

November 27, 2024

Ms. Emily Barrette

Clerk, Social Affairs, Science and Technology Committee
Senate of Canada
Ottawa, ON K1A 0A4
Email: soci@sen.parl.gc.ca

Dear Ms. Barrette,

Please find attached a letter on behalf of the Association of Canadian Advertisers to members of the SOCI Committee.

A copy of this letter is being simultaneously shared via email with the Honorable Senators as this material is pertinent to the clause-by-clause review happening *this afternoon*, November 27th. Apologies, given the very short time between our appearance last week and the discussions today, the timing did not allow for translation of these materials. That said, it is understood that translation will proceed through the normal course.

Many thanks for your understanding, continued diligence, and support. Best to all,

Sincerely,

Andrea Hunt
President & CEO, Association of Canadian Advertisers

A Letter to the Standing Committee on Social Affairs, Science, and Technology in Response to Questions Raised and Comments Made on November 21st, 2024

Prepared by: **The Association of Canadian Advertisers** on invitation from the Standing Senate Committee

Honourable Senators,

The ACA appreciated the opportunity to testify before the Standing Committee on Social Affairs, Science and Technology on November 21, 2024 in respect of the Code for the Responsible Advertising of Food and Beverage Products to Children in the context of the objectives of Bill C-252.

Since 1914 the ACA has represented the collective voice of Canada's advertising industry. Our members, over 300 companies and divisions, have collective annual sales exceeding \$300 billion, and employ well over ½ million Canadians. The ACA is not only a key advocate for the marketing and advertising industry, we also work collaboratively with government, regulatory bodies, and industry partners to ensure that Canadian advertising upholds the highest standards of fairness, truthfulness, and respect of Canadian values.

It is important that we reaffirm we are completely aligned on the need to ensure the well-being of our children and understand the honorable intentions of Bill C-252. While we understand the intent, we have significant concerns about unintended consequences and duplicative regulation coming from a bill that has not had the benefit of scrutiny, examination and a full public consultation process.

In 2016, thanks to this committee's study on child obesity and discussions on Bill S-228, the ACA recognized the need to acknowledge children as a special audience. Through convocation, the ACA proactively and collaboratively created a coalition effort with our industry partners - Food, Health and Consumer Products of Canada (FHCP), Restaurants Canada, the Canadian Beverage Association (CBA), and engaged Health Canada, regulators in Quebec, and global industry experts. This work was no less than five years in the making and culminated in the development of the Mandatory Code and its application guide, receiving the support of over 10 key industry associations.

This work is featured prominently on our website in a section dedicated solely to [Responsible Advertising to Children](#). You can see from the prominent website graphic on the following page there is no doubt that this code is Mandatory. It governs all companies who do business in Canada and advertise to Canadians.

Mandatory Code



In Canada, **advertising to children** for foods and beverages that do not meet Health Canada's nutrition standards **is restricted** through an independently administered Code.

✓ In Action Today

- The Code for the Responsible Advertising of Food and Beverage Products to Children is in place today for all advertising across all media and it works.

✓ An Effective Approach

- The Code is the best, fastest and most effective way for the Government of Canada to achieve their policy objectives.
- It goes beyond the Government of Canada's proposed guide by incorporating pre-clearance by Ad Standards that ensures compliance and a responsive consumer and advertiser complaints system.

✓ Focused on protecting children

- The Government of Canada's approach and Bill C-252 is an overreach and will have consequences beyond advertising to children.
- The Government of Canada did not consult with industry and stakeholders, wrongly restricting meaningful advertising to adults, and omitting a clear definition for advertising directed at 'children.'

✓ Industry Initiative

- Through intensive consultation and modelled on the successful Quebec system, industry took initiative to develop a Code that meets and exceeds Health Canada's proposed regulations.

✓ Everyone's Accountable

- Ad Standards, an independent third party, administers this mandatory Code that governs all food and beverage advertising to Canadians.

