



**Government
of South Australia**

Department of the Premier and Cabinet Circular

**DPC Circular 009 – THE MASTER MEDIA SCHEME FOR
GOVERNMENT ADVERTISING**

July 2006

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This circular is current as from June 2006

Summary

This Circular relates to Cabinet policy on the arrangements by which brand (campaign) and functional (non-campaign) advertising is to be managed across Government agencies and statutory authorities, and explains:

- In Part 1, the arrangements by which all Government agencies, unless specifically exempted, are required to undertake media strategy development and media planning for all brand advertising using the Government's master media agency only;
- In Part 2, the arrangements by which Government agencies and statutory authorities, unless specifically exempted, are required to place all brand and functional media bookings through the Government's master media agency only;
- In Part 3, Cabinet policy on the appointment, management and remuneration of advertising agencies for brand advertising.
- In Part 4, the benefits to Government from compliance with this Circular.

Background

Functional (non-campaign) Advertising

Functional (or non-campaign) advertising is of a statutory or public notice type. Typically this type of advertising has a low creative content and is for immediate and short-term appearance and seeks to impart specific information in a direct and unembellished manner.

Functional advertising includes recruitment, tenders and announcements and is generally text based with no, or minimal design elements, pictures or images. The majority of non-campaign advertising appears in press although the use of internet sites is growing rapidly.

Brand (campaign) Advertising

Brand (or campaign) advertising typically involves a high creative content, endeavours to change behaviour or attitudes of the general public and is of mid-long term appearance.

Brand advertising has been typified by the use of emotional imagery that seeks to position the brand and is usually of a higher quality.

Government agencies generally use the services of an advertising agency or graphic designer to produce campaign material. TV, Radio, outdoor and transit media are generally utilized for brand advertising, as are press and magazines.

Part 1. Media Strategy Development and Media Planning for Brand (campaign) Advertising

Cabinet has agreed that it shall be mandatory that all Government agencies and statutory authorities use only the Government's master media agency for media strategy development and media planning for all brand advertising, unless specifically exempted by the Premier's Communications Advisory Group.

In August 2004, the Cabinet Communications Committee resolved that:

1. A whole of Government policy be implemented to require all Government agencies to undertake media strategy development and media planning for all brand advertising;
2. This policy requires Government agencies to use the master media agency to undertake media strategy development and media planning and preclude the use of any other supplier for these services.
3. This policy would be in addition to the current policy of the master media agency conducting all media rate negotiations, media buying and placement, management and reporting;
4. The policy be based on the principles which are listed in Part 3 of this Circular;
5. The policy be implemented on 1 July 2005, or at the conclusion of current agency/advertising agency contracts, no extensions, whichever date is the later;
6. The policy provides for exclusion from the provisions of the policy to individual agencies;
7. Exclusion can only be approved by the Premier's Communications Advisory Group following a detailed submission by the agency concerned;
8. A submission for exclusion shall occur each time a contract is proposed for advertising services which excludes the master media agency from providing brand advertising media strategy and/or media planning;
9. Each agency seeking exclusion shall be required to give genuine consideration to using the master media agency for media strategy and planning as one of the options when tendering for advertising agency services;
10. Submissions for exclusion shall include a detailed and costed option proposal which is based on using the master media agency for brand advertising media strategy development and media planning;

11. Each agency that is exempted from the policy be required to advise the master media agency as soon as practicable in the brand advertising planning stages of the intention to undertake a campaign and keep the master media agency advised of campaign development in order to optimise cost effective media buying;
12. The South Australian Tourism Commission be exempted from the policy but subject to the provisions listed above;
13. The South Australian Motor Sport Board be exempted from the policy but subject to the provisions listed above;
14. The South Australian Lotteries Commission be exempted from the policy but subject to the provisions listed above;
15. Arts organisations, excluding Arts SA, be exempted from the policy;
16. This policy apply to all entities that use the Government's master media agency for brand advertising placement except those that are specifically exempted.

Part 2. Media Bookings for Brand (campaign) and Functional (non-campaign) Advertising

Cabinet has agreed that it will be mandatory for all media bookings for advertising from Government agencies and statutory authorities to be channeled through the Government's master media agency only.

