



AUSTRALIAN
**FOOD &
GROCERY**
COUNCIL

ANNUAL COMPLIANCE REPORT

2018 ANNUAL COMPLIANCE REPORT FOR
THE RCMI AND QSRI

Sustaining Australia

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1. EXECUTIVE SUMMARY

This report documents signatory compliance with the Responsible Children's Marketing Initiative (RCMI) and the Quick Service Restaurant Initiative for Responsible Advertising and Marketing to Children (QSRI) for 2018.

Compliance with the RCMI and the QSRI core principles during their tenth year of operation was maintained at a high level, with the audit showing a compliance rate of 99.8 per cent across both initiatives. This compliance rate is consistent with that recorded by the International Food and Beverage Alliance's commitment of 99.6 per cent¹.

Ad Standards considered sixteen cases relating to the initiatives in 2018. While four cases relating to the RCMI were considered by Ad Standards, no signatory was found to be in breach of its commitments under the initiative. Of the twelve cases relating to the QSRI considered by Ad Standards, two were found to be in breach of the initiative.

¹ [https://ifballiance.org/uploads/commitment/commitmentPdfActions/5bb62b8aac465_IFBA%20Compliance%20Reporting%20\(website%20Oct%202018\).pdf](https://ifballiance.org/uploads/commitment/commitmentPdfActions/5bb62b8aac465_IFBA%20Compliance%20Reporting%20(website%20Oct%202018).pdf)

2. INTRODUCTION

The Responsible Children's Marketing Initiative (RCMI) and the Quick Service Restaurant Initiative for Responsible Advertising and Marketing to Children (QSRI) were introduced in 2009 in response to community concerns about the level of advertising of foods high in energy, fat, sugar and salt to children. The initiatives are managed by the Australian Food and Grocery Council (AFGC) in line with the Australian Competition and Consumer Commission's (ACCC) *Guidelines for developing effective voluntary industry codes of conduct*².

In line with these Guidelines, and the principles set out in each initiative, this report details signatories' compliance with the RCMI and QSRI during 2018.

2.1. HOW THE INITIATIVES WORK

The RCMI and QSRI provide a common framework to ensure that only food and beverages that represent healthier choices are promoted directly to children. Whilst it remains the primary responsibility of parents to guide their children's behaviour in this area, companies voluntarily pursue the commitments under these initiatives as a means of assisting parents in their efforts.

The objectives of the RCMI and QSRI are to:

- Reduce advertising and marketing communications to children for food and beverage products that do not represent healthier choices
- Use advertising and marketing communications to children to help promote healthy dietary choices and health lifestyles amongst Australian children, and
- Provide an independent, best practice avenue for consumers to raise concerns regarding advertising and marketing communications to children for food and beverage products and issues of non-compliance through the Ad Standards.

The initiatives capture advertising that is directed primarily to children and appears on television, radio, print, cinema, the internet and interactive games. There are also provisions relating to product placement and advertising in schools, pre-schools and day care centres. The QSRI has additional provisions relating to outdoor advertising, nutrition information and children's sporting events.

Advertising and marketing communications are considered directed primarily to children if:

- The communication is directed primarily to children through its themes, visuals and language, or
- The communication is placed in a medium directed primarily to children (in relation to television this includes all C and P rated programs and other rated programs that are directed primarily to children through their themes, visuals and language), or
- Children represent 35 per cent or more of the audience of the medium.

Signatories are required to develop individual Company Action Plans that outline their specific commitments. The QSRI has a common nutrition criteria for all signatories, while each signatory to the RCMI is required to specify the nutrition standards that will be applied to meet the core principles of the initiative. While the nutrition criteria may differ between signatories, the RCMI uses an outcomes-based

² <https://www.accc.gov.au/publications/guidelines-for-developing-effective-voluntary-industry-codes-of-conduct>

approach. The criteria must align with established scientific or Australian Government Standards and only products that represent healthy dietary choices may be advertised.

