

Australian Food and Grocery Council

SUBMISSION

FEBRUARY 2011

TO:
HOUSE STANDING COMMITTEE ON SOCIAL POLICY AND
LEGAL AFFAIRS

IN RESPONSE TO:
INQUIRY INTO THE REGULATION OF BILLBOARD AND
OUTDOOR ADVERTISING



PREFACE

The Australian Food and Grocery Council (AFGC) is the leading national organisation representing Australia's food, drink and grocery manufacturing industry.

The membership of AFGC comprises more than 150 companies, subsidiaries and associates which constitutes in the order of 80 per cent of the gross dollar value of the processed food, beverage and grocery products sectors.

With an annual turnover of \$100 billion, Australia's food and grocery manufacturing industry makes a substantial contribution to the Australian economy and is vital to the nation's future prosperity.

Manufacturing of food, beverages and groceries in the fast moving consumer goods sector¹ is Australia's largest and most important manufacturing industry. Representing 28 per cent of total manufacturing turnover, the sector is comparable in size to the Australian mining sector and is more than four times larger than the automotive sector.

The growing and sustainable industry is made up of 38,000 businesses and accounts for \$49 billion of the nation's international trade. The industry's total sales and service income in 2007-08 was \$100 billion and value added increased to nearly \$27 billion². The industry spends about \$3.8 billion a year on capital investment and over \$500 million a year on research and development.

The food and grocery manufacturing sector employs more than 315,000 representing about 3 per cent of all employed people in Australia paying around \$14 billion a year in salaries and wages.

Many food manufacturing plants are located outside the metropolitan regions. The industry makes a large contribution to rural and regional Australia economies, with almost half of the total persons employed being in rural and regional Australia³. It is essential for the economic and social development of Australia, and particularly rural and regional Australia, that the magnitude, significance and contribution of this industry is recognised and factored into the Government's economic, industrial and trade policies.

1 Fast moving consumer goods includes all products bought almost daily by Australians through retail outlets including food, beverages, toiletries, cosmetics, household cleaning items etc..

2 AFGC and KMPG. State of the Industry 2009. Essential information: facts and figures. Australian Food and Grocery Council. Oct 2009.

3 About Australia: www.dfat.gov.au

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1. EXECUTIVE SUMMARY

The Australian food and beverage industry is committed to ensuring a high level of social responsibility in marketing food and beverage products. The Australian Food and Grocery Council (AFGC) manages two self-regulatory initiatives that cover the marketing of food and beverages to children. Self-regulation is an effective regulatory measure that can address community concern without the need for full regulation, which can impose unnecessary costs on industry and increase response time to stakeholders.

The Responsible Children's Marketing Initiative captures the food manufacturing industry, while the Quick Service Restaurant Industry Initiative for Responsible Advertising and Marketing to Children covers quick serve restaurants. Signatories to these initiatives commit to not advertise food and beverage products to children unless they represent healthy dietary choices and lifestyles. Compliance monitoring is undertaken by AFGC and complaints are managed by the Advertising Standards Bureau. To date there have been no complaints in relation to the advertising of food and beverages to children on billboards or other outdoor areas.

Review of these initiatives is integral to their effective operation and AFGC has incorporated this aspect into the management framework. AFGC is committed to further strengthening these initiatives to ensure a high level of social responsibility in relation to food and beverage advertising to children.

Recommendation:

AFGC recommends that the *status quo* be retained with regards to the self-regulatory approach on food and beverage advertising to children.

2. INTRODUCTION

The Australian Food and Grocery Council (AFGC) welcomes the opportunity to provide input to the *Inquiry into the Regulation of Billboard and Outdoor Advertising* (the Inquiry). AFGC notes the Inquiry stems from an increased level of complaints about outdoor billboard advertising; particularly the advertising of adult-orientated products marketed to adults. The Terms of Reference to the Inquiry do, however, cover large-scale public advertising of any type, which AFGC members undertake as part of their business operations. The effectiveness of current self-regulatory initiatives is also to be considered. AFGC currently sponsors a number self-regulatory industry codes of practice.

