

President  
of the Treasury Board



Président  
du Conseil du Trésor

Ottawa, Canada K1A 0R5

July 6, 2021

Kelly Block, M.P.  
Chair  
Standing Committee on Public Accounts  
House of Commons  
Ottawa, Ontario K1A 0A6

Dear Ms. Block:

Pursuant to Standing Order 109 of the House of Commons, please accept this as the Government Response to the Sixteenth Report of the Standing Committee on Public Accounts (PACP) entitled: *Oversight of Government of Canada Advertising*.

On behalf of myself and my colleague – the Minister of Public Services and Procurement - I would like to thank you and the members of the Standing Committee for your consideration of the issue of non-partisanship in Government of Canada advertising. We welcome the opportunity to outline how recommendations from both the 2019 Spring Report of the Auditor General of Canada and the Committee's Sixteenth Report have been addressed.

The management of government advertising is designed to ensure that advertising activities align with the government's priorities, comply with policies, Acts and procedures, are non-partisan, and meet the communications needs of Canadians. There are clear roles and responsibilities for key departments related to the planning, approval, evaluation and reporting of advertising. The Privy Council Office (PCO) sets broad government communications themes in accordance with government priorities. PCO also provides leadership, a challenge function, strategic direction, and coordination of communications, including the approval of central advertising allocations and the overall advertising plan. The Treasury Board of Canada Secretariat (TBS) advises departments on policy interpretation, monitors compliance, and advises on the allocation and management of funds for government advertising. Public Services and Procurement Canada (PSPC) provides advisory services and technical advice with respect to legislation and policy requirements and manages the Agency of Record contract. PSPC also provides training, maintains the Advertising Management Information System (AdMIS), awards contracts and produces annual reports on Government of Canada advertising activities. Departments are ultimately responsible for managing all aspects of their advertising activities including ensuring that initiatives that require parliamentary approval or trade deals that require ratification are not advertised until such approval has been received.

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When the Policy on Communications and Federal Identity was modernized in 2016, an external oversight mechanism was also established. This mechanism has been implemented through a formal agreement with Ad Standards, a national, independent, not-for-profit organization that is responsible for administering the Canadian Code of Advertising Standards.

The Office of the Auditor General conducted a performance audit of the advertising oversight mechanism. The resulting report released in May 2019 included five recommendations for TBS and one for PSPC.

The Government of Canada accepted and has taken action on all recommendations outlined in the 2019 Spring Reports of the Auditor General of Canada.

**Addressing recommendations from the Standing Committee on Public Accounts related to the oversight of Government of Canada advertising**

The government accepts the related recommendations of the Sixteenth Report of the Standing Committee on Public Accounts on *Oversight of Government of Canada Advertising* and has carefully considered the recommendations as it moves forward with improvements to the oversight of government advertising. These are addressed below, according to the recommended measures outlined in PACP's document.

**Recommendation 1 - That, by 31 July 2021, the Treasury Board of Canada Secretariat provide the House of Commons Standing Committee on Public Accounts with a report assessing the effectiveness of the new \$250,000 campaign threshold for triggering an external review at helping to ensure non-partisanship in Government of Canada advertising.**

The Auditor General, in the 2019 report, recommended a risk-based approach to identify which advertising campaigns have a higher risk for partisanship and should be reviewed externally. The report noted that the approach should consider factors such as timing, audience reach, subject matter, and cost.

As a foundational element of risk mitigation, all Government of Canada communications products and activities, including advertising, must comply with the *Policy on Communications and Federal Identity*.

Additional risk mitigation measures include putting steps in place to address advertising in the proximity of general federal elections. Under the 2016 *Policy on Communications and Federal Identity* and related *Directive on the Management of Communications*, federal advertising must cease running (e.g. stop appearing) by June 30 in a year in which there is a fixed-date general federal election. There are additional provisions for suspending advertising should a general federal election be called outside the prescribed period. Deputy heads have the authority to approve advertising during general federal elections that is required by statute or regulation for legal purposes; to inform the public of a danger to health, safety or the environment; to post an employment or staffing notice; or to undertake specific advertising that is deemed urgent. The criteria for non-partisan advertising also ensures that initiatives that require parliamentary approval or trade deals that require ratification cannot be advertised until such approvals have been received.

