

Financial implications of restricting outdoor advertising of fossil fuels

About Comms Declare

Comms Declare represents 100 organisations and hundreds of communications professionals who have declared they will not promote:

- the growth of fossil fuels
- high greenhouse gas pollution as 'business as usual'
- deception, distraction or spin around science or climate actions.

Comms Declare encourages agencies to work for the good of the climate, recognising Australia is a major exporter of fossil fuels. It runs the annual F-list awards and the Fossil Ad Ban campaign. www.commsdeclare.org

About Fossil Ad Ban

Fossil Ad Ban, was launched in mid-2022 and is committed to advocating for restrictions on fossil fuel advertising and sponsorships in Australia. Seventeen councils, including the City of Sydney, have moved to restrict fossil fuel ads on council property or events. Its mission includes mandating greenhouse pollution labels on carbon-intensive products and services. www.fossiladban.org

SUMMARY

One of the main duties of governments is to protect communities from harm.

Coal, oil and gas are responsible for 89% of climate pollution, heating the atmosphere and causing extreme floods, droughts, storms and rising seas.

How can we protect communities while still advertising the main causes of the climate change that puts everything we love at risk?

This report finds:

- Many Australian governments rely on revenue raised from allowing outdoor advertising on public property.
- There is a growing global movement to stop the advertising of coal, oil and gas as well as high-carbon products and services such as SUVs and air travel.
- The loss of revenue from a fossil fuel advertising ban on outdoor properties in Australia would be less than 1.9%.

INTRODUCTION

This report is to answer concerns that preventing advertising from coal, oil or gas companies will affect the revenue governments receive from Out Of Home (OOH) advertising companies.

OOH refers to any public outdoor advertisement, such as billboards or bus shelters.

Local, Territory and State governments receive income from OOH companies in return for leasing out public property for advertising.

For local governments, the property usually includes bus shelters and billboard sites on buildings or bridges, or along the sides of roads.

For State or Territory governments, the sites can also include outside and inside buses, ferries or trains as well as public transport stations.

On occasion, advertising or sponsorship signs may also be placed on public buildings including theatres and sports venues.

FOSSIL FUEL ADVERTISING RESTRICTIONS

The United Nations Secretary General, Antonio Guterres has called on all governments to ban fossil fuel advertising.¹ Restrictions on advertising are described as essential to reducing demand and de-normalising high carbon choices by the International Energy Agency and Intergovernmental Panel on Climate Change (IPCC)².

More than 40 jurisdictions around the world have voted for, or enacted, some form of restriction on fossil fuel advertising³. These include The Hague (which has passed a law preventing advertising of fossil fuels and fossil fuel services) Edinburgh (banned advertisements for airlines and sports utility vehicles, along with ads for cruise lines and oil and gas companies) Toronto (exploring ways to stop misleading ads from fossil fuel lobby groups on public transport) and France (banned all advertising for fossil fuel energies).

In Australia, the ACT prohibits fossil fuel advertising on its light rail and there have been 17⁴ council votes on fossil fuel restrictions:

- Blue Mountains (banned fossil fuel ads and events)
- Byron Bay (has banned fossil fuel sponsorships)
- Charles Sturt (does not advertise fossil fuel products or companies that primarily produce fossil fuels)
- Darebin (voted to explore a ban)
- Fremantle (voted to ban fossil fuel ads and sponsorships)
- Glen Eira (has banned fossil fuel partnerships)
- Inner West (voted to ban fossil fuel ads and sponsorships)
- Lane Cove (voted to ban ads on council property from the next advertising contract)
- Maribyrnong (votes to ban ads on council property)
- Merri-bek (has banned advertising and sponsorships on council property)
- Mitcham (banned sponsorships and advertising)
- Mosman (deferred vote on ban)
- Northern Beaches (rescinded vote on ban)
- Sydney (voted to explore a ban and banned fossil fuel sponsorships)
- Waratah Wynyard (has banned fossil fuel sponsor signage)
- Wingecarribee (has banned fossil fuel sponsorships)
- Yarra (has banned advertising and sponsorships on council property)

¹ <https://www.bbc.com/news/articles/cv22vl99vwro>

² https://www.ipcc.ch/report/ar6/wg3/downloads/report/IPCC_AR6_WGIII_Chapter05.pdf

³ <https://www.worldwithoutfossilads.org/>

⁴ <https://fossiladban.org/about/>

The Fossil Ad Ban campaign by Comms Declare keeps records of the motions in a council toolkit.⁵

Bills to further restrict fossil fuel promotions have also been introduced in the NSW, South Australian and ACT parliaments.

