



AUSTRALIAN  
**FOOD &  
GROCERY**  
COUNCIL

# ANNUAL COMPLIANCE REPORT

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2017 ANNUAL COMPLIANCE REPORT FOR  
THE RCMi AND QSRI

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*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 2017.

Compliance with the RCMI and the QSRI's core principles during their ninth year of operation was at a record high, with the audit showing a compliance rate of 99.91 per cent across both initiatives.

Ad Standards<sup>1</sup> considered fifteen complaints relating to the initiatives in 2017. Of the seven complaints relating to the RCMI, two were found to be in breach of the initiative. While eight complaints relating to the QSRI were considered by Ad Standards, no signatory was found to be in breach of their commitments under the initiative.

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1 Please note: on 1 March 2018 the Advertising Standards Bureau (ASB) became known as Ad Standards, with the Advertising Standards Board re-titled the Ad Standards Community Panel. The functions of the organisation and the Panel remain the same.



## 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*<sup>2</sup>.

In line with these Guidelines, and the principles set out in each initiative, this report details signatories' compliance with the RCMI and QSRI during 2017.

### 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 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 to the initiatives are required to publish individual Company Action Plans on the AFGC website ([www.afgc.org.au](http://www.afgc.org.au)) 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

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



between signatories, the RCMI uses an outcomes-based 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 can be viewed at [www.adstandards.com.au](http://www.adstandards.com.au).

## 2.2. 2017 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 & Drinks
Cereal Partners Worldwide (Australia)	Mars Australia
Coca-Cola Amatil	Mondelēz International
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
KFC	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 2017, was sourced from Ebiquity, an international provider of media and marketing analytics. The data covers advertising of food and beverage products on 14 free-to-air television channels (Seven, 7TWO, 7mate, 7flix, Nine, GO, GEM, 9LIFE, Ten, ELEVEN, 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 the Ad Standards Community Panel as part of their adjudication on complaints received.

### 3.1. RCMI COMPLIANCE RESULTS

During the 2017 audit period, RCMI signatories achieved a 99.93 per cent compliance rate with the placement of their advertising, following a compliance rate of 99.4 per cent in 2016. This is a record high compliance rate. 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 2017 audit period, QSRI signatories achieved a 99.88 per cent compliance rate with the placement of their advertising, following a compliance rate of 99.0 per cent in 2016. This is also a record high compliance rate.

## 4. COMPLAINTS

The Ad Standards Community Panel considered fifteen cases during 2017 in relation to the RCMI and QSRI. This represented less than 3 per cent of all cases considered by the Community Panel (532 in total). Ad Standards has noted that all RCMI and QSRI signatories complied with the Community Panel's decisions and fully cooperated and supported the advertising self-regulatory system.

### 4.1. RCMI

The Community Panel assessed seven complaints in relation to the RCMI during 2017. Eight complaints were assessed in 2016, five in 2015, seven in 2014, ten in 2013 and 2012 and nine in 2011.

#### UPHELD

Two complaints against RCMI signatories were upheld in 2017 (up from one in 2016):

1. 0117/17 Coco Pops (Television) – Kellogg (Aust) Pty Ltd



In this case the Community Panel determined that the television advertisement was directed to a broad audience. The Community Panel found the advertisement had been screened in a small number of programs directed primarily to children through their themes, visuals and language or through attracting an audience with greater than 35 per cent children. As the advertisement did not encourage physical activity or good dietary habits, it was found to be in breach of the RCMI.

2. 0347/17 Kinder Surprise (Interactive Game) – Ferrero Australia Pty Ltd

In this case the Community Panel determined that the interactive game advertisement (delivered through a digital billboard) was directed primarily to children. As Kinder Surprise is not a healthier dietary choice, the advertisement was found to be in breach of the RCMI.

Previously the Community Panel had considered that an interactive billboard did not fall within the definition of medium to which the RCMI applies. Ferrero had specifically considered the Board's previous decision, however in this case, the Community Panel determined that "...it is more correct to characterise the material as an interactive game which therefore brings it within the scope of the RCMI". In doing so, the Community Panel "noted that this change of interpretation may result in an adverse determination for the advertiser...".

## DISMISSED

Five complaints against RCMI signatories were dismissed in 2017:

1. 0176/17 Coco Pops (Internet) – Kellogg (Aust) Pty Ltd
2. 0345/17 Kinder Surprise (Television) – Ferrero Australia Pty Ltd
3. 0346/17 Kinder Chocolate (Transport) – Ferrero Australia Pty Ltd
4. 0550/17 Cadbury Dairy Milk Freddo (Internet) – Mondelēz International
5. 0554/17 Halloween Shazam App (App) – Kellogg (Aust) Pty Ltd

In all cases, the Community Panel determined that the advertisements complied with the provisions of the RCMI.

All case reports can be viewed at the Ad Standards website: [www.adstandards.com.au](http://www.adstandards.com.au).

## 4.2. QSRI

The Community Panel assessed eight complaints in relation to the QSRI during 2017. One complaint was assessed in 2016, six in 2015, five in 2014 and 2013, eleven in 2012 and ten in 2011.

As in 2016, the Community Panel dismissed all cases in relation to the QSRI in 2017.

## DISMISSED

Eight complaints against QSRI signatories were dismissed in 2017:

1. 0102/17 KFC's Buckethead Experience (Internet) – KFC
2. 0132/17 Sherbet Sour Bomb (Internet) – Hungry Jack's
3. 0133/17 Sherbet Sour Bomb (Internet) – Hungry Jack's
4. 0134/17 Sour Bomb (Internet) – Hungry Jack's
5. 0171/17 Cheeseburger and Frozen Coke deal (Internet) – McDonald's Australia Ltd
6. 0172/17 Gourmet Creations (Internet) – McDonald's Australia Ltd



7. 0304/17 Despicable Me 3 Family Box (Television) – McDonald's Australia Ltd
8. 0305/17 Despicable Me 3 Family Box (Internet) – McDonald's Australia Ltd

In all cases the Community Panel determined that the content of the advertisements complied with the provisions of the QSRI.

All case reports can be viewed at the Ad Standards website: [www.adstandards.com.au](http://www.adstandards.com.au).

## 5. CONCLUSION

Compliance with the RCMI and the QSRI's core principles during their ninth year of operation reached a record high, with 99.91 per cent of signatory advertising being compliant with their commitment under the initiatives. This demonstrates that companies have in place processes for 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 maintain this high standard of compliance. 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.

