



**ADVERTISING
STANDARDS
BUREAU**

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Mr Elton Humphery
Committee Secretary
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Dear Mr Humphery

Alcohol Toll Reduction Bill 2007

I write to provide comment on the above Bill that Senator Fielding introduced to Parliament in 2007.

Role of the Advertising Standards Bureau (ASB)

The Advertising Standards Bureau (ASB) plays an important role in maintaining high standards of advertising in Australia through industry self-regulation. The ASB administers a national system of advertising self-regulation through the Advertising Standards Board and the Advertising Claims Board and is secretariat for both of the Boards. The Advertising Standards Board (the Board) provides a free public service of complaint resolution. It provides determinations on complaints about most forms of advertising in relation to issues including the use of language, the discriminatory portrayal of people, concern for children, portrayals of violence, sex, sexuality and nudity, and health and safety. Both boards make their determinations under appropriate sections of the Advertiser Code of Ethics, as prescribed by the Australian Association of National Advertisers (AANA), by following principles laid down by the AANA in consultation with the advertising industry.

ASB meets international “gold standard” for advertising self-regulation

The World Federation of Advertisers (WFA) of which the AANA is a member, has recently identified a “gold standard” of 10 essential criteria for advertising self-regulation systems:

- Universality (covering all advertising and backed by advertisers/agencies and media)
- Sustained and effective funding
- Efficient and resourced administration
- Universal and effective codes
- Advice and information
- Prompt and efficient complaint handling

- Independent and impartial adjudication
- Effective sanctions
- Efficient compliance and monitoring
- Effective industry and consumer awareness

The Australian system of self-regulation clearly achieves 100% compliance with the WFA gold standard.

Substantive changes to ASB since 2005

The ASB was established in 1998, but over the last three years has undergone a substantial remodelling which has included a range of initiatives to improve and enhance its complaint handling service.

The appointment (in October 2005) of an inaugural CEO has encouraged a more robust, transparent and accountable complaints handling process.

Prior to the CEO's commencement, the ASB had not undertaken any proactive communication with either its target audience or stakeholders for several years. This resulted in the ASB having no media profile and a low level of awareness of its role. Since that time the ASB has been working to raise its profile and make its target audience and stakeholders aware that the advertising industry has an effective, accountable and transparent complaints avenue in place.

The new CEO has ensured that each Board meeting is followed by a media release outlining key decisions of the Board. This release also services to notify the media that all case reports have been published on the website and are freely available to the Australian public. This process highlights the increased transparency of Board decision-making.

In 2006 the ASB became a corresponding member of the European Advertising Standards Alliance (EASA), which is a non-profit organisation bringing together national advertising self-regulation organisations in Europe. EASA sets international benchmarks for best practice in advertising self-regulation and is the single authoritative voice on self-regulation issues. It promotes high ethical standards in commercial communications by means of effective self-regulation, while being mindful of national differences of cultural, legal and commercial practice. The ASB is thus exposed to the latest information, knowledge and experience in best practice policy and implementation in advertising self-regulation. The ASB provides information to EASA regarding the Australian process, and we share information on operational and policy matters.

One of the issues that the ASB has pursued as a result of its membership of EASA is the introduction of a review process for Advertising Standards Board decisions. This process and the appointment of Ms Deirdre O'Connor as the Independent Reviewer of Board decisions, will commence in April 2008. The introduction of the Independent Reviewer process is part of the ASB's commitment to international best practice, and ensures a fairer and more transparent process than was available previously.

Since 2005, a number of changes have been made to the structure and procedural arrangements of the Board:

- the Board has been expanded from 12 to 16 members, thus ensuring that it remains broadly representative of the age, gender, cultural, professional and geographic make-up of the Australian community; and
- new members are now appointed to the Board for fixed three year terms, and new appointments are made at staggered intervals to ensure that the Board retains a strong

community understanding, involvement and focus and a mix of experienced and new people.

The number of complaints upheld by the Board has increased, reflecting its more robust scrutiny of the Code of Ethics. The community standards research undertaken by the ASB in 2007 showed that the Board is in line with community standards, and this particular research has also encouraged the Board to be more responsive to community concerns.

A major website redevelopment has greatly enhanced the transparency, accessibility, fairness and efficiency of the complaint handling service by:

- publishing every complaint referred to the ASB (including many historical records since 1998) online;
- publishing every case report online. The case reports outline the complaint(s) made by the public, the advertiser's response to the complaint and the Board's decision and reasons for its decision;
- automating many of the processes which were previously undertaken manually (e.g. lodgment of complaints, generation of response letters and case reports for complainants and advertisers) thus reducing response time;
- introducing a screening and referral page designed to reduce the number of rejected complaints and to provide complainants with appropriate referral information if their complaint is not a matter that the ASB can consider.

In the last two years, the ASB has undertaken a number of significant research projects designed to inform its strategic decision-making.

In particular, the ASB conducted research in 2007 to determine if the Board's decisions are in-line with community standards on advertising in Australia. The research demonstrated that Board decisions generally reflect community standards on the key provisions of the AANA Code of Ethics. However, the research also showed that the Board was out of step with the community who are more broadminded about politically incorrect statements when used with humour. The research also suggests that when compared to the Board the community is more conservative in their attitude towards sex, sexuality and nudity. Board members have embraced the community feedback and since the research was released at the end of 2007, Board members have taken the results into account in their consideration of complaints under the Code.

