Consumer Affairs Victoria

Consumer Advocacy in Victoria

Victoria

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Important preliminary note

This Research Paper has been prepared by Chris Field as Principal of Chris Field Consulting Pty Ltd. The views in the Research Paper represent those of the author alone (unless attributed to another person) and do not purport to represent the views of any other organisation with which the author has been, or is, involved.

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An important note about the limitations of the Research Paper

[illegible]

Time constraints

[illegible] 15 [illegible] 15 [illegible]

[illegible] ( ) [illegible]

A lack of source literature

[illegible] ( ) [illegible] ( ) [illegible] ( ) [illegible]

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Stage 1 (Research Stage): What do we mean by the term “consumer advocacy”?

[illegible]

“Executive summary”

1. What do we mean by the term “consumer advocacy”?

1.1 The purpose of consumer advocacy

10 *Trade Practices Act 1974,*

3.2 How effective are consumer advocates in their practice of consumer advocacy?

4.2 The practice of consumer advocacy

"What do we mean by the term consumer advocacy?"

1

1.1 Introduction

[illegible]

1.2 A brief history of consumer advocacy in Victoria

[illegible] 1.5.2 [illegible] 1.5. [illegible]

consumer activism is at least half a century older. Women's organisations were the driving force of a fledgling consumer movement which emerged around the turn of the century and intensified in response to economic hardships of WW1 and the Great Depression.[3]

[illegible] 4 [illegible] 5 [illegible] 1.4, [illegible] 1. [illegible]

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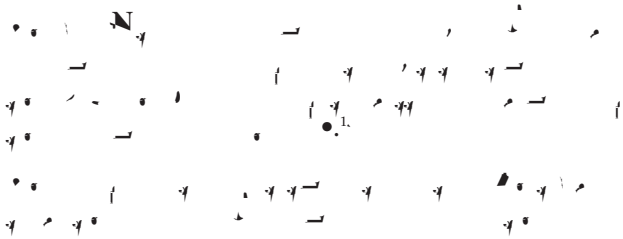
provide a voice for members of the community who otherwise have real difficulty being heard, telling policy makers of the problems people experience with the legal system with the aim of seeing injustices and anomalies corrected.[11]

[illegible]



1.3.1.3 What do we mean by "interests"?

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1.4 The practice of consumer advocacy

1.4.1 Types of advocacy

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1.4.2 For whom do consumer advocates provide a voice?

1.4.1

some 300 nonprofit organizations from throughout the nation with a combined membership exceeding 50 million people [which] enables CFA to speak for virtually all consumers [4]

[5]

[illegible]

[a]s an education organization, CFA disseminates information on consumer issues to the public and the media, as well as to policymakers and other public interest advocates. Conferences, reports, books, brochures, news releases, a newsletter, and a website all contribute to CFA's education program. Finally, as a service organization, CFA provides support to national, state, and local organizations committed to the goals of consumer advocacy, research, and education. Some of these organizations are consumer advocacy, education, or cooperative organizations that belong to the federation. [0]

Summary of section 1: What do we mean by the term "consumer advocacy"?

A voice for consumers

[illegible]

Summary of section 1 (continued)

Consumer advocacy should provide a voice for distributive justice

[illegible]

The practice of consumer advocacy

Types of advocacy

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Who (or what) hears the consumer voice?

[illegible]

Who can be a consumer advocate?

[illegible]

Informing the voice – other important aspects of consumer advocacy

[illegible]

Legal Aid in Victoria" in Legal Aid in Victoria – At the crossroads again. ( ), 1. 0 1. 0

Poverty, Law and Social Change – The story of the Fitzroy Legal Service , 1. • 22 *Alternative Law Journal* 2. 2.

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12 *The Shorter Oxford English Dictionary on Historical Principles* ( ), 1. 1, 1 30. ( ) • 33 *Australian Business Law Review* 2 45 *Out of Bounds or in the Courts? – Globalised consumers or Australian citizens,* 11 2004 ( ).

13 *The Shorter Oxford English Dictionary on Historical Principles* 12 30.

14 *Speech to the United States Congress* 15 1. 2. (1. 5)

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National Energy Market Consumer Advocacy – Emerging needs and institutional models 2004 2-4 2. 5.

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3 *Wealth of Nations* 4, , 1 3 .

3 • *The Australian Financial Review* 22 2004.