✓ Advertising, Everywhere

- The Code is mandatory and applicable to all ads for food and beverages across all media.
- It recommends that advertisers submit ads for pre-clearance that will be seen by Canadians – not only traditional broadcast, but also in digital and social media.
- Pre-clearance ensures compliance with this Code and is underpinned by a responsive consumer and advertiser complaint system that applies to all ads that were not pre-cleared.



Honorable Senators, we are pleased to provide additional context as promised, below:

(1) Re: What Actions has Industry taken to Educate on the Code?

Collaboratively with the CBA, FHCP, and Restaurants Canada, the ACA issued **Media Releases**, with specific details on the Mandatory Code and Guide (while we are citing English all our releases and Member Alerts are issued in both French and English):

- June 27, 2023: [“New Restrictions on Food Advertising Directed at Children Effective June 28”](#).
- June 28, 2021: [“Advertising Industry Commits to New Food and Beverage Code and Guide to Deliver on Government’s Objectives on Advertising to Children.”](#)

ACA also issued **Member Alerts** to member organizations:

- June 26, 2023: [“New Restrictions on Advertising to Children Take Effect June 28”](#).
- June 28, 2021: [“Advertising Food and Beverages to Kids: A New National Code and Guide for Advertisers.”](#)

In addition to the work of Advertising Standards Canada in educating the public in the new industry's Code, the ACA has been actively involved in ongoing education for our members both individually and collectively. The Mandatory [Code](#) and [Guide](#) are featured prominently in regular presentations to our existing and new and potential members.

In addition to our numerous member presentations, the following is a list of education sessions ACA has hosted for industry stakeholders including Advertisers, Advertising Agencies, Industry Trade Associations, Sports and Entertainment companies, Canadian Media companies, and Global Platforms active in Canada via **Webinars and Meetings**:

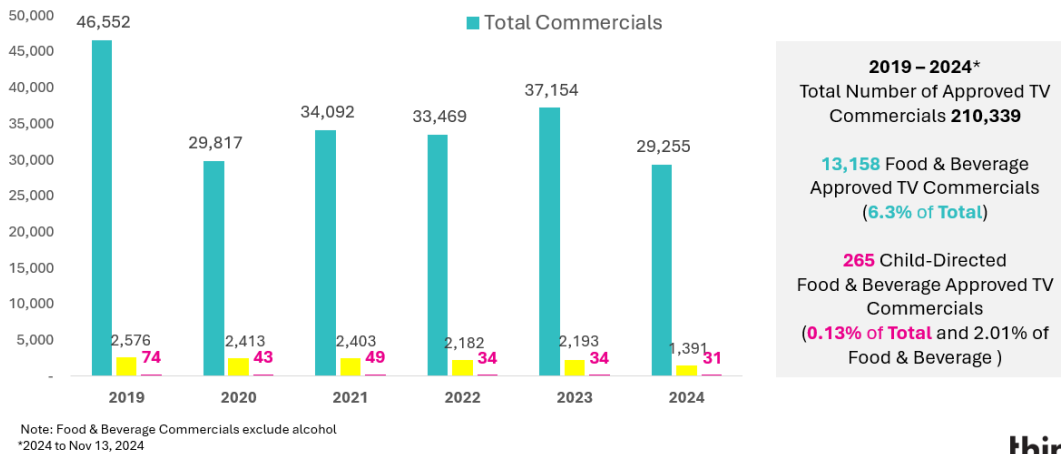
- **Paid Media Campaign:** Last year to help improve awareness of the Mandatory [Code](#) and [Guide](#) we launched a paid media campaign that generated almost 6,000,000 impressions.
- **Webinars:** We have hosted broad based webinars for the industry stakeholders noted above on the following dates: January 12, 2024, April 11, 2023, May 26, 2022. We also have an upcoming webinar on November 28, 2024 to be hosted by the FHCP with ACA as a panelist.
- **Conference:** May 15, 2024 we hosted the World Federation of Advertiser's (WFA) Global Marketer Week where we provided an update on **Food Marketing Regulation in Canada** including the Mandatory Code to Canadian and Global Marketers.