This AFGC submission centres on the advertising of food and beverages to children. AFGC recognises the level of community concern about the level of advertising in this area, with particular reference to foods high in energy, fat, sugar and salt. The Australian Food and Beverage and Quick Serve Restaurant Industries have responded to these concerns by developing self-regulatory initiatives in the area of marketing communication activities to children. These have been developed in conjunction with the Australian Association of National Advertisers (AANA). The AFGC Board recognises the value in industry being responsive to community concerns in this area with solutions that are effective and that address the needs of government, the community and the industry.

3. SELF-REGULATORY INITIATIVES

3.1. RCMI AND QSR INITIATIVES

The Responsible Children's Marketing Initiative (RCMI) commenced on 1 January 2009 and the Quick Service Restaurant Industry Initiative for Responsible Advertising and Marketing to Children (QSR initiative) on 1 August 2009. The goal of the initiatives is to ensure a high level of social responsibility in marketing food and beverage products in Australia.

There are currently 17 signatories to the RCMI, with these companies owning some of the major food and beverage brands in Australia (see Attachment 1). There are 7 signatories to the QSR initiative who hold a large share of the QSR market (McDonald's, KFC, Pizza Hut, Hungry Jack's, Oporto, Red Rooster and Chicken Treat). AFGC manages the operation of these initiatives.

The industries have set out clear expectations in the form, spirit and context of advertising to children. Signatories to the RCMI and QSR initiative publicly commit to undertake marketing communications to children only when it will further the goal of promoting healthy dietary choices and lifestyles. These initiatives capture advertisements on television, radio, newspapers and magazines, cinema and third-party internet sites. The QSR initiative provides additional focus on outdoor billboards and posters, emails and interactive games. 'Advertising to children' takes into account whether the theme, visuals and language of the medium or advertisement, are directed primarily to children. Other core principles of the initiatives relate to:

- Use of popular personalities and licensed characters
- Product placement
- Use of products in interactive games
- Advertising in schools
- Use of premium offers
- On-pack nutrition labelling (QSR only)*
- Availability of nutrition information (QSR only)*

* For food manufacturers, nutrition information labelling in pack is a regulatory requirement.

Signatories are required to develop and publish individual Company Action Plans for the purpose of communicating how they will meet the requirements of the initiatives.

AFGC is committed to further developing and strengthening these initiatives. A designated Code Administration Manager within the AFGC Secretariat is responsible for coordinating the implementation, monitoring and reporting of the initiatives, which are essential components to ensuring success.

3.2. COMPLAINTS

The Advertising Standards Bureau (ASB) administers the complaints process for the RCMI and QSR initiative, in conjunction with a range of other industry codes, including the AANA Code of Ethics, Code for Advertising & Marketing Communications to Children and the Food and Beverages Advertising & Marketing Communications Code.

The ASB assesses complaints about food and beverage advertisements against all the Codes they administer, regardless of whether the complaint mentions the specific initiatives. This ensures even greater accountability to signatories to the RCMI and QSR initiatives.

Complaints are assessed according to the RCMI and QSR core principles on two levels:

1. Whether the products represent a healthy choice
2. Whether the advertisement is directed to children.

The determination of whether the products represent a healthy choice is made by an independent arbiter. The Nutritional Physiology Research Centre at the University of South Australia is the arbiter for the RCMI and The George Institute of Global Health for the QSR initiative. The determination of whether the advertisement is directed to children is made by the Advertising Standards Board.

The Board meets twice a month to consider complaints received and can also meet between meetings if the Secretariat considers that a complaint should be considered as a matter of urgency. As such, complaints against the RCMI or QSR initiative can be dealt with in a timely manner.

If the complaint is upheld the company must stop marketing the product to children and all outcomes of ASB adjudications are listed on the ASB website. Companies found to be in breach of the RCMI or QSR initiative are likely to use the outcomes of the ASB adjudication process to strengthen their activities in this area.