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N *Policy Attitude* 2005 5 05.

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40 • *The Basic Writings of Bertrand Russell* , 1 1 51 .

41 *The Competitive Advantage of Nations* , 1 0.

42 *Review of National Competition Policy Reforms – Discussion Draft* , 2004 2 3.

[illegible]

[illegible] 1.4 [illegible]

2.2.1 Category 1: Generalist not-for-profit, non-government consumer organisations[71]

2.2.1.1

2.2.1.1 Generalist not-for-profit, non-government consumer organisations undertaking individual advocacy and policy advocacy

Consumer Law Centre Victoria
Consumer Credit Legal Service ( ).

2.2.1.2 Generalist not-for-profit, non-government consumer organisations undertaking policy advocacy, but not individual advocacy

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Australian Consumers' Association **Consumers' Federation of Australia**.

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( )

Using [the Federal Trade Commission's] expertise to work with other governmental actors at all levels of the political system and in all branches of government to design policies that further competition and consumer choice.[10]

A competition authority, expert in understanding the competitive process, can explain to the public and to generalist political actors whether these calls for industry-specific regulation will really further the public good. Advocacy can inform consumers of their interests in a regulation, perhaps spurring the desire to organise politically to oppose a regulation that will result in higher prices and less choice.[12]

The Way Forward Report,[13]

2.2.5.2 The role of business organisations as consumer advocates

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2.3 The key Victorian consumer advocacy organisations (continued)

Summary of section 2: What is the current framework for consumer advocacy in Victoria?

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Category 1: Generalist not-for-profit, non-government consumer organisations

(a) Generalist not-for-profit, non-government consumer organisations undertaking individual advocacy and policy advocacy

[illegible]

(b) Generalist not-for-profit, non-government consumer organisations undertaking policy advocacy, but not individual advocacy

[illegible]

Category 2: Specialist not-for-profit, non-government consumer organisations

[illegible]

Category 3: Generalist not-for-profit, non-government community organisations

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Category 4: Individuals

Category 5: Industry, government and regulatory bodies

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• *Current Topics in Antitrust Economics and Competition Policy* 2005 1
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Theory and Practice of Competition Advocacy at the FTC /040 10
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[illegible] 1.3 [illegible]

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3.1.1 An important preliminary note

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3.2.1.1 The economic theory of regulation

common, though not universal, conclusion has become that, as between the two main contending interests in the regulatory processes, the producer interest tends to prevail over the consumer interest.

It has long been recognised that because of industry's superior ability to organise political support relative to consumers, consumer interests often are subservient to industry interests in the regulatory processes.[10]

3.2.1.2 A contrary view

"Regulatory capture" is a notion that has long shaped a good deal of thinking about the interaction of government agencies and businesses. Analysts pointed to seemingly over-sympathetic decisions of regulators, for example in favouring incumbent firms over new entrants. Whether or not this accurately describes yesterday's regulatory bodies, their contemporaries' affinities are closer to anti-business groups.[12]

politicians and constituents [as] rational actors. As such, constituents demand favourable regulation and politicians use the state's coercive powers to supply it in return for political support. When adopting a policy, [politicians/]regulators weigh the political support from those who stand to gain against political opposition from those who stand to lose.[13]

3.3.3.1 Pharmacists – a case study of the dominance of the producer group voice

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- **Anti-competitive arrangements lead to consumers paying higher prices for goods and services**

[illegible]

Generic drug makers have opened up a new world of cheaper medicines but this has largely bypassed the consumer. The Pharmaceutical Benefits Pricing Authority's 2004 annual report reveals that 43 per cent of consumers are paying unnecessary brand premiums.[110]

3.3.2 Are Victorian consumer advocates an effective voice for consumer protection regulation?

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Trade Practices Act 1974

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( ) *Trade Practices Act 1974,*

3.3.2.1 A note of caution – consumer protection regulation involves costs and benefits

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4. [115]

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> *Even when we are quite sure that the market is not working perfectly, the market can be improved upon only if a court or legislature can ban the inefficient terms without also banning the efficient ones. This requires the court to be able to determine whether any given clause is inefficient or not. But a direct analysis of the efficiency of any given clause will often be very difficult, and courts (or other legal institutions) may not be very good at this task.*[11]

[illegible]

The framework(s) used to progress future nationally co-ordinated reforms should make explicit reference to the need for up-front assessment of distributional and adjustment issues. It should also include criteria relating to circumstances in which support to ease adjustment difficulties or adverse distributional outcomes is likely to be warranted, and the characteristics such support embody to facilitate rather than frustrate adjustment and avoid duplication with generally applicable income and other support measures.[124]

3.4.1 Introduction

3.4.2 Are consumer advocates more effective at some types of advocacy than others?

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Summary of section 3: Assessing the effectiveness of consumer advocacy in Victoria

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The purpose of consumer advocacy – how effective are Victorian consumer advocates in achieving the purpose of consumer advocacy?