(2) Re: Correcting Stated Assumptions About the Canadian Media Environment:

- **Total Expenditures:** During the proceeding, we noted that the assertion that over \$1 Billion is spent annually on child directed food and beverage advertising in Canada is simply false. \$1 Billion is not spent on food and beverage against all audiences. In fact, many forms of advertising like TV are declining and child directed ads represents only 0.13% of current TV advertisements.
- **Digital Expenditures:** Digital is growing but our Code addresses this and these platforms also have restrictions like age gates that is not true of conventional TV. While we agree it is important to restrict already modest levels of advertising to children, we do not believe that advertising is the single culprit for childhood obesity, nor have we not seen evidence-based data that shows it is a compelling factor.
 - Unfortunately, the tracking of digital ad spend in Canada is very challenging. While Canadian academics have referenced Comscore 2015-2016 data in studies relating to the frequency of food and beverage advertising in children's preferred websites, that data is no longer applicable given the significant changes in the media landscape. This notwithstanding, it would be impossible to replicate the research because of the methodological flaws on how the data was utilized and sourced.
- **Television Tuning & Advertising – Significant Changes in the Media Landscape:**
The media environment is vastly different today than it was ten and even just five years ago (2019).
 - There has been a significant decrease in the total number of all commercials airing in Canada, food and beverage commercial airing as well as food and beverage commercials directed to children. You will see below that 2024, year to date less than 1% of all Canadian TV ads were Food & Beverage ads directed to children (31/ 29,255).
 - **Child tuning to (linear) TV is down 62%** compared to 10 years ago, and **down 50%** compared to 5 years ago.
 - Over the past 5 years, the Top 30 ranked programs for children does not include any programs on children's networks.
 - Children watch general/adult audience programming (NHL Hockey, Amazing Race, Olympics, Survivor, Grey's Anatomy) – but make up a relatively small % of the total viewing audience: For 2023 children represented 4.4% of the audience for the top 30 programs.
 - The Canadian viewing of US advertising (through Canadians tuning to American channels) is limited. For English Canada in 2023 (ages 2+) it was 14% and for children 2-11 it was 8.9%.

This data underlines that numerous changes in media have taken place in the past decade *which have collectively substantially reduce the significance of TV advertising.*

Thinktv Clearance Approved Child-Directed Food and Beverage TV Commercials



- **Food Advertising Expenditures:**

According to media spend on advertising in Canada, from the [NET ADVERTISING VOLUME](#) latest report, it is stated that in 2012, digital advertising accounted for approximately 25% of the Canadian market and for 2022 it was 72%. Based on anticipated trending, 2024 digital spend is expected to exceed that.

- **Ad Spend Tracking – Limitations:**

Ad spend in Canada is not tracked by demographic. While it is available by category or advertiser it is NOT available by demographic. Looking at expenditure data provided by Media Radar (formerly Numerator) from 2019 to 2023 we note the following:

- Ad spend is down for all mediums with the exception of digital.
- TV is down from \$265 M to \$205 M
- Digital is up from \$68 M to \$ 190 M

Additional Commentary:

Honourable Senators, we have always stated we are completely aligned on the need to ensure the well-being of our children. We would be more than happy to meet with you, and your staff, to discuss the information provided, and work with Health Canada officials.

We are prepared to sit down with officials to improve the Code and clarify its wording. **We respectfully submit that the mandatory industry code is the best, fastest, and most effective way for the Government of Canada to achieve its policy objective as it is already in force and its effectiveness has been demonstrated.**

Let's give the Code a chance.

Respectfully,

Andrea Hunt
President and CEO
Association of Canadian Advertisers

c.c.
Senator Rosemary Moodie
Senator Wanda Thomas Bernard
Senator Victor Boudreau
Senator Patrick Brazeau
Senator Sharon Burey
Senator René Cormier
Senator Donna Dasko
Senator Marie-Françoise Mégie
Senator Tracy Muggli
Senator Flordeliz (Gigi) Osler
Senator Chantal Petitclerc
Senator Judith G. Siedman
Canadian Association of Broadcasters
Canadian Beverage Association
Food Health and Consumer Products of Canada