

Australian Food and Grocery Council SUBMISSION

APRIL 2011

TO:
HOUSE STANDING COMMITTEE ON SOCIAL POLICY AND
LEGAL AFFAIRS

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



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1. INTRODUCTION

The Australian Food and Grocery Council (AFGC) wishes to make a further contribution to the *Inquiry into the Regulation of Billboard and Outdoor Advertising* (the Inquiry). In this submission, AFGC addresses some of the incorrect and unfounded comments made by the Coalition on Food Advertising to Children (CFAC) in their written submission and presentation at the public hearing.

AFGC has sought to address the issues raised by CFAC in a written submission; however, if further information is required, AFGC would be available to present at the next public hearing.

2. FOCUS OF THE INQUIRY

One of the concerns of AFGC is the focus of CFAC on all food and beverage advertising to children and their call for the need for government to regulate in this area. While AFGC is working with food companies to reduce advertising of foods high in fat, sugar and salt (HFSS) to children across various mediums, the focus of this Inquiry is on outdoor advertising and should not be confused with the bigger issue of food and beverage advertising to children in general.

3. EVIDENCE BASE

Key to the issue is the nature of the evidence linking advertising to children's behaviour (food consumption and/or physical activity) and therefore obesity. Research indicates that there are many contributors to childhood obesity, including both internal and external influences, such as lifestyle factors, influences on food access and availability (e.g. socioeconomic status) and the influences of family, parents and peers¹. In terms of advertising, while studies have demonstrated the effect that advertising can have on children's food preferences and purchase behaviour^{1,2,3} the evidence is inconclusive regarding the effect on food consumption behaviour¹. Research undertaken on behalf of the Australian Productivity Commission indicates that it has not been possible to isolate the effect of advertising on energy intake and, therefore, on obesity⁴.

The scientific literature covers advertising in general, with a focus on television advertising. AFGC has not found any research that solely focuses on the effect of outdoor advertising on children's food preferences and purchase and consumption behaviour. In their presentation at the public hearing, CFAC also could not provide data on the effect of outdoor advertising and highlighted that TV advertising has been the primary focus. CFAC stated that "While there is no specific research on food billboards there is international research on cigarette and alcohol advertising around schools on billboards. These learnings could be translated to any billboard advertising that may have an influence on children" (p27). Such a statement is unscientific and therefore invalid and would not be supported in the academic field as findings from research on one variable does not mean the findings would be the same for another variable.

¹ Cairns G, Angus K, Hastings G. *The extent, nature and effects of food promotion to children: a review of the evidence to December 2008*. Geneva (CHE): World Health Organization; 2009.

² Lawlor M, Prothero A. Pester power - a battle of wills between children and their parents. *J Marketing Management*. 2010 Sept 21. doi: 10.1080/0267257X.2010.49528.

³ Mehta K, Coveney J, Ward P, Magarey A, Spurrier N, Udell T. Australian children's views about food advertising on television. *Appetite*. 2010;55(1):49-55.

⁴ Crowle J, Turner E. *Childhood obesity: an economic perspective*. Melbourne (AUST): Productivity Commission Staff Working Paper; 2010.

4. INDUSTRY INITIATIVES

Despite the lack of evidence on the effect of food and beverage advertising on children's food consumption behaviour and obesity, AFGC recognises the level of community concern in this area and has taken action on the issue.

4.1.1. Self-regulation of food and beverage advertising to children

As highlighted in the original submission, food manufacturers and the quick service restaurant industry have agreed to a socially responsible approach to the marketing of food and beverages to children. This is through their commitment to the Responsible Children's Marketing Initiative (RCMI) and the Quick Service Restaurant Industry Initiative for Responsible Advertising and Marketing to Children (QSR initiative) and their internal policies that extend beyond these initiatives.

These initiatives do not purport to stop children from ever seeing an advertisement for a food or beverage. Rather, they are about ensuring that products advertised directly to children represent healthy dietary choices and are presented in the context of a healthy lifestyle.

The CFAC highlight the voluntary nature of self-regulation and that not all industry members have signed up to the initiatives. While there are currently 17 signatories to the RCMI, these companies own some of the major food and beverage brands in Australia and cover a large proportion of the industry, particularly those with the budgets to undertake large-scale advertising (the signatories and their brands were outlined in the original submission). Similarly, there are seven 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). Nevertheless AFGC is committed to expanding the list of signatories to enhance the coverage.

The CFAC also mention the fact that these initiatives allow the signatories to set their own nutrition criteria to determine which foods would be appropriate for advertising to children. A review of two weeks of food and beverage television advertising data by AFGC found that of the 'non-core' products advertised during children's programs across eight channels, just over one third (34%) would be permitted using the companies' nutrition criteria specified in their Company Action Plans that detail their commitment to the initiatives. These were primarily made up of fruit juice and McDonald's Healthy Choice Happy Meals. It may be argued that fruit juice could be permitted given that it is classified within the fruit component of the Australian Guide to Healthy Eating. These findings indicate that the overall outcome is similar, regardless of the specifics of the nutrition criteria. The claimed benefit of the nutrient profiling system mentioned by the CFAC is clearly made invalid through AFGC's review.