Are Victorian consumer advocates an effective voice for competitive markets?

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Enhancing the Standing of Competition Authorities with Consumers N , 2004 3.
• *The Economics of Public Law – The collected economic essays of Richard A. Posner Volume Three*
( ), 2001 2 0. • 2 *Bell Journal of Economics and Management Science* 3
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Backgrounder 444
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4 5.
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• *Financial Review* 2 2005
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In a reform-specific context, it is the role of consumer advocates in providing a counterbalance to producer groups seeking to maintain anti-competitive arrangements that lead to higher prices, reduced service quality or less market innovation, that is most relevant.[133]

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[illegible]

4.2.2 In the future consumer advocates should refine their message regarding consumer protection regulation

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[illegible][135]

[illegible][13]

[illegible][13]

[illegible]

per se,

4.3.1 In the future consumer advocates should aim to achieve an optimal size for their organisations

4.3.1.1 Achieving optimal size by consolidating existing resources

4.3.1.2 Achieving optimal size by working collaboratively

4.3.1.3 Achieving optimal size through external resources

4.3.1.3.1.

Way Forward Report)

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funding to groups with a highly militant anti-business perspective provides oxygen to organizations which have no representational credentials, being elites rather like those who used to claim they were the "vanguard of the proletariat".[14]

Unfortunately, by establishing these forms of pressure groups, governments are apparently acknowledging their inability to fulfil their prime functions of defending the weak through an unbiased public service. This might have merit if the funding levels were forms of outsourcing of policy analysis. The partisan nature of the NGOs and the quality of their advice, however, shows that they cannot be relied on. The absence of corresponding reductions in staffing of mainline agencies demonstrates that governments, too, regard such outsourcing as unwise.[150]

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4.3.2.1 An Australian National Consumer Council[15]

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independent national consumer body sufficiently representative and influential to ensure that those who take decisions which will affect the consumer can have a balanced and authoritative view before them.[11]

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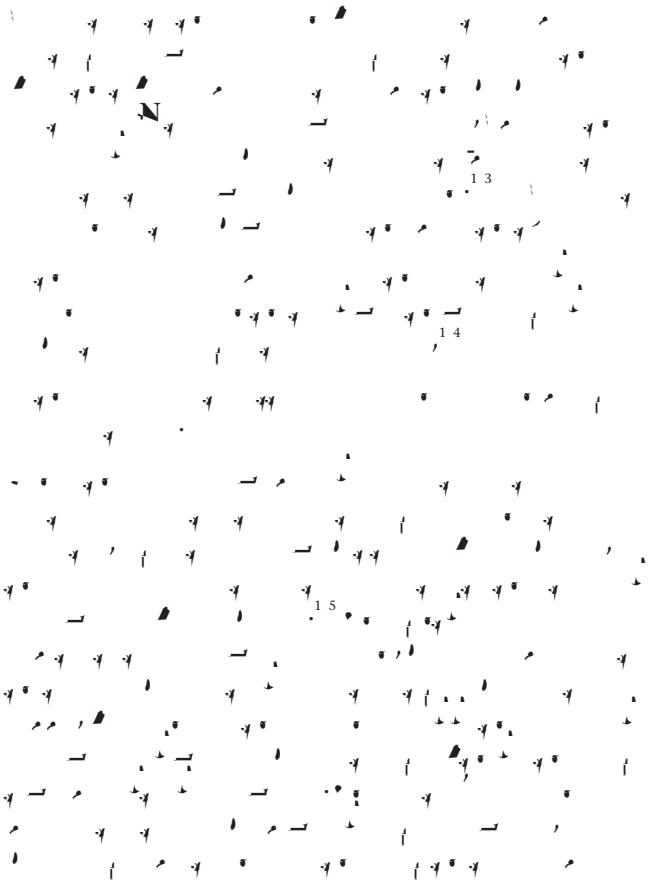
4.3.2.2 In the future we need to create more scholarly consumer research



Summary of section 4: What are the options for the future of consumer advocacy in Victoria?

