Australian Food and Grocery Council

AUSTRALIAN QUICK SERVICE RESTAURANT INDUSTRY INITIATIVE FOR RESPONSIBLE ADVERTISING AND MARKETING TO CHILDREN

2011 COMPLIANCE REPORT
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 $108 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. The industry is similar in size to the mining sector.

Manufacturing of food, beverages and groceries in the fast moving consumer goods sector\(^1\) is Australia’s largest and most important manufacturing industry. Representing 26 per cent of total manufacturing turnover, the sector the second largest industry behind the Australian mining sector and accounts for over one quarter of the total manufacturing industry in Australia.

The growing and sustainable industry is made up of over 30,100 businesses and accounts for $46 billion of the nation’s international trade. The industry spends $368 million a year on research and development.

The food and grocery manufacturing sector employs more than 312,000 Australians, representing about 3 per cent of all employed people in Australia, paying around $13 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 Australia\(^2\). 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.

Australians and our political leaders overwhelmingly want a local, value-adding food and grocery manufacturing sector.

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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.
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1. EXECUTIVE SUMMARY

This report documents signatory compliance with the Australian Quick Service Restaurant Industry Initiative for Responsible Advertising and Marketing to Children (QSR initiative). The review captured two monitoring components: company reported activity; and complaint adjudications by the Advertising Standards Board (ASB).

Overall, compliance with the QSR initiative core principles during 2011 was high. Five signatory brands reported that they did not pay for, or actively undertake, marketing communication activities to children in 2011. A further two signatories undertook some marketing communication activities to children, which met the QSR initiative core principles and nutrition criteria. The ASB upheld one complaint during 2011.

Due to the scope of the QSR initiative being broadened in 2012 to capture children’s programs, future monitoring will include an external audit of purchased food and beverage television advertising data.
2. INTRODUCTION

The Australian Quick Service Restaurant Industry developed the Australian Quick Service Restaurant Industry Initiative for Responsible Advertising and Marketing to Children (QSR initiative) to demonstrate its commitment to responsible advertising and marketing of food and/or beverages to children. The QSR initiative was developed in collaboration with the Australian Association of National Advertisers (AANA) as part of the system of advertising and marketing self-regulation in Australia and became effective on 1 August 2009.

At around the same time the Australian Food and Grocery Council (AFGC) implemented a similar initiative that covered food and beverage manufacturers, namely the Responsible Children’s Marketing Initiative (RCMI). AFGC has managed the implementation and monitoring of the RCMI since its inception and during 2011 took over the management of the QSR initiative.

As now required by the initiative, signatories have submitted reports against their Company Action Plans and highlighted the specific steps they have taken to meet their commitment during 2011. This report provides an overview of compliance with the QSR initiative core principles during its third year of operation.

2.1. HOW THE QSR INITIATIVE WORKS

The QSR initiative provides a common framework for quick service restaurant companies to ensure that only food and beverages that represent healthier choices are promoted directly to children and to ensure parents or guardians can make informed product choices for their children.

The QSR initiative sets out clear expectations in the form, spirit and context of advertising to children (Appendix 1). Signatories to the QSR initiative publicly commit to undertake marketing communications to children only when it will further the goal of promoting healthy dietary choices and healthy lifestyles. Other core principles 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
- Availability of nutrition information

Companies that sign up to the initiative publish individual Company Action Plans on their websites, which outline their specific commitments. Attached to the QSR initiative is a uniform set of nutrition criteria to define ‘children's meals’, with only products that meet these criteria permitted to be advertised to children. The criteria were developed by a team of Accredited Practicing Dietitians in consultation with national guidelines and authorities on children’s nutrition (see).

The Advertising Standards Bureau (ASB) administers the complaints process for the QSR initiative, in conjunction with a range of other industry codes, including the RCMI, AANA Code of Ethics, AANA Code for Advertising & Marketing Communications to Children and the AANA Food and Beverages Advertising & Marketing Communications Code.
Complaints are assessed according to the QSR initiative core principles on two levels:

1. whether the product represents 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 QSR initiative. The determination of whether the advertisement is directed to children is made by the ASB.

The Board of the ASB 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 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.

**2.2. 2011 SIGNATORIES**

There were seven signatories to the QSR initiative in 2011 (from four companies) with these companies holding a large share of the QSR market in Australia.

**QSR initiative signatories**

Chicken Treat  
Hungry Jack’s Australia  
KFC  
McDonald’s Australia  
Oporto  
Pizza Hut  
Red Rooster
3. METHODS

This report documents compliance with the QSR initiative core principles during 2011 through two monitoring components: company reported activity; and complaint adjudications by the Advertising Standards Board.