There are also moves within the advertising industry to help reduce demand for high emissions products. Steve O’Conner, the former Australia/New Zealand CEO of the world’s largest OOH company, JCDcaux, acknowledged this at a talk held in Mosman Art Gallery by independent Federal Warringah MP, Zali Steggall in April 2024.

O’Conner told the audience that fossil fuel advertising bans are inevitable, adding that he welcomes “stringent” guidelines on what content is considered appropriate by the community to stop greenwashing, and “because we don’t necessarily want to be seen as censor, it’s not our job to do that.”⁶

Major advertising industry groups and brands are signed up to Ad Net Zero in Australia, which includes an action to “use advertising’s ability to support more sustainable behaviour change”.⁷

DEFINING FOSSIL FUEL ADVERTISING

A fossil fuel means any of the following substances:

- (a) coal;
- (b) petroleum;
- (c) methane gas;
- (d) any other hydrocarbon-based fuel derived from material formed in the geological past from the remains of living organisms.

There are two main categories of fossil fuel advertisers.

1. Companies whose main business is the extraction, production or supply of coal, oil or gas such as Glencore, Santos, AGL, Ampol, Australian Gas Infrastructure Group and petrol stations.
2. Sub-brands or lobbyists for fossil fuel interests such as Australian Energy Producers, Australian Gas Networks, Minerals Council of Australia or Renewable Gas.

⁵ <https://drive.google.com/drive/folders/1gHk2xkuYm9kTP4JKT-NoTSK-L8BltxkU?usp=sharing>

⁶ <https://www.linkedin.com/feed/update/urn:li:activity:7198874303331778561>

⁷ <https://adnetzero.com/>

Advertisers that are not usually considered in fossil fuel advertising bans include retailers who sell oil or gas but do not produce it, such as auto shops, and retailers that sell products or services which use coal, oil or gas, such as gas BBQs.

Comms Declare recommends using one of the below definitions of fossil fuel advertising.

(a) Fossil fuel products

Acting for Comms Declare, Marque Lawyers produced a 2023 White Paper which suggested an advertising ban could apply to fossil fuel products, not companies. This is easier to adjudicate and allows companies with some fossil fuel interests to advertise other parts of their business.

Therefore a ban could apply to; *“advertising that directly or indirectly promotes the production or supply of coal, petroleum and / or gas.”*⁸

The French law is similar to this, stating; *“advertising in favour of fossil fuels is prohibited”*.⁹

(b) High carbon products

The Scottish city of Edinburgh went further in its definition to include fossil fuel-related products¹⁰:

“.. an advertisement or sponsorship proposal could not be approved if it promotes high carbon products, defined as:

4.6.1 airlines and airports

4.6.2 fossil fuel companies

4.6.3 cars (except electric and hydrogen cars if these are not Sport Utility Vehicles (SUV))

4.6.4 cruise holidays.”

⁸ <https://commsdeclare.org/2023/07/12/fossil-fuel-advertising/>

⁹ https://www.assemblee-nationale.fr/dyn/15/textes/l15b3875_projet-loi

¹⁰ <https://democracy.edinburgh.gov.uk/documents/s70730/9.1+Policy+on+Advertising+and+Sponsorship+-+Proposed+Amendments.pdf>

COST IMPLICATIONS OF BURNING FOSSIL FUELS

Coal, oil and gas are responsible for 89% of the world's carbon dioxide pollution causing more extreme storms, droughts, floods, heatwaves and rising sea levels¹¹.

The effects of climate change are estimated to cost Australians \$423 billion over the next four decades.¹²

Australia's 560 Councils are responsible for the management of a range of assets valued at approximately \$212 billion, many of which have a life span greater than 50 years and are being affected by climate change.¹³

The direct costs of an unstable climate to governments include; increasing insurance bills plus repairs and upgrades to coastal properties, water infrastructure, playing fields, roads and more. Indirect costs include decreasing productivity of staff, inflation and unpredictable supply chains¹⁴.