1. The master media agency, in conjunction with the Department of the Premier and Cabinet, shall negotiate annual volume discount rates with the media for brand and functional advertising requirements and enter into contracts with the media on behalf of the South Australian Government.
2. Annual volume discount rates for each medium are based on the total Government expenditure for all advertising in that medium for the previous year and forecasted expenditure for the forthcoming year.
3. The master media agency shall also negotiate other value-added services with the print and electronic media.
4. No Government agency or statutory authority is permitted to place advertisements directly with any medium, with the exception of Government agencies in regional/rural South Australia, which may, from time to time, liaise directly with their local media to arrange the placement of their advertising material. However, booking confirmation and billing of any material placed directly with the local media must be arranged through the master media agency in each and every case.
5. The Contract Manager for the master media agency contract is Contract Services, Department for Administrative and Information Services.

6. The Contract Administrator for the master media agency contract is the Manager, Strategic Communications Unit, Department of the Premier and Cabinet.

Part 3. Appointment, Management and Remuneration of Advertising Agencies:

In April 2005, the Cabinet Communications Committee resolved that the appointment and management of advertising agencies for the purpose of brand (campaign) advertising should be based on the following principles:

1. Advertising agencies will be appointed to provide creative services;

Explanatory note: The term “creative services” includes all services which are required to effectively develop, produce and manage the “creative” side of campaign advertising. These can include services as essentially required such as strategic analysis, market analysis, consumer insight and communication testing, and specifically includes campaign development, agency pre-production, management of external production houses and account management.

2. Creative advertising agencies will be remunerated on a fee-for-service basis only, and all remuneration, fees and commissions based on media billings will be discontinued. Production commissions will be retained by the creative agencies;

Explanatory note: Creative advertising agencies shall only charge fees on an agreed itemised fee structure for actual services provided. Service fees can be charged on production. No fees based on media billings will be charged nor media commissions retained by creative advertising agencies.

3. The master media agency will be required to provide media strategy and planning services across the Whole of Government, as well as rate negotiations, buying, placement, monitoring and billing services as per the current arrangement. Each creative advertising agency will be required to function cooperatively with an appointed media strategist/planner from the master media agency as a campaign strategy team member;

Explanatory note: “Whole of Government” excludes those agencies that have exemption from the policy (see Part 1, items 12, 13, 14 and 15). Note that the listing and/or delisting of exempt government agencies can occur during the master media contract period. Government agencies shall incorporate this requirement into all RFPs, tender proposals and contracts for the post 1 July 2005 periods.

4. The need for a unified team to develop campaign strategy is fully recognised. However the perceived need for all team members to reside within one advertising agency is rejected;
5. The primary focus of campaign control and management resides with the client, that is, the Government agencies, and not with the full-service advertising agencies;

6. Each Government agency will manage multiple service providers and require the providers to work jointly and cooperatively as a unified campaign strategy team when planning, developing and producing their particular campaign elements. (For example, a campaign brief should be delivered to the collective team rather than just the creative advertising agency, to work on a campaign strategy, leading to the creative and media elements.);

Explanatory note: The “collective team” should comprise the creative agency, the media agency and any other essential participants relevant to the campaign: for example, market researchers, direct marketers, etc. The Strategic Communications Unit of the Department of the Premier and Cabinet can provide guidance in the preparation and management of campaign development.

7. The master media agency will be required to have adequate in-house senior media strategists/planners to meet a Whole of Government need;
8. The master media agency will also be required to operate cooperatively with each creative advertising agency, and attend/call strategy meetings with relevant creative advertising agencies;
9. Policy implementation will coincide with transition to the new master media agency contract conditions, scheduled for the third quarter of 2005, or, for Government agencies with existing contracts with full-service advertising agencies, at the conclusion of the current contract, but with no extensions;

Part 4. Benefits to Government

The South Australian Government gains considerable benefit from having a master media agency arrangement to undertake media rate negotiation, media buying, booking and management services for all Government advertising programs.

The master media agency, as a centralised and single point for negotiation, and backed by the total aggregated Government advertising expenditure, is able to generate very favourable advertising rates from the media. This results in significant savings to Government in reducing overall expenditure by its agencies while meeting its communications obligations to the community.

The same negotiation strength allows the master media agency to gain significant added value for the Government, including better advertisement placement, added bonuses and extensive community service announcement advertising at no added cost.

Mandating centralised media strategy and planning services for brand advertising through the master media agency will bring further benefits to the Government. These benefits include improved advertising effectiveness, greater cost efficiency, greater transparency of operations, a capacity to better manage Government advertising from a Whole of Government perspective and greater strategic and operational control at agency level.

It must be recognised that the benefits to Government are dependent upon all relevant Government agencies and entities maintaining ongoing compliance with the mandated requirements and policy principles that are detailed in this Circular.

For further information contact:

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