3.1. COMPANY REPORTED ACTIVITY

All 2011 signatories submitted reports against their Company Action Plan. Signatories reported on marketing communication activities to children and how these complied with the core principles of the QSR initiative. In some cases, signatories provided additional information, including details on other marketing activities and product redevelopment.

3.2. COMPLAINTS

Case reports from the ASB website were assessed and those that mentioned the RCMI identified. These reports document the nature of the complaint, the advertiser’s response and the ASB determination.

4. 2011 OUTCOMES

4.1. COMPANY REPORTED ACTIVITY

4.1.1. Marketing communication activities to children

Chicken Treat reported that they undertook no marketing communication activities to children under the age of 14 years during 2011. A Chicken Treat advertisement was incorrectly shown during children’s programming as a result of a bonus spot placement. Chicken Treat have reiterated existing instructions to all major television stations in Western Australia that their advertisements must not appear in children’s television programs rated C3.

Hungry Jack’s Australia reported that they developed the Smart Pick Kids Meal in 2011. This meal consists of a hamburger, a packet of SPC O&Xs and a small bottle of water, and meets the nutrition criteria of the initiative. Hungry Jack’s marketed this meal to children on four occasions during 2011 via television and magazines. The visuals in the television commercials showed children participating in physical activity and references to licensed characters (HOP, Thor and Scooby Doo) were merely incidental. Hungry Jack’s conducted no other marketing communication activities to children.

McDonald’s Australia reported that all marketing communication targeting children less than 14 years in 2011 promoted a Happy Meal comprised of healthier options that met the QSR Initiative’s defined set of nutrition criteria. These options were the Seared Chicken Snack Wrap, Apple Slices and CalciYum low fat flavoured milk. Advertising promoting the Happy Meal appeared on television in magazines and online. McDonald’s applies a three-check approach to compliance which includes briefing agency partners and approval of creative and placement plans by marketing, legal and corporate communications departments. One online banner advertisement for Ronald McDonald House Charities was found by the ASB to breach the QSR Initiative. This advertisement promoted proceeds from the sale of Happy Meals as a donation to the Charity and did not show any food or beverages.

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3 The Australian Communications and Media Authority (ACMA) defines C programs under CTS 6 of the Children’s Television Standards 2009.
learning was promptly taken on board and implemented, with all future communications with Happy Meal branding including food and beverages representing healthier options.

Oporto reported that they undertook no marketing communication activities to children under the age of 14 years during 2011.

Red Rooster reported that they undertook no marketing communication activities to children under the age of 14 years during 2011. Licensed characters were used periodically as giveaways with children’s meals but these characters were only promoted in store. Red Rooster provides toys with children’s meal offerings. All toys focus on active play or have an educational component.

Yum! Restaurants International (KFC and Pizza Hut) reported that they undertook no marketing communication activities to children under the age of 14 years during 2011. Yum's proposed advertising and marketing initiatives are regularly reviewed by member's of Yum's legal team who are required to consider the Initiative in the course of their review.

4.1.2. Steps to meet requirements of RCMI

While not a requirement of the reporting activities, some signatories reported on the internal processes put in place to ensure compliance with their commitments to the QSR initiative:

4.1.3. Other reported activity

All signatories implemented menu board kilojoule labelling across their range, consistent with NSW legislation introduced in 2011. Signatories went further and rolled out menu board kilojoule labelling throughout Australia.

Some signatories reported on other marketing communications and general activity related to the application of the QSR initiative and to encourage healthy eating and lifestyle practices:

Hungry Jack's redesigned its website, providing complete menu nutrition, ingredient and allergen information. They also provided an in store nutrition pamphlet with basic nutrition and allergen information. Hungry Jack's has continued its reformulation activities which have included:

- Frying Oil – 76% reduction in saturated fat
- Buns – 63.6% reduction in sugar and 3.5% reduction in sodium
- Chicken nuggets – 34.3% reduction in sodium
- Tendercrisp chicken – 54% reduction in saturated fat and 15% reduction in sodium
- Cheese – 15% reduction in sodium
- Bacon – 12.4% reduction in sodium

McDonald's built upon its reformulation efforts of the past ten years which have included switching to a cooking oil virtually free of trans fat and reducing sugar and sodium across the menu. Activities included:

- Chicken Crispy Strips – 30% reduction in sodium
- Commencement of plans for further sodium reductions of core menu items in 2012.

Oporto updated all its packaging in 2011 to include a standard nutrition table and a percentage of recommended daily intake table.