Burning petrol and diesel also has a direct health impact on the community, estimated to cause more than 11,000 deaths in Australia every year - eight times the national road toll.¹⁵

COST IMPLICATIONS OF STOPPING FOSSIL FUEL ADVERTISING

Governments can be concerned that prohibiting fossil fuel advertisements may cost them money or make it harder to strike lucrative deals with OOH companies.

This is further complicated in local governments, where OOH companies may also build and/or maintain essential infrastructure such as bus shelters - giving OOH companies more power in negotiations.

Any financial impact of a ban on advertising types of products depends on both the demand for the advertising sites plus the volume of ads that are currently from fossil fuel companies.

¹¹<https://www.cnbc.com/2021/04/14/climate-global-fossil-fuel-use-accelerating-and-set-to-get-even-worse.html>

¹²<https://www.smh.com.au/politics/federal/global-warming-to-cost-australia-up-to-423-billion-over-40-years-20230823-p5dyvx.html>

¹³https://research-repository.rmit.edu.au/articles/report/Quantifying_the_cost_of_climate_change_impacts_on_local_government_assets/27344865

¹⁴<https://www.weforum.org/stories/2023/10/climate-loss-and-damage-cost-16-million-per-hour/#:~:text=Writer%2C%20EcoWatch-,The%20global%20cost%20of%20climate%20change%20damage%20is%20estimated%20to,climate%20change%20become%20more%20severe.>

¹⁵ <https://www1.racgp.org.au/newsgp/clinical/vehicle-related-air-pollution-may-cause-in-excess>

(a) Demand

The OOH industry is the fastest-growing advertising sector in Australia. The latest figures from the Outdoor Media Association (OMA) in Q3 2024¹⁶ revenue increased by 10.06%, bringing the year-to-date total to \$908.2 million—an 8.75% rise compared to the same period in 2023.

General Manager of the OMA, Kylie Green stated, “The continued growth in revenue this quarter is a clear indicator of the industry’s strong momentum as it continues to evolve and thrive. The 10.06 per cent increase in net media revenue highlights advertisers’ growing confidence in the effectiveness of OOH, particularly as digital innovations continue to enhance its capabilities.”

“The growth we are seeing this quarter is not just a reflection of past success but also a positive signal for what lies ahead,” concluded Green.

At the end of 2023, oOh! Media CEO, Cathy O’Connor told the industry that OOH is outperforming all other sectors, “While other traditional media including television has seen ongoing declines in ad revenues, OOH recorded increases, and in all but two months since January, those rises have been double digits,” she said.¹⁷

Helping to further grow profits in 2024, O’Connor added, was the company’s “premium network” of affluent suburbs, “This unlocks unparalleled premium locations, reaching affluent audiences in parts of the city previously unobtainable to Out of Home advertisers,” she said.

“The 100% digital network will be featured in the heart of the Sydney CBD’s civic, fashion and business districts and eastern suburbs, and complement oOh!’s exclusive small format coverage of sought-after audiences within Mosman and Hunters Hill councils.” said O’Connor.

We can safely conclude there is no evidence pointing to a lack of demand for these advertising sites, that would cause OOH companies to pay less to governments if a small category of ads was banned. If fossil fuel advertising was prohibited, we believe

¹⁶

https://www.oma.org.au/sites/default/files/uploaded-content/website-content/09102024_out_of_home_industry_extends_growth_trend_with_solid_results_in_q3_2024.pdf

¹⁷ <https://www.adnews.com.au/news/outlook-programmatic-and-digital-drive-ooH-into-2024>

many other advertisers could be found. This is especially the case in affluent suburbs in major cities.

(b) Fossil fuel share of advertising

Comms Declare commissioned a report from Standard Media Index on the percentage of fossil fuel advertising across OOH properties in Australia. Standard Media Index supplies advertising data around the globe.¹⁸

They have two categories covering fossil fuels, (a) utilities and (b) fuel/gas suppliers and products. Utilities include electricity and gas services plus water and solar energy.