Further, TBS undertook an analysis of the threshold and considered data on government advertising spending; the number of campaigns that would have been reviewed based on various thresholds; whether campaigns linked to priorities would be captured by a \$250,000 threshold; and oversight in other jurisdictions including Australia, the United Kingdom, British Columbia and Ontario.

It was determined that a \$250,000 threshold would capture a minimum of 80% of advertising expenditures, and, in doing so, capture government priorities and campaigns with significant audience size, as well as greatest risk. On audience reach, campaigns with larger budgets typically have a larger audience reach, and, therefore, ad spend remains the most reliable indicator of risk on non-partisanship. TBS applied the new \$250,000 threshold against 2019-20 data to validate the approach and confirmed that it would have captured 83% of government advertising expenditures.

Data related to advertising expenditures for 2020-21 will be available once the Agency of Record is able to provide the government with a report outlining advertising expenditures when information has been collected and validated with media suppliers. Once all the costs have been accounted for, PSPC obtains a signed statement of completeness from each department. This information is posted publicly annually and is expected in late January or early February 2022.

As outlined on Canada.ca in the roles and responsibilities for the non-partisan review process for government advertising, TBS monitors the effectiveness of the oversight mechanism and related procedures and recommends adjustments as required. Part of this monitoring will include an annual review of the dollar-based threshold that triggers a mandatory review, with adjustments made as needed.

**Recommendation 2 - That, by 31 July 2021, the Treasury Board of Canada Secretariat provide the House of Commons Standing Committee on Public Accounts with a report outlining its progress with regard to ensuring that Ad Standards documents the rationale in its assessments of government advertising campaigns against all non-partisanship review criteria.**

In May 2019, TBS put in place a new Advertising Submission and Review Form, which allows Ads Standards to better document the rationale of its findings. The new form employs the six criteria from the policy definition of “non-partisan communications” into a detailed checklist that Ad Standards completes at both the initial and final review stage.

Following each initial and final review, the Ad Standards’ reviewing officer provides a date and signature as well as a written comment. In the case of advertising creative materials that do not meet all the review criteria, the reviewing officer provides a detailed description of the rationale for their determination. In addition, Heads of Communications are required to attest to the accuracy of the claims being made, and that policies, programs, services and initiatives noted in the ad have received all necessary approvals (i.e. through legislation, Royal Assent, or ratification, in the case of a trade agreement).

TBS publishes key information about each of Ad Standards’ findings on Canada.ca.

**Recommendation 3 - That, by 31 July 2021, Public Services and Procurement Canada provide the House of Commons Standing Committee on Public Accounts with a report outlining its progress regarding the configuration, implementation, and training related to AdMIS.**

PSPC, through the Advertising Services Directorate, implemented the new Advertising Management Information System (AdMIS) as planned, on April 1, 2021. All relevant documentation is now stored in the system, including a step uniquely associated to non-partisan reviews by Ad Standards. The step entails an automated workflow that sends tasks, information, and documents from one organization to another for action, according to a set of rules configured in the system. The process for non-partisan reviews by Ad Standards is fully centralized in the system and all the institutions involved have access, including PSPC, Government of Canada institutions, Ad Standards and TBS. They are required to complete all tasks in the system, which has been configured according to their role and responsibilities in the policy related to non-partisanship.

The non-partisan review form that federal institutions previously submitted to PSPC by email for Ad Standards reviews, is now configured in the system as an electronic form. The electronic form is directly linked to the advertising creative material being reviewed. Ad Standards can review and annotate advertising creative material and indicate its comments and decisions in the electronic form. A dashboard has been created outlining the results of the reviews, which can be used to report as needed. Complete information can also be downloaded for deeper analysis.