Yum! Restaurants International (KFC and Pizza Hut) announced in August 2011 that it would no longer be stocking toys and providing toys with any of its KFC meals. KFC has introduced a salad in its menu range and has plans to roll out healthier children’s meal options in 2013. Yum has continued its reformulation activities which have included:

- KFC Chicken products – 10% reduction in sodium
- KFC Seasoned chip salt – 17.5% reduction in sodium
- KFC Burger buns – 22% reduction in sodium
- KFC Dinner rolls – 22% reduction in sodium
- KFC Tortillas (large) – 53% reduction in sodium
- Pizza Hut Pizzas – 10% reduction in sodium

Yum will continue to focus on initiatives to make its menu offerings healthier in the future.

### 4.2. COMPLAINTS

The ASB assessed ten complaints in 2011 in relation to the QSR initiative.

#### 4.2.1. Upheld

One complaint against the QSR initiative was upheld in 2011:

1. Happy Meal internet advertisement (McDonald’s)

The nature of the complaint focused on the advertisement of foods to children, on an external company website, that do not represent healthy dietary choices.

While a specific product was not included in the advertisement, the ASB concluded that because the advertisement was for ‘Happy Meals’, as opposed to a particular Happy Meal product, the advertisement was for all Happy Meal products; including those that do not meet the nutrition criteria. For this reason, the complaint was upheld.

#### 4.2.2. Dismissed

Nine complaints against the QSR initiative were dismissed in 2011:

1. ‘Double Take’ television advertisement (Chicken Treat)
2. Happy Meal: Mighty Me, Mighty Us television advertisement (McDonald’s)
3. Lunch meals television advertisement (McDonald’s)
4. Happy Meal website (McDonald’s)
5. Family Dinner Box television advertisement (McDonald’s)
6. Real Quick Fix snack burger television advertisement (Red Rooster)
7. Happy Meal website (McDonald’s)
8. Angus burger internet advertisement (Hungry Jacks)
9. Kids Club internet advertisement (Hungry Jacks)

The nature of the complaints focused on the creative content of the advertisements for foods that do not represent healthy dietary choices.

In all instances the ASB determined that the placement of the advertisement is not applicable to the QSR initiative and/or the advertisement was not directed primarily to children.

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

### 5. GOVERNMENT ACTION ON THE ISSUE

When the revised Children’s Television Standards were released in 2009, the Australian Communication and Media Authority (ACMA) did not recommend imposing further restrictions on the marketing of food and beverages to children, noting the work of industry in their area through the self-
regulatory initiatives. They did, however, commit to monitoring industry self-regulation and food and beverage advertising to children on free-to-air television.

The subsequent monitoring report was released in December 2011, in which ACMA acknowledged the limited research on the effectiveness of the industry initiatives (primarily because they were only in place for two years when the monitoring report was undertaken; the limited evidence of the benefits of restricting food and beverage advertising; and the absence of national standard nutrition criteria. ACMA reaffirmed their decision not to develop new television standards on food and beverage advertising to children (ACMA 2011).

ACMA acknowledged the development of the Australian National Preventive Health Agency (ANPHA) and recognised that one of their key roles is to facilitate research and evaluation and formulate policy advice to tackle obesity. ACMA welcomed the expertise and leadership of ANPHA in this area. AFGC acknowledges that research and reporting in the area of food and beverage marketing to children is addressed in the ANPHA Operational Plan for 2011-12 and Strategic Plan for 2011-15 (ANPHA 2011a, b).

This report demonstrates that QSR initiative signatories are fully committed to meeting their commitments to the QSR initiative and are demonstrating due diligence to reduce their marketing of HFSS foods to children aged less than 14 years. Industry is willing to support government in their review of industry-led initiatives and be part of the discussion on this area.

6. CONCLUSION

Overall, compliance with the QSR Initiative in 2011 was high. Signatory reports indicated that company processes are in place to ensure adherence to their commitment to the RCMI, and reported activity was largely in line with these commitments. There was, however, one complaint upheld by the ASB.

7. NEXT STAGES

From 2012, the scope of the QSR initiative will capture the placement of advertisements in programs directed primarily to children, as with the RCMI. As such, monitoring of this component will be included in future compliance reports.

AFGC has committed to purchase food and beverage television advertising data on a periodic basis to assess the activities of signatories and non-signatories against the core principles of the advertising to children initiatives. The data will also be used to measure the frequency of advertising during children’s viewing periods; a key area of concern for some. On-going monitoring of marketing communication activities against the QSR initiative core principles and during children’s viewing periods is important to determine the extent of the current situation, changes over time, and identify any improvements required to the QSR initiative. AFGC will continue to encourage other quick service restaurant companies to sign up to the initiative.

