

1 March 2018

Advertising Standards Authority
PO Box 10675
Wellington

By email: claire@asa.co.nz

**SUBMISSION on
Advertising Standards Code**

1. Introduction

Thank you for the opportunity to make a submission on the draft advertising standards code. This submission is from Consumer NZ, New Zealand's leading consumer organisation. It has an acknowledged and respected reputation for independence and fairness as a provider of impartial and comprehensive consumer information and advice.

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2. General comments on the code

Consumer NZ is not opposed to the consolidation of the six codes into the new draft advertising standards code. However, we are concerned that the draft code provides less guidance in several areas than the existing codes.

For example, the current Code for Environmental Claims contains the following requirements:

Absolute environmental claims shall be assessed on the complete life-cycle of the product and its packaging, taking into account any effects on the environment of its manufacture, distribution, use, disposal, etc.

Environmental claims shall meet relevant local or international standards as appropriate if a particular benefit is claimed (eg "biodegradable", "organic" etc), and explain clearly the nature of the benefit.

Environmental claims based on the absence of a harmful chemical or damaging effect are not acceptable if no other products in the category include the chemical or cause the effect.

The provisions in the draft code are more general in nature and there are no equivalent clauses to those above. We therefore recommend the Authority carefully reviews the draft code to ensure it does not weaken the obligations on or guidance provided to advertisers.

Providing specific examples of non-compliant advertising claims would also be useful.

3. Specific comments on the code

Our specific comments on the draft code relate to Principle 2: Truthful presentation.

- (a) Under rule 2(a) we suggest the words “(both express and implied)” are added to the first guidance note after the words “Advertisers must hold evidence to substantiate all claims.” This will better reflect the Fair Trading Act’s requirements.
- (b) Rule 2(a) requires pricing information to be clear, accurate, unambiguous and not misleading. One of the examples states “The full price of the products or service must be shown. Unavoidable additional charges should be clearly identified”.

We believe the code should specify that any unavoidable additional charges should be included in the headline price, or clearly identified next to the headline price in the same font size.

Our research has found a growing trend for retailers to separate out additional costs from the headline price. In many cases, these additional costs are buried in the fine print or otherwise inadequately disclosed to consumers.

Our 2017 survey found more than two-thirds of consumers have been stung by additional fees added to the advertised price of goods and services. We estimate these fees are costing consumers \$68 million a year.

- (c) We also recommend a new example is added to the end of the guidance note for rule 2(a) requiring any sale advertising to clearly identify items excluded from the sale.

Thank you for the opportunity to make a submission on the draft code. If you require any further information, please do not hesitate to contact me.

Yours sincerely

Aneleise Gawn
Consumer Advocate