Ad Standards administers the complaints process for the initiatives, 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. All determinations of the Ad Standards Community Panel (the Panel) are available on their website www.adstandards.com.au.

2.2. 2018 SIGNATORIES

Signatories to the RCMI and QSRI include some of the largest national and multinational food and beverage companies.

RCMI Signatories

- | | |
|---|---|
| Campbell Arnott's | Lion Dairy and Drinks |
| Cereal Partners Worldwide (Australia) | Mars Australia |
| Coca-Cola Amatil | Mondelēz International (formerly Kraft Foods) |
| Coca-Cola South Pacific | Nestlé Australia Limited |
| Fonterra Brands Australia Ltd | Patties Foods |
| Ferrero Australia | PepsiCo Australia |
| General Mills Australia | Sanitarium Health & Wellbeing Company |
| George Weston Foods Limited and AB Food and Beverages Australia Pty Ltd | Simplot Australia |
| Kellogg (Aust) Pty Ltd | Unilever Australasia |

QSRI Signatories

- | | |
|--------------------------------|-------------|
| Chicken Treat | Oporto |
| Hungry Jack's Australia | Pizza Hut |
| Kentucky Fried Chicken Pty Ltd | Red Rooster |
| McDonald's Australia | |



3. EXTERNAL AUDIT

AFGC undertook an audit of food and beverage television advertising through the purchase of three months of food and beverage television advertising data. Data for March, July and December 2018, were sourced from Nielsen, an international provider of media and marketing analytics. The data covers advertising of food and beverage products on 15 free-to-air television channels (Seven, 7TWO, 7mate, 7flix, Nine, GO, GEM, 9LIFE, Ten, 11/PEACH, 10BOLD, ONE, SBS1, SBS2, SBS Food Network) for Adelaide, Brisbane, Melbourne, Perth and Sydney. This data was paired with audience data purchased from OzTam to identify which programs had an audience comprising 35 per cent or more of children. Overall, 93 days were included in the analysis (24 hours each day) amounting to over 150,000 hours of television viewing time.

AFGC identified all television advertisements screened by signatories and assessed whether foods that do not meet their nutrition criteria were advertised during children's programs (greater than 35 per cent of the audience are children and/or programs directed primarily to children). AFGC did not assess the creative content of the advertisements as this interpretive aspect is best suited to the expertise of Ad Standards as part of their adjudication on complaints received.

3.1. RCMI COMPLIANCE RESULTS

During the 2018 audit period, RCMI signatories achieved a 99.9 per cent compliance rate with the placement of their advertising, following a compliance rate of 99.9 per cent in 2017. This high compliance rate places the RCMI's television compliance slightly ahead of other world leading self-regulatory initiatives, including the International Food and Beverage Alliance which reported a compliance rate of 99.6 per cent across 5 different countries. The provision of bonus airtime, which is managed by the television networks, continues to be a challenge for signatories. Along with this, late scheduling of movies and last-minute program changes have created compliance issues.

3.2. QSRI COMPLIANCE RESULTS

During the 2018 audit period, QSRI signatories achieved a 99.7 per cent compliance rate with the placement of their advertising, following a compliance rate of 99.8 per cent in 2017. This is essentially unchanged from the previous year and places the QSRI's compliance slightly ahead of other world leading self-regulatory initiatives, including the International Food and Beverage Alliance which reported a compliance rate of 99.6 per cent across 5 different countries.

As with the RCMI, the provision of bonus airtime, late scheduling of movies and last-minute program changes continue to be a challenge for QSRI signatories.

4. COMPLAINTS

Ad Standards considered sixteen cases³ during 2018 in relation to the RCMI and QSRI. These represented 3 per cent of all cases considered by Ad Standards (531 in total). Of the 6,696 complaints received by Ad Standards, complaints relating to the RCMI and QSRI represented 1.7% per cent. Ad Standards has noted that all RCMI and QSRI signatories complied with Ad Standards decisions and fully cooperated and supported the advertising self-regulatory system.