Another area of significant research involves community awareness of advertising complaints processes. In 2007, EASA released results of surveys it conducted across 13 European countries to test public awareness of advertising self-regulation and lodging complaints about advertising. The findings provided an interesting comparison with the community awareness research conducted by the ASB in late 2006. While only 10 per cent of Australians were aware of the ASB without being prompted, awareness increased to 65 per cent after prompting. In Europe, spontaneous awareness of the advertising complaints process was three per cent, rising to 17 per cent after prompting.

The results of the community awareness research also found that 78 per cent of Australians believed the role of the ASB was important, indicating that the advertising complaints system has penetrated into some of the community. This is reflected in statistics which have shown a rise in advertising complaints every year since self-regulation began in 1998.

Collaboration and cooperation with industry

Among our industry partners are:

Australian Association of National Advertisers	Commercials Advice Pty Ltd
Advertising Federation of Australia	Free TV Australia
Internet Industry Association	Commercial Radio Australia
Australian Direct Marketing Association	Australian Publishers Bureau
ABAC	Media Federation of Australia
Australian Direct Marketing Association	Distribution Standards Board
The Outdoor Media Association	Telephone Info Services Standards Council
State Government Consumer Affairs Departments	Aust Communications and Media Authority

Over the last three years, ASB has formed close links with many of the above industry partners. In addition, we have conducted information sharing events with our industry partners, and have invited them to present information at our regular training sessions for Board members.

Our involvement with the **Australian Federation of Advertisers** provides an example of ASB's industry collaboration. In September 2006 more than 300 agency staff across five states participated in the AFA's Advertising Codes and Regulations workshops. A joint initiative with the AANA, ASB and Free TV, these workshops addressed the need for agency staff to remain up to date with an increasingly complex regulatory environment.

The workshops, conducted under the AFA Accreditation program, were instrumental in helping agencies meet their compliance requirements. The next round of these seminars is scheduled for mid 2008. They will cover the AANA Food and Beverages Advertising & Marketing Communications Code, the CTVI Code, AANA Advertising to Children Code, Motor Vehicles Code and the AANA Code of Ethics.

A further example highlights the **ASB's work with researchers** on advertising self-regulation. A number of Academic research papers were published during 2006 which examined the effectiveness of advertising self-regulation.

The most notable of these were the University of Wollongong study into the effectiveness of the alcohol self-regulation system and the Australia Institute's *Corporate Paedophilia* and *Letting Children be Children* reports.

Both organisations received considerable media coverage and their reports contained negative perceptions of the role of the ASB and advertising self regulation per se.

The ASB was able to work with both research groups to correct the misperceptions and to create a working relationship based on open communication and information sharing.

The University of Wollongong made a series of presentations to media agencies in June 2006 which contained assertions about the way in which the alcohol advertising system worked that were incorrect or outdated. CEO Fiona Jolly worked with the researchers to correct their factual errors before the final report was published.

The Australia Institute produced a series of two papers which examined the role of advertising in the sexualisation of children. Their first report *Corporate Paedophilia* attacked the system of self-

regulation and called for government intervention into the advertising industry. The ASB met with the researchers and worked with them, allowing them to gain insight into the workings of self-regulation and how to correctly interpret ASB data on complaints about advertising. The second report contained a much fairer situation analysis of the ASB's role in advertising self-regulation.

Alcohol advertising

Alcohol advertising is subject to two separate, complementary Codes:

- the AANA Code Advertiser Code of Ethics sets out general standards for all advertisers
- the Alcohol Beverages Advertising Code (ABAC) sets out additional standards for alcohol advertisers.

The Alcohol Beverages Advertising Code forms part of the ABAC Scheme for alcohol advertising which was introduced in 1998 and revised in 2004. More information on ABAC can be found on their website www.abac.org.au

The ABAC Scheme is a co-regulatory scheme administered by a Management Committee which includes industry, advertising and government representatives.

The ASB works closely with the ABAC Scheme Management Committee to provide a 'one-stop shop' for consumer complaints.

When the ASB receives a complaint concerning alcohol a copy is promptly forwarded to the Chief Adjudicator of the ABAC Scheme. It is then dealt with independently under the separate complaint management processes for each Code.

The number of complaints submitted to the ASB regarding alcohol is at a five year low. In 2007 the Board considered and dismissed 19 alcohol advertisements under Section 2 of the Advertiser Code of Ethics.

The most recent statistics of complaints relating to alcohol show that in 2007 alcohol advertising attracted 2.44% of complaints, while the percentage of complaints in the previous four years were respectively 3.14%, 7.07%, 21.38%, and 11.6%.

While, as is clear from the above, the Advertising Standards Board has no jurisdiction over specific alcohol related issues in advertising, it takes its responsibility for decision-making regarding health and safety issues and advertising to children very seriously.

I would appreciate the opportunity to elaborate on these comments if required by the Committee.

Yours sincerely

Alison Abernethy
Chief Executive Officer

20 March 2008

Advertising Standards Bureau Submission to the Community Affairs Committee on Alcohol Toll Reduction Bill 2007