4.1.2. Outdoor advertising

In their presentation, CFAC cite the study by Kelly et al (2008)⁵, which reports on the level of outdoor food and beverage advertising around Australian primary schools. That study failed to identify which of the general food and beverage advertisements would be perceived as targeting children through their creative content. CFAC also mention in their submission that outdoor advertising signage for food and beverages at sports events and in sporting arenas should be regulated. CFAC raise the issue of children being a susceptible market that does not understand advertising. This line of argument fails to recognise the role parents and teachers in the learning process and 'media literacy' and in fact, the issue extends beyond food and beverage advertising to advertising in general. While it is not the

⁵ Kelly B, Cretikos M, Rogers K, King L. The commercial food landscape: outdoor food advertising around primary schools in Australia. *Aust NZ J Pub Health*. 2008;32(6):522-28.

responsibility of the food industry to shelter children from ever seeing a food and beverage advertisement, industry is aware of their responsibility in relation to advertisements that are directed to children, which is the purpose of the self-regulatory advertising initiatives.

To date, outdoor advertising has not been a focus of industry's advertising self-regulatory initiatives; not because of the lack of importance, but rather that the complaints received and research undertaken by external researchers has focused on television advertising. Central to these initiatives is that the creative content is not directed primarily to children and AFGC is committed to growing the RCMI and QSR initiative to ensure HFSS foods are not marketed directly to children.

4.1.3. Complaints process

AFGC outlined the complaints process in the original submission and wishes to reiterate that this has been designed to ensure the process is as consumer-friendly as possible. CFAC is critical of the process; however, it would be no simpler under a full regulatory model and could potentially be more complex as resources are often limited in government departments. Adjudications from the ASB are undertaken in a timely manner and communication with the complainant takes place through the entire process.

CFAC highlight the fact that when breaches do occur, "...the lack of real penalties mean advertisements have run their course by the time the complaint is even considered and the manufacturer will have reaped the benefit of the marketing campaign" (p26 of the transcript). While AFGC agrees that this is not an ideal outcome, this would be the same regardless of whether the ASB or government were adjudicating on complaints. In fact, the length of time for adjudicating on complaints may be longer under full regulation which leaves even more time for the advertisement to continue running.

4.1.4. Monitoring

AFGC has committed to monitoring the impact of the initiatives and produces annual compliance reports. As mentioned in the original submission, 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 to obtain a firmer understanding of the extent and nature of advertising to children. While the current focus is on television advertising, should the need arise AFGC will ensure outdoor food and beverage advertising to children is also covered. Monitoring work already undertaken by AFGC revealed that advertisements for HFSS food and beverages to children on Australian television represented just 2.4% of all food and beverage advertising⁶. AFGC collects data on an annual basis to monitor the current situation and assess change over time.

5. INTERNATIONAL AND NATIONAL RESPONSE TO THE ISSUE

CFAC mention the set of recommendations from the World Health Organization (WHO) that urges member states to take action at the national level and to cooperate to put in place the means necessary to reduce the impact of marketing of non-core foods to children⁷. In no way did this report recommend full regulation, and in fact it highlighted the role of self-regulation in this area. One of the WHO recommendations relates to reducing both the exposure of children to, and power of, marketing of HFSS food. Exposure relates to the placement and power relates to the creative content. These two aspects are covered in the industry initiatives.

⁶ Australian Food and Grocery Council. *2010 Food and Beverage Advertising to Children – Activity Report*. AFGC; 2010. Available at <http://www.afgc.org.au/industry-codes/advertising-kids/rcmi-reports-2009.html>.

⁷ World Health Organization. *Set of recommendations on the marketing of foods and non-alcoholic beverages to children*. Geneva (CHE): World Health Organization; 2010.

WHO's recommended approach is in line with the proportionate response to regulation mentioned in the Australian Government's response to the Preventative Health Strategy produced by the Preventative Health Taskforce in 2009. The Government recognised the important role of the current industry-led initiatives and highlighted that they will "...continue to monitor the impact of these initiatives to ensure their effectiveness in reducing children's exposure to advertising of energy-dense, nutrient-poor foods and beverages. This is consistent with the Taskforce recommendations which propose a staged and potentially escalating approach to change, allowing for voluntary measures to be trialled with action to follow if necessary" (p47). The outcome of AFGC's monitoring is made available to all stakeholders to assist with the review of these self-regulatory initiatives.

6. CONCLUSION

The current self-regulatory industry initiatives in the area of food and beverage advertising to children have the support of a large proportion of food and beverage advertisers. AFGC has made a strong commitment to the management of these initiatives, including the appointment of designated Code Administration Manager and annual reporting by signatories and compliance monitoring. The allocation of such resources (human and monetary) would not be as readily available under government regulation.

In addition, full regulation in the space of food and beverage advertising to children, and in particular, outdoor advertising, is not justified given the lack of evidence supporting the link between advertising of food and beverages and consumption behaviour and therefore obesity, as well as the lack of evidence on the effect of outdoor advertising specifically. The Federal Government has recognised the role of self-regulation in this area and will be undertaking their own monitoring to assess their impact on reducing children's exposure to HFSS foods. AFGC, through its monitoring, will be willing and able to assist with this review as required.

Recommendation:

As with the recommendation in the original submission, AFGC recommends that the *status quo* be retained with regards to the self-regulatory approach on food and beverage advertising to children, which includes outdoor advertising.

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