AFGC has commissioned an independent review of the QSR initiative and RCMI in 2012. The purpose of the review is to assess the operation of industry’s advertising to children self-regulatory initiatives and provide recommendations to enhance the programs, if required. The review is not about signatory compliance or the effectiveness of the initiatives in reducing children’s exposure to HFSS food advertisements; however, the process for how these are being measured will be captured in the review.

The essential question to be answered by the review is: “Do the advertising to children initiatives have the attributes of well run and effective self-regulatory codes?"

The review is expected to be completed during the third quarter of 2012 and any recommendations considered by AFGC, signatories and external stakeholders.
8. REFERENCES


APPENDIX 1: THE QSR INITIATIVE

AUSTRALIAN QUICK SERVICE RESTAURANT INDUSTRY INITIATIVE FOR RESPONSIBLE ADVERTISING AND MARKETING TO CHILDREN

1. STATEMENT OF INTENT

The Australian Quick Service Restaurant Industry has developed this initiative to demonstrate its commitment to responsible advertising and marketing of food and/or beverages to children.

The Initiative provides a common framework for quick service restaurant companies to ensure that only food and beverages that represent healthier choices are promoted directly to children and to ensure parents or guardians can make informed product choices for their children.

This Initiative has been developed in collaboration with the AANA as part of the system of advertising and marketing self-regulation in Australia.

Participants must also abide by:

- The AANA Code for Advertising & Marketing Communications to Children
- The AANA Food & Beverages Advertising & Marketing Communications Code
- The AANA Code of Ethics

This initiative will provide confidence in the responsible marketing practices via clear expectations of the form, spirit and context, and a transparent process for monitoring and review of practices.

Definitions are set out in Clause 7 and Appendix 1

2. PARTICIPANTS

Participants to this Initiative include:

- McDonald’s
- KFC
- Pizza Hut
- Hungry Jack’s
- Oporto
- Red Rooster
- Chicken Treat
3. COMMENCEMENT

This Initiative commences on 1 August 2009.

4. CORE PRINCIPLES

4.1 Advertising and Marketing Messaging

Advertising or Marketing Communications to Children for food and/or beverages must:

(a) Represent healthier choices, as determined by a defined set of Nutrition Criteria for assessing children’s meals (see Appendix 1); and/or

(b) Represent a healthy lifestyle, designed to appeal to the intended audience through messaging that encourages:

   (i) healthier choices, as determined by a defined set of Nutrition Criteria for assessing children’s meals (see Appendix 1); and

   (ii) physical activity.

4.2 Popular Personalities and Licensed Characters

Popular Personalities or Licensed Characters must not be used in Advertising or Marketing Communications to Children for food and/or beverage products, unless such Advertising or Marketing Communications complies with the messaging options set out in Article 4.1 and the specific requirements of Section 22 (Promotions and Endorsements by Program Characters) of the Children’s Television Standards 2005.

4.3 Product Placement

Participants must not pay for the placement of, or actively seek to place, food and/or beverage products in the program or editorial content of any Medium directed primarily to Children unless such food and/or beverage products are consistent with Article 4.1(a).

4.4 Use of Products in Interactive Games

Each Participant must ensure, as far as possible, that any interactive game which incorporates food and/or beverage products sold at that Participant’s store or outlet and is primarily directed to Children, is consistent with Article 4.1(b).

4.5 Advertising in Schools

Participants must not engage in any product-related communications in Australian schools, except where specifically requested by, or agreed with, the school administration, or related to healthy lifestyle activities under the supervision of the school administration or appropriate adults.

4.6 Use of Premium Offers

Participants must not advertise Premium offers in any Medium directed primarily to Children unless the reference to the Premium is merely incidental to the food and/or beverage product being advertised in accordance with the AANA Codes and Section 20 (Disclaimers and Premium Offers) of the Childrens Television Standards 2005.
4.7 On-Pack Nutrition Labelling
Nutritional profile information must be provided on packaging wherever possible, in respect of those food products usually contained in such packaging to assist parents and guardians to make informed food choices for their children.

4.8 Availability of Nutrition Information
Nutritional profile information must also be available on company websites or upon request, in respect of all food and beverage products to assist parents and guardians to make informed food choices for their children.

5. INDIVIDUAL COMPANY ACTION PLANS
5.1 Participants must develop and publish individual ‘Company Action Plans’ for the purposes of communicating how they will each meet the requirements of this Initiative and the anticipated timeframe for these required actions.