4.1. RCMI

Ad Standards assessed four complaints in relation to the RCMI during 2018. Seven complaints were assessed in 2017, eight in 2016, five in 2015, seven in 2014, ten in 2013 and 2012 and nine in 2011.

No complaints against RCMI signatories were upheld in 2018 (down from two in 2017).

DISMISSED

Four complaints against RCMI signatories were dismissed in 2018:

1. 0284/18 Cadbury Dairy Milk Chocolate Block (Television) – Mondelez International
2. 0285/18 Cadbury Dairy Milk Chocolate Block (Internet) – Mondelez International
3. 0286/18 Cadbury Dairy Milk Chocolate Block (Internet - Social Media) – Mondelez International
4. 0485/18 Fanta (Internet - Social Media) – Coca-Cola South Pacific

In all cases, Ad Standards determined that the advertisements complied with the provisions of the RCMI.

All case reports can be viewed at Ad Standards website: www.adstandards.com.au.

4.2. QSRI

Ad Standards assessed twelve complaints in relation to the QSRI during 2018. Eight complaints were assessed in 2017, one in 2016, six in 2015, five in 2014 and 2013, 11 in 2012 and ten in 2011.

UPHELD

Two complaints against QSRI signatories were upheld in 2018:

1. 0208/18 Meal Voucher (Print) – McDonalds Australia Ltd

This case arose from printed vouchers issued by McDonalds and distributed at children's sporting events. The Panel determined that the QSRI applied to the voucher and noted that the product pictured on the voucher met the healthy choice option, however the voucher could be redeemed for any product. The Panel determined that the voucher was not restricted to the healthier choice option and therefore breached S1.5 of Initiative.

³ Note, not all individual Complaints lead to Cases; several separate Complaints can feed into a single Case. Complaints may be withdrawn before they are considered by the Community Panel. Not all Food & Beverage Complaints relate to the terms of the RCMI or QSRI; they may relate to possible breach of other [AANA codes](#).

2. 0545/18 Happy Studio Game (Software App) – McDonalds Australia Ltd

This case relates to a game application directed primarily to children, which is captured by the QSRI. The Panel determined that this marketing communication promoted all Happy Meals, not just the healthy choice option, which is a breach of the Initiative. The Panel also determined that the messaging did promote good dietary choices and did promote physical activity.

DISMISSED

Ten complaints against QSRI signatories were dismissed in 2018:

1. 0015/18 Go Full Summer (Television) – McDonald's Australia Ltd
2. 0107/18 Blast off with Frozen Coke (Internet - Social Media) – Hungry Jack's
3. 0176/18 Frozen Drinks (Transport) – Hungry Jack's
4. 0209/18 KFC Bucket (Television) – Kentucky Fried Chicken Pty Ltd
5. 0216/18 Peter Rabbit (Internet – Social Media) – McDonald's Australia Ltd
6. 0338/18 Lawn Mowing Chore (Television) – McDonald's Australia Ltd
7. 0339/18 Lawn Mowing Chore (Internet) – McDonald's Australia Ltd
8. 0340/18 Walking the Dog Chore (Television) – McDonald's Australia Ltd
9. 0378/18 All Day Favourites (Television) – McDonald's Australia Ltd
10. 0533/18 KFC Bucket (Television) – Kentucky Fried Chicken Pty Ltd

In these cases, Ad Standards determined that the content of the advertisement complied with the provisions of the QSRI.

All case reports can be viewed at Ad Standards website: www.adstandards.com.au.

5. CONCLUSION

A high level of compliance with the RCMI and the QSRI core principles was maintained during their tenth year of operation, with 99.8 per cent of signatory advertising being compliant with their commitment under the initiatives. This demonstrates that companies have in place processes to ensure adherence with their commitment to the initiatives, and audited activity was largely in line with these commitments.

AFGC will continue to engage with all relevant stakeholders to ensure this high standard of compliance continues. Training sessions tailored to signatory representatives, creative agencies, media buying agencies and media platform owners will continue to be delivered to ensure all parts of the advertising industry have the opportunity to become comprehensively skilled in the requirements of the initiatives.