In the future consumer advocates must strengthen and unify their position on the benefits of competition

In the future consumer advocates should refine their message regarding consumer protection regulation

In the future consumer advocates must continue to be effective voices for consumer redress

(continued)

Summary of section 4 (continued)

In the future we need to create a greater policy voice for consumers

An Australian National Consumer Council

In the future we need to create a greater research capacity for consumer organisations

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133 , 2004, 42 301.
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ownership • ( ) N Z 3.
13 • *Financial Review* 2 2005 4.
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13. , 2004, 42
140 , 2004, 42
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Enhancing the Standing of Competition Authorities with Consumers International , 2004

Trade Practices Commission Annual Report 1983/4 , 1 4

2 2 , 2003
03/0 2 -12

An Introduction to Modern Political Theory , 1 1

Australian Financial Review 1 2005

( ) *In the Consumer Interest – A selected history of consumer affairs in Australia* , 2000

Financial Review 2 2005

Law and Social Change – The story of the Fitzroy Legal Service , 1

Consumer Agenda for the 21st Century: Regulation, deregulation and the consumer interest , 11 1

What do we mean by "vulnerable" and "disadvantaged" consumers? , 2004
25 02000 154/ /$

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Consumer Protection and Product Liability Laws , 2002

( ) *Consumer Protection Law and Theory* , 1 -12.5(13( ) / 31)-12

• *Consuming Interest* 2004

• *Consuming Interest* 2003

• 2 *Alternative Law Journal* 1

• 2 *Alternative Law Journal* 1

• 22 *Alternative Law Journal*

• ( ) *Legal Aid in Victoria – At the crossroads again* 1

Out of Bounds or in the Courts? – Globalised consumers or Australian citizens

, 11 N 2004 ( )

Ethics , 1 3

• 1 ( ) *Alternative Law Journal* 2 1

( ) *In the Consumer Interest* , 2000

Consumer Protection Law 1

Affluenza: When too much is never enough & , 2005

What are Consumer Organizations For? Some issues from Europe and elsewhere , 2004

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• *The Australian Financial Review* 22 2004

Problems of Political Philosophy , 1 0

A Theory of Justice 1 4

• *Reserve Bank of Australia Bulletin* 2003.

Unfair Fees: A report into penalty fees charged by Australian banks 2004

Speech to the Australian Institute of Energy – Perth Branch 1 2004,

• *The Basic Writings of Bertrand Russell* , 1 1

• *Background Briefing* 2004

Wealth of Nations 4, 1 3

• 2 *Alternative Law Journal* 4

( ) *Do the Poor Pay More? – A research report* 2005

• 2 *Bell Journal of Economics and Management Science* 3 (1 1)

Can Regulatory Agencies Protect Consumers? , 1 1

• (2004) 12(2) *Competition and Consumer Law Journal* 1 1

Consumer Regulation – How do we know it is effective? , 15 2004

2005
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( ) *In the Consumer Interest – A selected history of consumer affairs in Australia* , 2000

Review Committee Review of the Competition Provisions of the Trade Practices Act

• 23 *Monash University Law Review* 1

( ) *Consumer Protection Law and Theory* , 1 0

Review of the Corporate Governance of Statutory Authorities and Office Holders 2003
2003

Economics for Consumer Policy , 2 2003

• *Sydney Morning Herald* 1 2005

• (2003) 21 *International Journal of Industrial Organisation* 12

Microeconomics , 1

Payday Lending in Victoria – A research report 2002

Internet resources

Consumer advocacy organisations examined by this report

Other websites

Social policy resources

3.

Example of a function key performance indicator: Policy advocacy

2.3 Organisational management key performance indicators

Example of an organisational management key performance indicator: Optimal size

1. *Consumer Education in Schools: Background report* N , 2003

2. *What do we Mean by 'Vulnerable' and 'Disadvantaged' Consumers?* , 2004

3. *Information Provision and Education Strategies* , 200

4. *Social Marketing and Consumer Policy* , 200

5. *Designing Quality Rating Schemes for Service Providers* , 200

. *Regulating the Cost of Credit* , 200

. *Consumer Advocacy in Victoria* , 200