketing dollars is not unusual and aligns with best-practice marketing process in complex, multi-product and program organizations.
 - The centralized fund ensures value for money through coordinated purchase of paid media, and the appropriate allocation of dollars based on ministry marketing objectives.

- **Are you planning to centralize more marketing funds?**
 - There are no plans at this time to centralize more funds.

- **Why don't ministries manage and control their own marketing budget?**
 - As part of the planning process, ministries submit their marketing priorities and objectives to Cabinet Office so the central BMB can be allocated appropriately to support all government advertising needs.
 - Not all ministries have a marketing budget, nor do they have marketing campaigns year over year. The central fund ensures the government can support marketing priorities each fiscal year and allows dollars to be shifted, if necessary, when costs savings are achieved.
 - Not all ministries have dedicated marketing resources. Centralized planning also includes the assignment of experienced marketing staff from Cabinet Office or another ministry.

Appendix A: Side-by side comparison



Category	Amended Legislation	Original Legislation
Definition of partisan	An ad will be rejected as partisan if: ○ It includes the name, voice or image of a Minister or member of the Assembly, unless the primary target is outside of Ontario (although an ad is not partisan merely because it uses a member's title, e.g. the Premier's Awards); or ○ It includes the name or logo of a recognized party; or ○ It directly identifies and criticizes a recognized party or a member of the Assembly; or ○ It includes, to a significant degree, a colour associated with the governing party, unless the item commonly appears in that colour.	An ad is partisan if, in the opinion of the Auditor, a primary objective of the item is to promote the partisan political interest of the governing party. The Auditor General shall consider such factors as may be prescribed (i.e. set out in regulation [note that no factors were ever set out in regulation]), and may consider such additional factors as he or she considers appropriate, in deciding whether a primary objective of an item is to promote the partisan political interests of the governing party.

Appendix B: Historical Bulk Fund Expenditures



Bulk Media Buy Fund (\$M)			
Fiscal Year	Printed Estimates and In-year Increases	Expenditures	Variance - Savings
2012-13	25,000,000	(19,921,600)	5,078,400
2013-14	25,000,000	(19,284,700)	5,715,300
2014-15	25,000,000	(23,697,000)	1,303,000
2015-16	32,958,100	(29,083,325)	3,874,775
2016-17	50,465,000	(45,981,000)	4,484,000
2017-18	56,681,500		

Note: underspending is returned to the Consolidated Revenue Fund

Appendix C: Bulk Fund Increases



1. Year-over-year increases:

2. Funding Consolidation:

- From 2016-17, the fund increased by \$31.7M due to the consolidation of funding from ministries - \$21.7M and an increase in base funding - \$10.0M

Note: funding consolidation in 2016-17 was minuted as one-time and in 2017-18 - ongoing