To date there have been no complaints about the advertising of foods on billboards and other outdoor spaces. However, should any consumer have a concern about an advertisement, a complaint may be submitted to the ASB who will assess the advertisement against the principles of the RCMI and QSR initiative.

3.3. MONITORING

AFGC is committed to monitoring these initiatives to determine their effectiveness in adequately addressing community concern. AFGC has purchased three months of food and beverage television, print and internet advertising data for 2010, which is being used to assess the level of compliance by signatories as well as obtain a firmer understanding of the extent and nature of advertising to children. These data will be collected periodically to assess change over time. The current focus is on television advertising; however, should the need arise AFGC will focus on outdoor food and beverage advertising to children. A copy of the 2010 activity report is available at <http://www.afgc.org.au/industry-codes/advertising-kids/rcmi-reports-2009.html>.

In 2012 an independent review of the RCMI will be undertaken to assess the overall structure and functions of the initiative, including the continued relevance of the core principles. With the QSR industry having recently joined AFGC as a QSR Forum, future work will focus on streamlining the management of the two initiatives.

4. CONCLUSION

AFGC considers industry codes as effective regulatory measures that can address community concern in a number of areas without the need for full regulation that can impose unnecessary costs on industry and increase response time to stakeholders. The RCMI and QSR initiative have been in operation for a full year and the management of these will continue to be enhanced based on the learnings from the review of implementation. AFGC is committed to strengthening these codes to address community concerns about the nature and extent of food and beverage advertising to children.

Recommendation:

AFGC recommends that the *status quo* be retained with regards to the self-regulatory approach on food and beverage advertising to children.

ATTACHMENT 1: RCMI SIGNATORIES AND MAJOR BRANDS

Table 1: RCMI signatories and major brands, February 2011

RCMI Signatory	Major brands
Campbell Arnott's	Tim Tam, Tiny Teddy, Shapes, Country Ladle, V8
Cereal Partners Worldwide (Australia)	Uncle Toby's Plus, Nestle Milo cereal
Coca-Cola South Pacific	Coca-Cola, Sprite, Fanta, Lift, POWERADE, Goulburn Valley
Ferrero Australia	Tic Tac, Ferrero Rocher, Kinder Surprise, Kinder Bueno, Nutella
Fonterra Australia New Zealand	Calci Yum, Nestle and Ski chilled dairy products
General Mills Australia	Latina, Old El Paso, Betty Crocker
George Weston Foods Limited	Tip Top®, Don®, KR Castlemaine®, Abbott's Village Bakery™, Golden®, Bazaar® Breads of the World™, Bürger®
Kellogg (Australia)	Kellogg breakfast cereal and snack foods
Kraft Food Australia/New Zealand	Vegemite, Cadbury Dairy Milk, Freddo, Pascall, Cherry Ripe, Philadelphia, Peanut Butter, Toblerone.
Mars Snackfood Australia	Mars®, Dove®, Maltesers® and M&M's®; Dolmio®, Uncle Ben's® and Masterfoods®, Doublemint®, Wrigley's Spearmint®, Juicy Fruit®, Orbit®, Extra®, Airwaves®, Eclipse®, Hubba Bubba®
National Foods Limited	Pura, Dairy Farmers, Berri, Daily Juice, Yoplait, Coon, Farmers Union, Dare, Moove, Masters, Big M
Nestle Australia Limited	Nestle, Nestle/Peters, Allen's, Uncle Toby's
Patties Foods	Patties, Four'n Twenty, Nanna's, Creative Gourmet, Herbert Adams
PepsiCo Australia	Smith's, Red Rock Deli, Doritos, Nobby's, Parker's, Twisties, Burger Rings, Toobs, Grain Waves, Sakata Pepsi, Gatorade, 7-Up, Mountain Dew.
Sanitarium Health Food Company	Sanitarium
Simplot Australia	Birds Eye, Chiko, Edgell, Harvest, I&J, John West, Leggo's, Seakist, Lean Cuisine
Unilever Australasia	Streets, Continental, Bertolli, Flora

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