In the 2023 financial year, only 0.6% of advertising spent on outdoor advertising was by fuel/gas suppliers and 0.9% was from utilities.

In the 2024 financial year, 0.7% of outdoor advertising was from fuel/gas suppliers and 1.2% was from utilities.

Therefore, the loss of revenue to OOH companies from a fossil fuel advertising ban in 2024 would be less than 1.9% - much less than their year-on-year growth.

A report by JCDecaux for Edinburgh City Council found its wide-ranging ban on all high-carbon products, including airports, fossil-fuelled cars, airlines and cruises, could reduce revenues by 10% per year.¹⁹

Any reduction in revenue must be weighed up against the benefits for the community in reducing greenhouse gases and avoiding public health costs.

¹⁸ <https://www.standardmediaindex.com/>

¹⁹ <https://democracy.edinburgh.gov.uk/documents/s70730/9.1+Policy+on+Advertising+and+Sponsorship+-+Proposed+Amendments.pdf>



Gas lobby ad on 555 Military Rd billboard, Mosman, 2024

CASE STUDY - MOSMAN COUNCIL

oOh! Media operates two billboards and 48 bus shelter advertising sites on behalf of Mosman council, mentioned above for being a “premium” affluent location.

The Mosman Council General Manager told a council meeting on the 5th of November 2024 that the contract is worth \$900,000 a year to the council²⁰.

The list rate for the two oOh! Media-operated digital billboards on the bridge across 555 Military Road in Mosman is \$86,500 per side per week. Even if there are discounts and weeks without bookings, we estimate the full site would conservatively make in excess of \$3m per year - more than three times the rate return to the public purse.

This prime site has been used to advertise the world’s largest coal exporter, Glencore, one of the world's largest petroleum companies, Woodside and a gas lobby group - none of whom sell products to the public.

These promotions are designed to maintain support for the fossil fuel industry, at the expense of the community. Based on the SMI figures, stopping them would likely only cost two weeks of revenue per year.

²⁰ <https://webcast.mosman.nsw.gov.au/archive/video24-1105.php>

CASE STUDY - LONDON TRANSPORT

A 2022 study, from the University of Sheffield and the London School of Hygiene & Tropical Medicine (LSHTM), was conducted into bans on junk food advertising on transport around the city²¹.

It found restrictions on junk food advertising across Transport for London (TfL) saved almost 100,000 obesity cases, with an expected reduction in health services spending by \$390m. It also said there was no cost to the City saying, "...there was not found to be any reduction in advertising revenue as a consequence of the intervention."²²

Following the success, UK-wide restrictions on junk food advertising are being introduced in 2025 on broadcast and online media²³.

CONCLUSION

Regulating advertising content is the job of governments. Just like tobacco before it, fossil fuel industry voices are using scare tactics to stop any regulation that may reduce their profits.

As has been shown in the case of junk food and tobacco, there is no proof that local or State governments will lose revenue by stopping some products being advertised. At worst, the hit to the bottom line for OOH companies from a ban on advertising fossil fuel products is a maximum of 1.9%, which may or may not be passed on to the clients.

In the future, we recommend councils;

- (a) consider community values when agreeing what content can be shown on community-owned billboards in OOH advertising contracts
- (b) consider conducting an independent assessment of the value of the advertising sites to ensure the best value for money
- (c) ask OOH operators about their plans to reduce their own climate pollution and to promote lower-emissions lifestyles as part of the tender process.

Councils should also give greater weight to the costs of **not** banning advertising of coal, oil and gas - for our health and for our planet.

²¹<https://www.sheffield.ac.uk/news/junk-food-advertising-restrictions-prevent-almost-100000-obesity-cases-and-expected-save-nhs-ps200m#:~:text=19%20January%202024-,Junk%20food%20advertising%20restrictions%20prevent%20almost%20100%2C000%20obesity%20cases%20and,save%20the%20NHS%20%C2%A3200m&text=Junk%20food%20advertising%20restrictions%20on,million%2C%20according%20to%20new%20research.>

²² <https://ijbnpa.biomedcentral.com/articles/10.1186/s12966-022-01331-y>

²³ <https://www.bbc.com/news/articles/cx2n2g5wze4o>