Training with institutions started in January 2021. Both Ad Standards and TBS have completed their training. Sixty percent of users in Government of Canada institutions have completed their training. Training with institutions will continue until at least September 2021.

**Recommendation 4 - That, by 31 July 2021, the Treasury Board of Canada Secretariat provide the House of Commons Standing Committee on Public Accounts with an assessment of A) its monitoring of reviews of government advertising campaigns; and B) whether Ad Standards is thoroughly and consistently applying all non-partisanship advertising review criteria in its reviews.**

TBS enhanced its internal monitoring process by establishing a methodology to assess Ad Standards' application of the non-partisan criteria. In 2019-20, a three-person panel of officials began assessing a random sample of Ad Standards' reviews each quarter. The process includes a randomly generated sample of 25% of final submission forms. Based on the findings of the panel to date, TBS has confirmed that reviews are completed within the established timeframe of two business days, and that Ad Standards is applying the criteria consistently in its determinations.

TBS annually reviews a statistically representative sample of Ad Standards' assessments together with the advertisements that were reviewed. TBS looks at how the criteria is applied and interpreted and whether there are significant errors or deviations. In a recent review of Q3 of 2020-21, 16 of the 62 forms were assessed (approximately 25%). Advertising creative materials related to each form were reviewed and it was confirmed that Ad Standards completed the initial and final reviews within the required two business day standard. The panel did note that on one occasion the criteria was not applied consistently, resulting in a slight discrepancy between the English and French text in a single ad. This was the first inconsistency identified as part of the annual review conducted by TBS and was raised with Ad Standards.

TBS meets with Ad Standards a minimum of four times each year to discuss the interpretation and application of the criteria and resulting determinations. TBS will continue to monitor Ad Standards and develop and share guidance as necessary.

**Recommendation 5 - That, by 31 July 2021, the Treasury Board of Canada Secretariat provide the House of Commons Standing Committee on Public Accounts with a report on the piloted public complaint process regarding partisanship in Government of Canada advertising.**

TBS agreed that by December 2019 it would look at options for establishing and assessing the feasibility of an independent review process to address any future complaints about partisanship in government advertising. TBS analyzed 27 federal institutions, all Canadian provincial and territorial governments and four international governments (Australia, New Zealand, the United Kingdom, and the United States). None of these jurisdictions had an independent mechanism in place for dealing with public complaints about partisanship in government advertising.

In April 2020, TBS put in place a pilot project to accept, review and report on public complaints about partisanship in Government of Canada advertising. The complaint mechanism is periodically promoted through official social media channels.

To date, and as referenced in PACP's report, TBS has yet to receive any complaints through the pilot about non-partisanship for Government of Canada advertising. Likewise, TBS is unaware of any public complaints alleging partisan advertising since the oversight mechanism was established in 2016. As of April 2021, no complaints have been received related to partisanship in Government of Canada advertising.

In closing, the Government of Canada accepts and has addressed all the recommendations outlined in the 2019 Spring Reports of the Auditor General of Canada as well as the Sixteenth Report of the Standing Committee on Public Accounts entitled *Oversight of Government of Canada Advertising*. The government is committed to ongoing monitoring of the processes and ensuring that there continues to be strong independent oversight of Government of Canada advertising, which has, to date, included a review of approximately 8,000 sets of creative materials from over 150 campaigns.

Once again, the government thanks the members of the Standing Committee for their review of the non-partisan oversight of Government of Canada advertising and for the opportunity to address the recommendations brought forth in these studies.

Yours sincerely,

A handwritten signature in black ink, appearing to read "Jean-Yves Duclos". The signature is fluid and cursive, with the first name "Jean" and last name "Duclos" clearly distinguishable.

The Honourable Jean-Yves Duclos, P.C., M.P.

cc: The Honourable Anita Anand, P.C., M.P.