5.2 All commitments must be consistent with the core principles outlined in this Initiative.

6. COMPLIANCE, COMPLAINTS, AND MONITORING

6.1 Key Criteria for Meeting Core Principles
Participants acknowledge that key criteria will be established in consultation with nutritional experts and the AANA to assess whether Signatories’ Advertising or Marketing Communications to Children for food and/or beverage products meet the core principles outlined in this document.

6.2 Compliance and Complaints
Participants acknowledge that:
(a) they will work with the AANA to formulate a public compliance program, including the administration of a public complaints system in relation to this Initiative via the Advertising Standards Bureau which will be determined by the Advertising Standards Board, and each Participant will be subject to such compliance and public complaints process;
(b) any compliance program developed will be made publicly available;
(c) the compliance program developed will periodically be reviewed, in consultation with the participants, in respect of procedures and the overall impact of this Initiative. The first such review will be started on or around the first anniversary from the implementation of this compliance program.

6.3 Monitoring Implementation of Initiative
On and from the commencement of this Initiative, the Participants will appoint an independent individual or organisation to monitor Participants’ Advertising or Marketing Communications to Children for food and/or beverage products for a period of 12 months and will publish a publicly available report of its findings. Such monitoring and reporting will be repeated periodically. The final report will focus on industry response and determine the nature of improvements in performance and will report generally on the findings.

7. DEFINITIONS
In this Initiative, unless the context otherwise requires:

Advertising or Marketing Communications means any matter generated by a Participant which is published or broadcast using any Medium for payment or other valuable consideration and which draws the attention of the public or a segment to it, to a product, service, person, organisation, or line of
conduct in a manner calculated to promote or oppose directly or indirectly that product, service, person, organisation or line of conduct but does not include instore point of sale material, labels, or packaging of products.

Advertising or Marketing Communications to Children means Advertising or Marketing Communications which, having regard to the theme, visuals and language used, are directed primarily to Children and are for food and/or beverage products.

Child means a person under 14 years of age.

Children means persons under 14 years of age.

Children’s Television Standards 2005 means the Australian Communications and Media Authority Children’s Television Standards 2005.

Participants means:
(a) McDonald’s Australia,
(b) Yum Brands Australia,
(c) Hungry Jack’s Australia;
(d) Quick Service Restaurant Holdings Pty Ltd; and
(e) any other Quick Service Restaurant who agrees to be bound by the terms of the Initiative after its Commencement.

Medium means television, radio, newspapers, magazines, outdoor billboards and posters, emails, interactive games, cinema and internet sites.

Popular Personalities and Licensed Characters means a personality or character from a C program or P program, a popular program or movie character, a non-proprietary cartoon, animated or computer generated character

Premium means anything offered free or at a reduced price and which is conditional upon the purchase of regular Children’s Food or Beverage Product.

8. IMPLEMENTATION
(a) Agreement to this initiative to be finalised by 25 June 2009.
(b) Company Action Plans will be required to be submitted on company website by 1 August 2009.
(c) The Participants and the AANA undertake to review this initiative in 2010.
APPENDIX 2: NUTRITION CRITERIA FOR ASSESSING CHILDREN’S MEALS

The nutrition criteria for assessing children’s meals, according to the Australian Quick Service Restaurant Industry Initiative for Responsible Advertising and Marketing to Children, are as follows:

1. **Meal composition**
   a. The meal must be comprised of at least a main and a beverage.
   b. The meal should reflect general principles of healthy eating as defined by credible nutrition authorities.

2. **Energy**
   a. The meal must satisfy an energy criteria based on the Nutrient Reference Values\(^1\) for children of different age groups. The maximum energy limits for each target age group are as follows:
      i. 4-8 years - 2080 kJ per meal
      ii. 9-13 years - 2770 kJ per meal

3. **Nutrients of public health concern**
   a. The meal must not exceed maximum limits as follows:
      i. Saturated fat - 0.4g per 100kJ;
      ii. Sugar - 1.8g per 100kJ; and
      iii. Sodium - 650mg per serve.
   b. Overall, the average level of saturated fat, sugar and sodium in the meal will be less than what children are currently eating (based on the Children’s Survey\(^2\)).

The nutrition criteria for assessing children’s meals have been developed by a team of Accredited Practicing Dietitians in consultation with national guidelines and authorities on children’s nutrition. These criteria will be piloted over the next 12 months and updated as required to reflect changes in nutrition science and NHMRC recommendations. Specific details on the nutrition criteria are outlined in a compliance tool provided to signatories of this Initiative.

**References**