

BACKGROUND

- We developed a corporate health impact assessment (CHIA) framework¹ which adapts existing HIA methods to use with transnational corporations (TNCs) across the full scope of their structures and practices.
- The CHIA contains three levels: A assesses the political, economic and regulatory context for the TNC's activities; B the TNC's structure, practices and products; and C the health and equity impacts.
- The CHIA also allows comparison of practices between countries; focussed specifically on health and equity impacts.
- Health and equity impacts includes workforce and working conditions, social conditions, the natural environment, economic conditions and health-related behaviours.

OBJECTIVES

- The objective of this research was to trial the CHIA framework on a TNC operating in Australia.
- Criteria for choosing which industry sector and corporation to assess included the attributable burden of disease and the broad economic and social conditions under which the industry operates.
- We selected McDonald's Australia as it is a large global TNC serving more fast food than all its competitors combined.



METHODOLOGY

- Data identifying the potential impacts of McDonald's fast food corporation in Australia were sourced from document analysis, media analysis, semi-structured interviews, and a spatial and economic analysis of McDonald's restaurants in Australia through Geographic Information System Technology.
- The data were mapped against the CHIA framework:

An accredited market research company recruited 15 demographically representative participants for a citizens' jury to deliberate and provide policy recommendations from the CHIA findings.

FIGURE 1: CHIA FRAMEWORK FOR IDENTIFYING AND ASSESSING CORPORATE HEALTH AND EQUITY IMPACTS				
A: How do regulatory structures impact on TNC practices?				
GLOBAL/REGIONAL: Regulatory environment; Political & economic environment; International institutions	NATIONAL: Regulatory environment; Political & economic environment; Status & capabilities of national government; Social & economic inequalities		SUB-NATIONAL/LOCAL: Regulatory environment; Regions or population groups especially affected by TNC	
B: What are the TNC practices and products that impact on health & equity?				
Structure: Global and national operational structure and size of TNC; supply chain				
POLITICAL PRACTICES: Actions to influence: Global regulatory or political environment; National regulatory or political environment; Role of industry bodies; Taxation structures; Media	BUSINESS PRACTICES: Control over supply chain; Labour practices; Taxation payments/ profit shifting; Use of litigation; Use of trade/investment treaties to influence national regulations		PRODUCTS, DISTRIBUTION & MARKETING: Product types, trends, proportions; Export vs domestic sale; Marketing methods & strategies	
C: What is the direct impact of TNC practices on the daily living conditions in countries?				
Workforce & work conditions Workforce; Wages; Health & safety; Living conditions	Social conditions Local goods & services; Local community life	Natural environment Ecological systems; Land, water, pollutants	Health related behaviours Food consumption; Cost of goods	Economic conditions Impacts on national or local economy; Public revenue; Local production systems
Assess potential health impacts from TNCs activities on: area of impact, type of impact (+ve, -ve), populations affected, size of impact, likelihood (if prospective), timing (urgency) is this fair or avoidable?				
D. Recommendations				
Recommendations for legislation / policy / practice including who is responsible for taking action, the likelihood that action can be taken, timeframes for taking action				

RESULTS

WORK AND WORKFORCE CONDITIONS

- McDonald's invests heavily in employment and training, is strongly committed to an inclusive workplace and occupational health and safety standards.
- McDonald's is a respected national training provider and provides a high level of youth employment.
- However, it does not pay penalty rates which is an increased rate of pay for overtime or for work performed under abnormal conditions.
- Many jobs are casual and part-time with low-level unionisation throughout the fast food industry.

SOCIAL CONDITIONS

- McDonald's provides a venue for inexpensive social interaction.
- However, location near schools allows easy access to unhealthy food options thus contributing to childhood obesity and NCDs.



- Concerns have been raised over the negative impacts on housing prices adjacent to McDonald's new outlets, and impacts on local cafes and other services due to the comparative size and scale of McDonald's operations.
- Negative health impacts reported include physical and psychological effects from community activism to stop new outlets.



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ENVIRONMENTAL CONDITIONS

- McDonald's 'Five Pillars' sustainability framework is a positive initiative.
- However, its resource-intensive operations affects global climate change adversely both directly and indirectly, with externalisation of costs to the community.
- High level littering, food wastage, and impact on social amenity are other negative aspects.
- There is potential for 'greenwash' as part of corporate relations strategies and McDonald's links to community abatement projects.



ECONOMIC CONDITIONS

- McDonald's provides employment; including outlets and supply chains and from construction and infrastructure provision which can have a positive impact on health.
- Franchises provide economic activity.
- The health costs of NCDs and environmental impacts from McDonald's operations are externalised to the community through health care costs and environmental remediation costs.
- McDonald's practice of profit shifting outside of Australia, use of tax havens, and the service fees paid back to USA headquarters mean the economic benefits to the Australian government and taxpayers is considerably reduced.



HEALTH RELATED BEHAVIOURS

- McDonald's cheap and palatable but ultra-processed food and sugary drinks contributes to increased levels of overweight, obesity and NCDs and is negatively correlated with socio-economic status.
- There is a link between consumption and McDonald's sophisticated and integrated marketing strategies, including from the positive influence from corporate social responsibility and corporate philanthropy initiatives.
- Bundled products, drive through outlets, and home delivery are designed to increase consumption of unhealthy foods which contribute to NCDs.
- McDonald's outlets are slightly more likely to be found in lower socio-economic suburbs and its products to be eaten by children and young adults.



DISTRIBUTION OF ACCESS TO MCDONALD'S AUSTRALIAN OUTLETS: IMPLICATIONS FOR HEALTH EQUITY

In December 2015 there were 929 McDonald's restaurants in Australia, including both privately owned and franchised restaurants. To inform the corporate health impact assessment a spatial and socio-economic analysis of these restaurants in Australia was conducted using Geographic Information System (GIS) technology at the Statistical Area 2 level (SA2s). These are medium sized general purpose spatial units that represent a community that interacts together socially and economically.

The analysis revealed that McDonald's outlets were slightly more likely to be located in areas of lower socio-economic status. The main consumer age groups were children (0-9 and 10-19) and young adults aged 20-34 years.

CITIZENS' JURY

We held a citizens' jury (n=15) to deliberate on the findings of the CHIA and their policy recommendations. The jurors' consensus statement and key message was that 'transnational corporations should be paying taxes on profits in the country in which they earn their income'. The majority also called for regulation of fast food advertising, regulation of consumer information through a star-rating system, and taxes on lower rated foods as incentives for health promotion².

CONCLUSIONS AND RECOMMENDATIONS

- A CHIA framework makes it possible to identify the health impacts flowing from the operation of a TNC: the political, economic and regulatory contexts for a TNC's activities; its structure, practices and productions; and understanding the health and equity impacts.
- International regulations are required to ensure TNCs pay taxes in the countries in which they conduct their businesses.
- The results show that strong regulatory frameworks are needed to help avoid, and /or to mediate negative health impacts, including NCDs.

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